

# **GOLDSTAR MINERALS INC.**

**Condensed Interim Financial Statements  
(Unaudited and not reviewed by the Company's  
Independent auditors)**

**For the period ended  
September 30, 2021**

Goldstar Minerals Inc.  
2075 Robert-Bourassa, Suite 600  
Montréal (Québec) H3A 2L1  
Tel.: (514) 228-3965

# GOLDSTAR MINERALS INC.

Condensed Interim Statements of Financial Position  
(Unaudited)

(in Canadian dollars)

	September 30 2021 \$	December 31 2020 \$
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents (note 4)	97,318	296,039
Tax credits and other receivables (note 5)	56,010	31,692
Marketable securities (note 6)	1,909	2,505
Prepaid expenses	10,871	3,694
	<b>166,108</b>	<b>333,930</b>
<b>Non-current assets</b>		
Mining properties (note 7)	305,131	243,038
Exploration and evaluation assets (note 7)	1,077,570	418,951
	<b>1,382,701</b>	<b>661,989</b>
	<b>1,548,809</b>	<b>995,919</b>
<b>Liabilities and Shareholders' Equity</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities (note 8)	140,061	177,141
Liability related to flow-through shares (notes 10 and 12)	77,664	-
	<b>217,725</b>	<b>177,141</b>
<b>Non-current liabilities</b>		
Loan Payable (note 9)	35,318	24,582
	<b>35,318</b>	<b>24,582</b>
<b>Shareholders' Equity</b>		
Share capital and warrants (note 10)	15,057,340	14,461,606
Contributed surplus	1,211,684	1,048,648
Deficit	(14,973,258)	(14,716,058)
	<b>1,295,766</b>	<b>794,196</b>
	<b>1,548,809</b>	<b>995,919</b>

Reporting entity and going concern (note 1)

Commitments and contingencies (note 12)

See accompanying notes to condensed interim financial statements.

# GOLDSTAR MINERALS INC.

Condensed Interim Statements of Loss and Comprehensive Loss

(Unaudited)

(in Canadian dollars)

	For three months ended September 30		For nine months ended September 30	
	2021	2020	2021	2020
	\$	\$	\$	\$
<b>Expenses</b>				
General and administrative expenses (note 13)	51,191	38,048	140,693	131,044
Professional and consulting fees	2,149	16,660	24,164	27,304
Share-based payments	-	-	163,036	-
	<b>53,340</b>	54,708	<b>327,893</b>	158,348
<b>Financial expense (Income)</b>				
Interest income	(33)	-	(33)	-
Interest expense	-	7,812	-	29,208
Change in fair value of marketable securities	(358)	1,789	596	239
Accretion expense (note 9)	869	-	2,405	-
	<b>478</b>	9,601	<b>2,968</b>	29,447
<b>Other Income</b>				
Government assistance (note 9)	-	-	(11,669)	-
Other income related to previously written off properties	-	-	(2,350)	-
Other income related to flow-through shares	(79,480)	(272,206)	(122,336)	(272,206)
	<b>(79,480)</b>	(272,206)	<b>(136,355)</b>	(272,206)
<b>Loss (income) and comprehensive loss (income) for the period</b>				
	<b>(25,662)</b>	(207,897)	<b>194,506</b>	(84,411)
Net (loss) earnings per share, basic and diluted (note 16)	0.01	0.01	(0.01)	0.01
Weighted average number of shares outstanding	26,723,604	14,555,681	23,988,355	12,385,321

See accompanying notes to condensed interim financial statements.

# GOLDSTAR MINERALS INC.

Condensed Interim Statements of Changes in Cash Flows  
(Unaudited)

(in Canadian dollars)

	For nine months ended September 30	
	2021	2020
	\$	\$
<b>Cash flows from operating activities</b>		
(Loss) income and comprehensive (loss) income for the period	(194,506)	84,411
Items not involving cash:		
Share-based payments	163,036	-
Net interest expense	(33)	29,208
Change in fair value of marketable securities (note 6)	596	239
Accretion expense (note 9)	2,405	-
Government assistance	(1,669)	-
Other income related to flow-through shares	(122,336)	(272,206)
Net change in non-cash operating working capital:		
Change in sales tax and other receivables	(38,113)	(18,891)
Change in prepaid expenses	(7,177)	(39,306)
Change in accounts payable and accrued liabilities	(70,329)	(90,168)
Interest received	33	-
Interest paid	-	(546)
<b>Net cash used in operating activities</b>	<b>(268,093)</b>	<b>(307,259)</b>
<b>Cash flows from investing activities</b>		
Additions to mining properties	(6,093)	(46,413)
Additions to exploration and evaluation assets	(625,370)	(93,934)
Credit on mining duties and resource tax credits and government grants	13,795	28,268
<b>Net cash used in investing activities</b>	<b>(617,668)</b>	<b>(112,079)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issuance of shares	720,000	1,300,000
Share issue expenses	(42,960)	(130,169)
Increase in due to related parties (note 14)	-	24,000
Decrease in due to related parties (note 14)	-	(16,936)
Increase in loan payable	10,000	40,000
<b>Net cash provided from financing activities</b>	<b>687,040</b>	<b>1,216,895</b>
<b>Net (decrease) increase in cash and cash equivalents</b>	<b>(198,721)</b>	<b>797,557</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>296,039</b>	<b>75,251</b>
<b>Cash and cash equivalents, end of period</b>	<b>97,318</b>	<b>872,808</b>
<b>Non-cash transactions</b>		
Additions to mining properties by issuance of shares (note 7)	56,000	-
Additions to exploration and evaluations assets included in accounts payable and accrued liabilities	33,249	208,175
Compensation shares included in share issue expenses (note 10)	19,734	-

See accompanying notes to condensed interim financial statements.

# GOLDSTAR MINERALS INC.

Condensed Interim Statements of Changes in Equity  
(Unaudited)

(in Canadian dollars)

	For nine months ended September 30	
	2021	2020
	\$	\$
<b>Share capital and warrants (note 10)</b>		
Balance, beginning of year	14,461,606	12,541,760
Issue of common shares, private placements	-	700,000
Issue of flow-through common shares, private placement	720,000	600,000
Liability related to flow-through shares	(200,000)	(581,850)
Issue of common shares for finder's fees	19,734	9,846
Issue of common shares for settlement of debt	-	570,000
Issue of common shares, claims acquisition	56,000	-
Balance, end of period	15,057,340	13,839,756
<b>Contributed surplus</b>		
Balance, beginning of year	1,048,648	987,502
Share-based payments under the option plan	163,036	-
Share-based payments representing compensation warrants	-	61,146
Balance, end of period	1,211,684	1,048,648
<b>Deficit</b>		
Balance, beginning of year	(14,716,058)	(11,623,249)
(Loss) income and comprehensive (loss) income for the period	(194,506)	84,411
Share issue expenses	(62,694)	(201,161)
Balance, end of period	(14,973,258)	(11,739,999)
<b>Total shareholders' equity end of period</b>	<b>1,295,766</b>	<b>3,148,405</b>

See accompanying notes to condensed interim financial statements.

# **GOLDSTAR MINERALS INC.**

Notes to Condensed Interim Financial Statements  
Nine months ended September 30, 2021 and 2020  
(Unaudited)  
(in Canadian dollars)

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## **1. Reporting entity and going concern:**

Goldstar Minerals Inc. (the "Company" or "Goldstar") is a company domiciled in Canada and was continued under the Canada Business Corporations Act on September 4, 2014. The address of the Company's registered office is 2075 Robert-Bourassa, Suite 600, Montréal, Québec.

The Company is involved in the exploration of mineral properties in the Provinces of Québec and Newfoundland. Although the Company has taken steps to verify title to mineral properties in which it has an interest in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

These condensed interim financial statements have been prepared on a going concern basis, which assumes the Company will continue its operations in the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the ordinary course of business.

The Company is in the process of exploring and evaluating its mineral properties and projects and has not yet determined whether its properties and projects contain ore reserves that are economically recoverable. The Company is still in the exploration stage and, as such, no revenue has yet been generated from its operating activities. As at September 30, 2021, the statement of financial position shows a negative working capital of \$51,617 (\$156,789 as at December 31, 2020). The ability of the Company to meet its commitments as they become due, including the acquisition of mineral properties and the development of projects, is dependent on its ability to obtain necessary financing. The recoverability of amounts shown for mining properties and exploration and evaluation assets is dependent upon the ability of the Company to obtain necessary financing to complete the exploration and development thereof, and upon future profitable production or proceeds from the disposal of properties. If the Company is unable to obtain sufficient additional funding, this could lead to a delay, reduction or elimination of its exploration plans, which could adversely affect its business, its financial condition and its results.

Management believes that it will be able to secure financing in the future. However, as at September 30, 2021, since the Company has a negative working capital, the Company does not have sufficient financial resources to cover its budgeted general administrative expenses and to meet its short-term obligations for the next twelve months, and to complete its planned 2021 calendar year exploration budget. Consequently, the Company will need to obtain additional financing in 2021. While the Company has been successful in securing financing, raising additional funds is dependent on a number of factors outside the Company's control, and as such there is no assurance that it will be able to do so in the future.

# GOLDSTAR MINERALS INC.

Notes to Condensed Interim Financial Statements, Continued  
Nine months ended September 30, 2021 and 2020  
(Unaudited)  
(in Canadian dollars)

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## 1. Reporting entity and going concern (continued):

In 2020, an outbreak of a new strain of coronavirus (COVID-19) resulted in a major global health crisis which continues to have impacts on the global economy and the financial markets at the date of completion of the financial statements.

These events are likely to cause significant changes to the assets or liabilities in the coming year or to have a significant impact on future operations. Following these events, the Company has taken and will continue to take action to minimize the impact. However, it is impossible to determine the financial implications of these events for the moment.

The conditions mentioned above indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. The condensed interim financial statements do not reflect the adjustments to the carrying amounts of assets and liabilities that would be necessary if the Company were unable to realize its assets or discharge its obligations in anything other than the ordinary course of operations.

## 2. Statement of compliance:

These condensed interim financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS"), including IAS 34, *Interim Financial Reporting*. These unaudited condensed interim financial statements do not include all the information required for full annual financial statements, and, therefore, should be read in conjunction with the audited annual financial statements and the notes thereto for the year ended December 31, 2020.

## 3. Basis of preparation and significant accounting policies:

These condensed interim financial statements are presented in Canadian dollars, which is the Company's functional currency. The basis of preparation, including the use of estimates and judgments, and significant accounting policies are unchanged compared to the ones disclosed in the audited annual financial statements for the year ended December 31, 2020.

## 4. Cash and cash equivalents:

	September 30 2021	December 31 2020
Bank balances	\$ 97,318	\$ 296,039

## 5. Tax credits and other receivables:

	September 30 2021	December 31 2020
Sales taxes receivable	\$ 55,659	\$ 16,402
Tax credits relating to resources	-	11,441
Tax credits on mining duties	-	2,354
Other	351	1,495
Tax credits and other receivables	\$ 56,010	\$ 31,692

# GOLDSTAR MINERALS INC.

Notes to Condensed Interim Financial Statements, Continued  
 Nine months ended September 30, 2021 and 2020  
 (Unaudited)  
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## 6. Marketable securities:

The following table shows the carrying amount of the financial assets which are at level 1 in the fair value hierarchy.

	September 30 2021	December 31 2020
Lucky Minerals Inc. – common shares	\$ 1,909	\$ 2,505

The Company holds 23,858 common shares of Lucky (2020 – 23,858) having a fair value of \$1,909 as at September 30, 2021 (2020 – \$2,505).

## 7. Mining properties and exploration and evaluation assets:

Mining properties and exploration and evaluation assets are detailed as follows:

	Anctil Property	Nemenjiche Property	Fortune Property	Panache North Property	Prince Property	Total
	Québec	Québec	Québec	Québec	Newfoundland	
	\$	\$	\$	\$	\$	\$
<b>Mining properties</b>						
Balance, December 31, 2020	66,896	88,259	55,168	21,810	10,905	243,038
Acquisition costs	59,760	-	379	169	47	60,355
Claim staking and renewal	938	-	-	-	800	1,738
Balance, September 30, 2021	127,594	88,259	55,547	21,979	11,752	305,131
<b>Exploration and evaluation assets</b>						
Balance, December 31, 2020	191,859	227,092	-	-	-	418,951
Drilling	557,443	-	-	-	-	557,443
Geophysics	4,237	3,993	-	-	-	8,230
Consultant fees	45,798	13,620	-	-	-	59,418
Studies	33,528	-	-	-	-	33,528
Balance, September 30, 2021	832,865	244,705	-	-	-	1,077,570



# GOLDSTAR MINERALS INC.

Notes to Condensed Interim Financial Statements, Continued  
 Nine months ended September 30, 2021 and 2020  
 (Unaudited)  
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## 7. Mining properties and exploration and evaluation assets (continued):

	Lake George Property	Victoria Lake Property	Ancil Property	Nemenjiche Property	Fortune Property	Panache North Property	Prince Property	Total
	New Brunswick	New Brunswick	Québec	Québec	Québec	Québec	Newfoundland	
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Mining properties</b>								
Balance, December 31, 2019	506,449	121,850	2,284	1,958	-	-	-	632,541
Acquisition costs	-	-	-	-	49,073	21,810	10,905	81,788
Option payments	-	-	63,699	86,301	-	-	-	150,000
Claim staking and renewal	600	(5,100)	913	-	6,095	-	-	2,508
Write-off	(507,049)	(116,750)	-	-	-	-	-	(623,799)
Balance, December 31, 2020	-	-	66,896	88,259	55,168	21,810	10,905	243,038
<b>Exploration and evaluation assets</b>								
Balance, December 31, 2019	1,926,984	97,638	9,922	174	-	-	-	2,034,718
Geophysics	-	2,401	93,648	84,283	-	-	-	180,332
Assays	1,742	-	3,004	3,401	-	-	-	8,147
Salaries and consultant fees	247	-	62,365	110,636	-	-	-	173,248
Field expenses	137	-	24,215	28,598	-	-	-	52,950
Studies	-	-	12,500	-	-	-	-	12,500
Mining and resource tax credits	-	-	(13,795)	-	-	-	-	(13,795)
Write-off	(1,929,110)	(100,039)	-	-	-	-	-	(2,029,149)
Balance, December 31, 2020	-	-	191,859	227,092	-	-	-	418,951

### (a) Ancil and Nemenjiche Properties:

On December 10, 2019, the Company entered into a Mineral Option and Purchase Agreement ("Option Agreement") with Les Ressources Tectonic Inc. (the "Owner") with respect to the Ancil and Nemenjiche Properties (the "Optioned Properties"). The Option Agreement provides for the acquisition of an undivided interest of 100% in the Optioned Properties by paying the Owner in the aggregate an amount of \$570,000 in cash payments and by incurring in the aggregate an amount of \$2,200,000 in exploration expenditures over a three-year period, according to the following schedule. To date, the Owner has received cash payments of \$150,000 and the Company has incurred its minimum commitment of \$300,000 of exploration expenditures. As at September 30, 2021, the Company has incurred \$791,366 of exploration expenditures towards its current \$700,000 exploration commitment, including \$132,746 incurred last year which was in excess of last year's exploration commitment of \$300,000.

Date	Cash Payments	Exploration expenditures to be incurred
February 15, 2020	\$50,000	-
December 10, 2020	\$100,000	\$300,000
December 10, 2021	\$120,000	\$700,000
December 10, 2022	\$300,000	\$1,200,000
Total	\$570,000	\$2,200,000

# **GOLDSTAR MINERALS INC.**

Notes to Condensed Interim Financial Statements, Continued  
Nine months ended September 30, 2021 and 2020  
(Unaudited)  
(in Canadian dollars)

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## **7. Mining properties and exploration and evaluation assets (continued):**

### (a) Anctil and Nemenjiche Properties (continued):

Upon exercise of the Option, Goldstar shall grant to the Owner a net smelter return royalty (“NSR”) of 2% from production derived from the Properties of which royalty 100% can be purchased back by Goldstar for cancelation at any time by paying to the Owner the amount of \$5,000,000. Until the Option Agreement is exercised or terminated, Goldstar shall solely fund any exploration expenditures on the Properties.

#### Anctil:

The Anctil property consists of a total of 114 claims, covering an area of 6,363 hectares (63.63 km<sup>2</sup>). It is located approximately 45 km southwest of the town of Chapais in Québec. The property comprises a 100% interest in 43 claims covering an area of approximately 2,400 hectares (24.00 km<sup>2</sup>) which were acquired by staking, an option on 31 claims covering an area of approximately 1,731 hectares (17.31 km<sup>2</sup>) pursuant to the Option Agreement described above, and a 100% interest in 40 claims covering an area of approximately 2,232 hectares (22.32 km<sup>2</sup>) pursuant to the Purchase and Sale Agreement described below. As per the Option Agreement, since the staked and purchased claims were within 5 km of the optioned property, these claims are subject to the agreement.

In June 2021, the Company acquired, through staking, an additional 8 claims on its Anctil property covering an area of approximately 447 hectares (4.47 km<sup>2</sup>) for \$536. These claims are 100% owned by the Company. As per the Option Agreement, since these claims were staked within 5 km of the optioned property, these claims are subject to the agreement.

In July 2021, the Company entered into a Purchase and Sale Agreement with Benoit Moreau for the acquisition of 100% interest in 40 claims, totaling 2,232 hectares (22.32 km<sup>2</sup>) contiguous to the Anctil property. In consideration for these claims, the Company issued 400,000 common shares at a price of \$0.14 per share.

#### Nemenjiche:

The Nemenjiche property consists of a total of 72 claims, covering an area of 4,030 hectares (40.30 km<sup>2</sup>). It is located approximately 60 km south of the town of Chibougamau in Québec. The property comprises a 100% interest in 30 claims covering an area of approximately 1,679 hectares (16.79 km<sup>2</sup>) which were acquired by staking, and an option on 42 claims covering an area of approximately 2,351 hectares (23.51 km<sup>2</sup>) pursuant to the Option Agreement described above. As per the Option Agreement, since the staked claims were staked within 5 km of the optioned property, these claims are subject to the agreement.

# GOLDSTAR MINERALS INC.

Notes to Condensed Interim Financial Statements, Continued  
Nine months ended September 30, 2021 and 2020  
(Unaudited)  
(in Canadian dollars)

## 7. Mining properties and exploration and evaluation assets (continued):

### (b) Fortune Property:

The Fortune property comprises a 100% interest in a total of 101 claims, covering an area of approximately 5,714 hectares (57.14 km<sup>2</sup>).

The Fortune property is located in the Gaspé Peninsula of Québec, with direct access to most of the property by Highway 132 and a network of maintained roads.

### (c) Panache North Property:

The Panache North property comprises a 100% interest in a total of 4 claims, covering an area of approximately 225 hectares (2.25 km<sup>2</sup>).

The Panache North property is located in the Windfall Lake (Urban Barry) area of Québec.

### (d) Prince Property:

The Prince property comprises a 100% interest in a total of 2 licences, covering an area of approximately 125 hectares (1.25 km<sup>2</sup>).

The Prince property is located in Newfoundland.

## 8. Accounts payable and accrued liabilities:

	September 30 2021	December 31 2020
Accounts payable	\$ 66,485	\$ 95,725
Accrued liabilities	73,576	81,416
Accounts payable and accrued liabilities	\$ 140,061	\$ 177,141

## 9. Loan payable:

	September 30 2021	December 31 2020
Loan, capital of \$40,000 (2020 - \$30,000), secured by the Government of Canada, non- interest bearing until December 31, 2022	\$ 35,318	\$ 24,582

The Company received a \$60,000 loan under the Canada Emergency Business Account program. If the Company repays \$40,000 of the loan by December 31, 2022, no other amount will be payable. Otherwise, the loan balance will bear interest at 5% and may either be repaid in 36 monthly instalments of capital and interest or repaid at maturity on December 31, 2025.

# GOLDSTAR MINERALS INC.

Notes to Condensed Interim Financial Statements, Continued  
Nine months ended September 30, 2021 and 2020  
(Unaudited)  
(in Canadian dollars)

## 9. Loan payable (continued):

Since \$20,000 of the government assistance is forgivable if the Company repays \$40,000 by December 31, 2022, the amount was recognized in earnings at the time the government assistance was granted. Additionally, the carrying amount of the loan at the time it was granted has been reduced by an amount equivalent to the variance between fair value, determined using a present value technique at a rate of 10%, and the par value of the loan. Since the loan which gave rise to the variance is a form of government assistance for working capital, the consideration was applied to earnings at the time it was granted. An accretion expense was then charged to earnings as interest expenses on long-term debt using the straight-line method over the initial lease term.

## 10. Share capital and warrants:

Authorized:

An unlimited number of common shares without par value

Shares fluctuated as follows during the period:

	September 30		December 31	
	2021		2020	
	Number of shares	\$	Number of shares	\$
Balance, beginning of year	22,212,593	14,461,606	11,317,930	12,541,760
Private placements – units	-	-	4,666,663	700,000
Private placements – flow-through shares	4,000,000	720,000	3,000,000	600,000
Units-finder's fee	-	-	178,000	9,846
Shares-finder's fee	146,176	19,734	-	-
Units for settlement of debt	-	-	350,000	70,000
Shares for settlement of debt	-	-	2,500,000	500,000
Property acquisition	400,000	56,000	200,000	40,000
Liability related to flow-through shares	-	(200,000)	-	-
Balance, end of period	26,758,769	15,057,340	22,212,593	14,461,606

On June 17, 2021, the Company completed a non-brokered private placement financing. The Company issued a total of 4,000,000 flow-through shares at a price of \$0.18 per share for aggregate gross proceeds of \$720,000. At closing, the Company issued to finders 146,176 common shares in payment of finders' fees. The Company accounted for these compensation shares at \$0.135 per share, being the market price at the time of closing, for a total value of \$19,734. The carrying amount of these flow-through shares is presented net of the liability related to flow-through shares of \$200,000.

On July 9, 2021, the Company acquired 100% interest in 40 claims contiguous to the Ancil property. In consideration for these claims, the Company issued 400,000 common shares at a price of \$0.14 per share.

# **GOLDSTAR MINERALS INC.**

Notes to Condensed Interim Financial Statements, Continued  
Nine months ended September 30, 2021 and 2020  
(Unaudited)  
(in Canadian dollars)

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## **10. Share capital and warrants (continued):**

On September 2, 2020, the Company completed a share settlement transaction with a creditor to partially settle a debt in the amount of \$70,000. On September 18, 2020, the Company issued 350,000 units at a price of \$0.20 per unit. Each unit is comprised of one common share and one common share purchase warrant. Each warrant entitles the holder thereof to purchase one common share at a price of \$0.50 until September 17, 2023.

On September 3, 2020, the Company completed a non-brokered private placement financing. The Company issued a total of 4,666,663 units at a price of \$0.15 per unit and 3,000,000 flow-through shares at a price of \$0.20 per share for aggregate gross proceeds of \$1,300,000. Each unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder thereof to purchase one common share at a price of \$0.20 until September 2, 2023. At closing, in respect to the subscriptions of units, the Company paid a cash finder's fee of \$34,839 and issued finder's warrants exercisable to acquire 232,261 units at a price of \$0.15 per unit until September 2, 2023. The Company accounted for these compensation warrants by using the Black-Scholes pricing model. At the date of the grant, the weighted average fair value of warrants granted was \$0.15238 per warrant for a total value of \$35,392. At Closing, in respect to the subscriptions of flow-through shares, the Company issued 178,000 finders' units, each comprised of one common share and one warrant exercisable to acquire 178,000 common shares at a price of \$0.20 per share until September 2, 2023. The Company accounted for these finders' units using the residual method. The fair value of the compensation warrants is calculated by using the Black-Scholes pricing model. At the date of the grant, the weighted average fair value of the common shares was \$0.05532 per share for a total value of \$9,846, and the weighted average fair value of the warrants granted was \$0.14468 per warrant for a total value of \$25,754.

On September 3, 2020, the Company completed a share settlement transaction with an insider pursuant to which the Company issued 2,500,000 common shares at a price of \$0.20 per share in settlement of the debt in the amount of \$500,000.

On December 7, 2020, the Company acquired 100% interest in the Fortune, Panache North, and Prince properties for \$30,000 cash and the issuance of 200,000 common shares at a price of \$0.20 per share (Note 7(b-d)).

On December 16, 2020, the Company completed a share consolidation on the basis of one (1) post-consolidated share for every ten (10) pre-consolidated shares. As a result of the consolidation, the issued and outstanding shares have been reduced to 22,212,593. The number of post-consolidated shares were rounded down to the nearest whole number. Each shareholder received a whole number of consolidated common shares. Fractional shares were disregarded and cancelled without any repayment of capital or other compensation.

# GOLDSTAR MINERALS INC.

Notes to Condensed Interim Financial Statements, Continued  
Nine months ended September 30, 2021 and 2020  
(Unaudited)  
(in Canadian dollars)

## 10. Share capital and warrants (continued):

The number of share purchase warrants outstanding fluctuated as follows during the period:

	September 30 2021	December 31 2020
Balance, beginning of year	5,726,924	1,208,000
Warrants issued:		
To shareholders regarding private placements	-	4,666,663
To finders regarding private placements	-	410,261
To creditors in settlement of debt	-	350,000
Warrants expired	(300,000)	(908,000)
Balance, end of period	5,426,924	5,726,924

The following weighted average assumptions were used in calculating the fair value of the warrants issued to finders regarding the private placement:

	September 30 2021	December 31 2020
Exercise price	-	\$0.17
Stock price	-	\$0.20
Risk-free interest rate	-	1.04%
Expected life	-	3 years
Expected volatility	-	124.50%
Expected dividend	-	-

The volatility has been estimated based on the historical share prices of the Company over the expected average life of the warrants.

As at September 30, 2021, the following share purchase warrants were outstanding:

- 4,844,663 warrants at \$0.20 per warrant expiring September 2, 2023
- 232,261 warrants at \$0.15 per warrant expiring September 2, 2023
- 350,000 warrants at \$0.50 per warrant expiring September 17, 2023

All warrants outstanding at the end of the period could potentially dilute basic earnings per share in the future.

# GOLDSTAR MINERALS INC.

Notes to Condensed Interim Financial Statements, Continued  
Nine months ended September 30, 2021 and 2020  
(Unaudited)  
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## 11. Share option plan:

The Company has a Rolling 10% Stock Option Plan (the “Plan”) for the benefit of the directors, officers, employees, and service providers of the Company. The maximum number of common shares which may be issued under the Plan is 10% of the Company’s issued and outstanding share capital at the date of the grant. The Plan has a “rolling” limit, as the number of shares reserved for issuance pursuant to the grant of stock options will automatically increase as the Company’s issued and outstanding share capital increases. The limit includes outstanding stock options previously granted. All shares subject to options that have terminated without having been exercised shall be available for any subsequent options under the plan. Options granted under the plan will be for a term not exceeding five years. The Plan provides that it is solely within the discretion of the Board to determine who should receive share options, in what amounts, and determine vesting terms. The plan is subject to shareholders’ approval yearly at the Company’s annual meeting of shareholders.

The number of stock options outstanding under the Company’s plan fluctuated as follows during the period:

	September 30 2021		December 31 2020	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Balance, beginning of year	497,497	\$ 1.00	932,497	\$ 1.00
Granted	1,215,000	0.16	-	-
Expired	(236,269)	1.00	(435,000)	1.00
Balance, end of period	1,476,228	0.31	497,497	1.00
Exercisable options, end of period	1,476,228	\$ 0.31	497,497	\$ 1.00

As at September 30, 2021, the following options were outstanding:

- 261,228 options at \$1.00 per share until May 16, 2023
- 1,015,000 options at \$0.16 per share until January 12, 2026
- 200,000 options at \$0.16 per share until March 23, 2026

All options outstanding at the end of the period could potentially dilute basic earnings per share in the future.

# GOLDSTAR MINERALS INC.

Notes to Condensed Interim Financial Statements, Continued  
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## 12. Commitments and contingencies:

The Company's mining and exploration activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

The Company is committed to incur eligible exploration and evaluation expenses of \$600,000 by December 31, 2021, related to its flow-through share financings completed in 2020. As at September 30, 2021, the Company has incurred \$600,000 of eligible expenses.

The Company is committed to incur eligible exploration and evaluation expenses of \$720,000 by December 31, 2022, related to its flow-through share financings completed in 2021. As at September 30, 2021, the Company has incurred \$440,408 of eligible expenses.

However, there is no guarantee that the funds spent by the Company will qualify as Canadian exploration expenses, even if the Company has committed to take all the necessary measures for this purpose. Refusals of certain expenses by tax authorities could have negative tax consequences for investors or the Company.

In such event, the Company will indemnify each flow-through share subscriber for the additional taxes payable by such subscriber as a result of the Company's failure to renounce the qualifying expenditures as agreed.

## 13. General and administrative expenses:

	For three months ended		For nine months ended	
	September 30		September 30	
	2021	2020	2021	2020
	\$	\$	\$	\$
Corporate salaries	26,095	10,181	75,603	66,800
Investor and shareholder relations	17,774	15,020	42,455	23,249
Rent	-	4,668	-	18,672
Insurance	3,082	2,068	6,797	5,856
Taxes, licenses, and fees	(24)	1,344	3,103	3,188
Miscellaneous	4,264	4,767	12,735	13,279
Total	51,191	38,048	140,693	131,044



# GOLDSTAR MINERALS INC.

Notes to Condensed Interim Financial Statements, Continued  
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## 14. Related party transactions:

### *Transactions with key management personnel*

The compensation of directors and executive officers of the Company comprises:

	September 30 2021	September 30 2020
Short-term employee benefits	\$ 75,674	\$ 59,932
Share-based payments	149,264	-
Total	\$ 224,938	\$ 59,932

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company.

During the period, a law firm, in which an officer and a director of the Company is a partner, rendered legal and consulting services in the amount of \$6,240 (2020 - \$10,935), charged to professional and consulting fees, \$35,290 (2020 - \$79,825) with respect to financing charged to share issue expenses, and \$4,355 (2020 - nil) with respect to mining properties totaling an aggregate amount of \$45,885 (2020 - \$90,760). As at September 30, 2021, the accounts payable include nil (2020 - \$108,267) owed to this legal firm.

On February 18, March 2, March 6, and July 8, 2020, a director of the Company loaned the respective amounts of \$5,000, \$6,000, \$10,000 and \$3,000 to the Company. These loans bear interest at a rate of 10% per annum and are repayable on demand. Outstanding loans from directors of the Company, due on demand, totaled \$439,000 and interest accrued amounted to \$78,482.

On September 3, 2020, the Company settled the outstanding loans to a director by completing a share settlement transaction pursuant to which the Company issued 2,500,000 common shares at a price of \$0.20 per share in settlement of the debt in the amount of \$500,000. Furthermore, the Company repaid \$16,936 of the remaining loans plus \$546 of interest. As at September 30, 2020, there is nothing owing to this director.

These transactions, made in the normal course of business, were measured at the exchange amount, which is the amount established and agreed to by the parties.

# GOLDSTAR MINERALS INC.

Notes to Condensed Interim Financial Statements, Continued  
Nine months ended September 30, 2021 and 2020  
(Unaudited)  
(in Canadian dollars)

## 15. Income taxes:

Income tax expense (recovery) differs from the amounts computed by applying the combined federal and provincial income tax rate of 26.5% (2020 - 26.5%) as a result of the following:

	September 30 2021	September 30 2020
(Loss) Income and comprehensive (loss) income	\$ (194,506)	\$ 84,411
Computed "expected" tax (recovery) expense	(51,544)	22,369
Increase in income taxes resulting from:		
Non-deductible share-based payments	43,205	-
Current year losses not recognized and changes in unrecognized deferred income tax assets	(133,214)	(29,074)
Tax impact of flow-through shares	174,534	74,385
Permanent difference arising from the non-taxable income related to flow-through shares	(32,419)	(72,135)
Other	(562)	4,455
Total deferred income tax recovery	\$ -	\$ -

As at September 30, 2021, the Company has approximately \$5,361,297 (2020 - \$5,089,971) of Canadian development and exploration expenditures, which under certain circumstances may be utilized to reduce the taxable income of future years. In addition, the Company has share issue costs of approximately \$148,000 (2020 - \$168,000) which have not yet been deducted for income tax purposes. The Company also has \$3,946,000 (2020 - \$3,684,000) in available non-capital losses for Canadian income tax purpose which may be carried forward to reduce taxable income in future years. These tax losses expire as follows:

2029	\$	112,000
2030		345,000
2031		22,000
2032		212,000
2033		633,000
2034		317,000
2035		186,000
2036		216,000
2037		300,000
2038		556,000
2039		543,000
2040		299,000
2041		205,000
Total	\$	3,946,000

# GOLDSTAR MINERALS INC.

Notes to Condensed Interim Financial Statements, Continued

Nine months ended September 30, 2021 and 2020

(Unaudited)

(in Canadian dollars)

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## 15. Income taxes (continued):

Deferred tax assets have not been recognized in respect of the following items:

	September 30 2021	December 31 2020
Non-capital losses	\$ 3,946,000	\$ 3,741,000
Capital losses	96,000	96,000
Mining properties and exploration and evaluation assets	3,979,000	4,635,000
Share issue costs	148,000	171,000
Unrecognized temporary differences	\$ 8,169,000	\$ 8,643,000

## 16. Earnings per share:

The warrants and share purchase options were excluded from the diluted weighted average number of common shares calculation since the Company is at a loss and, therefore, their effect would have been antidilutive.