CANSTAR RESOURCES INC.

CONDENSED INTERIM FINANCIAL STATEMENTS

DECEMBER 31, 2017

(EXPRESSED IN CANADIAN DOLLARS)

(UNAUDITED)

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying unaudited condensed interim financial statements of Canstar Resources Inc. (the "Company" or "Canstar") are the responsibility of management and the Board of Directors.

The unaudited condensed interim financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the notes to the unaudited condensed interim financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the statement of financial position date. In the opinion of management, the unaudited condensed interim financial statements have been prepared within acceptable limits of materiality and are in accordance with International Accounting Standard 34 - Interim Financial Reporting using accounting policies consistent with International Financial Reporting Standards appropriate in the circumstances.

Management has established processes, which are in place to provide it with sufficient knowledge to support management representations that it has exercised reasonable diligence in that (i) the unaudited condensed interim financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of, and for the periods presented by, the unaudited condensed interim financial statements and (ii) the unaudited condensed interim financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented by the unaudited condensed interim financial statements.

The Board of Directors is responsible for reviewing and approving the unaudited condensed interim financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the unaudited condensed interim financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the unaudited condensed interim financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company’s affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

NOTICE TO READER

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the condensed interim financial statements, they must be accompanied by a notice indicating that the condensed interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these condensed interim financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of condensed interim financial statements by an entity's auditor.

CANSTAR RESOURCES INC.
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
(EXPRESSED IN CANADIAN DOLLARS)
(UNAUDITED)

As at		December 31, 2017		June 30, 2017
ASSETS				
Current				
Cash and cash equivalents	**$**	**189,141**	$	718,075
Amounts receivable and prepaid expenses		**37,490**		31,465
Total current assets		**226,631**		749,540
Equipment (Note 4)		**1,049**		1,166
Interest in exploration properties and deferred exploration expenditures (Notes 3 and 7)		**3,337,893**		2,968,894
Total assets	**$**	**3,565,573**	$	3,719,600
LIABILITIES				
Current				
Accounts payable and accrued liabilities	**$**	**113,573**	$	153,584
Total liabilities		**113,573**		153,584
SHAREHOLDERS' EQUITY				
Capital stock (Note 5(b))		**11,952,966**		11,948,816
Warrants (Note 5(d))		**51,630**		318,852
Share-based payments reserve (Note 5(c))		**333,225**		354,700
Deficit		**(8,885,821)**		(9,056,352)
Total shareholders' equity		**3,452,000**		3,566,016
Total liabilities and shareholders' equity	**$**	**3,565,573**	$	3,719,600

Nature and Continuance of Operations (Note 1)
Commitments and Contingencies (Notes 3 and 8)
Subsequent Event and Proposed Transactions (Note 9)

APPROVED ON BEHALF OF THE BOARD:

"D. Peterson", Director

"J E. Hurley", Director

See accompanying notes to the unaudited condensed interim financial statements.

CANSTAR RESOURCES INC.
CONDENSED INTERIM STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(EXPRESSED IN CANADIAN DOLLARS)
(UNAUDITED)

	Three Months Ended December 31, 2017	Three Months Ended December 31, 2016	Six Months Ended December 31, 2017	Six Months Ended December 31, 2016
Operating expenses				
Interest and bank charges	**$ 239**	$ 195	**$ 580**	$ 378
Transfer agent and filing fees	**16,219**	11,780	**47,685**	14,681
Management fees (Note 7)	**1,747**	496	**142**	30,673
Professional fees (Note 7)	**33,377**	32,009	**41,911**	47,434
General and office expenses	**137**	1,664	**4,975**	4,969
Shareholder information	**8,851**	14,155	**13,801**	18,655
Amortization (Note 4)	**59**	73	**117**	146
Rent (Note 7)	**3,474**	5,209	**8,683**	10,419
Total operating expenses	**64,103**	65,581	**117,894**	127,355
Loss before the undernoted	**(64,103)**	(65,581)	**(117,894)**	(127,355)
Interest income	**1,378**	-	**1,378**	-
Net loss and comprehensive loss for the period	**$ (62,725)**	$ (65,581)	**$ (116,516)**	$ (127,355)
Net loss per share - basic and diluted (Note 6)	**$ (0.00)**	$ (0.00)	**$ (0.00)**	$ (0.00)
Weighted average number of shares	**102,808,522**	102,458,242	**102,784,001**	100,623,138

See accompanying notes to the unaudited condensed interim financial statements.

CANSTAR RESOURCES INC.
CONDENSED INTERIM STATEMENTS OF CASH FLOWS
(EXPRESSED IN CANADIAN DOLLARS)
(UNAUDITED)

		Six Months Ended December 31, 2017		2016
CASH FLOWS FROM OPERATING ACTIVITIES				
Net loss for the period	**$**	**(116,516)**	$	(127,355)
Charges not involving cash:				
Amortization		**117**		146
		(116,399)		(127,209)
Changes in non-cash working capital items:				
(Increase) decrease in amounts receivable and prepaid expenses		**(6,025)**		15,821
(Decrease) increase in accounts payable and accrued liabilities		**(40,011)**		22,405
Cash flows used in operating activities		**(162,435)**		(88,983)
CASH FLOWS FROM FINANCING ACTIVITIES				
Issuance of units		**-**		1,043,795
Proceeds from exercise of stock options		**2,500**		-
Proceeds from exercise of warrants		**-**		4,097
Share issue costs		**-**		(56,740)
Cash flows from financing activities		**2,500**		991,152
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest in exploration properties and deferred exploration expenditures - net		**(368,999)**		(111,446)
Purchase of short-term investments		**-**		(59,302)
Cash flows used in investing activities		**(368,999)**		(170,748)
Change in cash and cash equivalents		**(528,934)**		731,421
Cash and cash equivalents, beginning of period		**718,075**		214,898
Cash and cash equivalents, end of period	**$**	**189,141**	$	946,319
SUPPLEMENTAL INFORMATION				
Finders warrants	**$**	**-**	$	18,840

See accompanying notes to the unaudited condensed interim financial statements.

CANSTAR RESOURCES INC.
CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY
(EXPRESSED IN CANADIAN DOLLARS)
(UNAUDITED)

	Capital Stock	Warrants	Share-based Payment Reserve	Deficit	Total
Balance, June 30, 2016	**$ 11,122,125**	**$ 150,561**	**$ 547,455**	**$ (8,986,682)**	**$ 2,833,459**
Issuance of units in private placement	810,393	233,402	-	-	1,043,795
Share issue costs	(58,952)	(16,628)	-	-	(75,580)
Finders warrants	-	18,840	-	-	18,840
Exercise of warrants	5,857	(1,760)	-	-	4,097
Net loss for the period	-	-	-	(127,355)	(127,355)
Balance, December 31, 2016	**11,879,423**	**384,415**	**547,455**	**(9,114,037)**	**3,697,256**
Balance, June 30, 2017	**11,948,816**	**318,852**	**354,700**	**(9,056,352)**	**3,566,016**
Exercise of stock options	4,150	-	(1,650)	-	2,500
Expiry of stock options	-	-	(19,825)	19,825	-
Expiry of warrants	-	(267,222)	-	267,222	-
Net loss for the period	-	-	-	(116,516)	(116,516)
Balance, December 31, 2017	**$ 11,952,966**	**$ 51,630**	**$ 333,225**	**$ (8,885,821)**	**$ 3,452,000**

See accompanying notes to the unaudited condensed interim financial statements.

CANSTAR RESOURCES INC.
STATEMENTS OF INTEREST IN EXPLORATION PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES
(EXPRESSED IN CANADIAN DOLLARS)
(UNAUDITED)

	Mary March Properties	Kenora Properties	Total
PROPERTY ACQUISITION COSTS			
Balance, June 30, 2016 and December 31, 2016	$ 65,884	$ 26,200	$ 92,084
DEFERRED EXPLORATION COSTS			
Balance, June 30, 2016	1,987,090	494,052	2,481,142
Access	-	(894)	(894)
Assaying	-	2,032	2,032
Field supplies	-	10,303	10,303
Geological consulting	-	25,375	25,375
Geophysics and exploration	2,800	5,893	8,693
Labour and supervision	-	50,000	50,000
Travel	-	15,937	15,937
Balance, December 31, 2016	1,989,890	602,698	2,592,588
Total, December 31, 2016	**$ 2,055,774**	**$ 628,898**	**$ 2,684,672**
PROPERTY ACQUISITION COSTS			
Balance, June 30, 2017 and December 31, 2017	$ 65,884	$ 26,200	$ 92,084
DEFERRED EXPLORATION COSTS			
Balance, June 30, 2017	1,993,754	883,056	2,876,810
Access	2,050	3,576	5,626
Administrative	-	78	78
Assaying	-	19,000	19,000
Drilling	-	208,758	208,758
Field supplies	-	36,098	36,098
Geological consulting	-	29,700	29,700
Geophysics and exploration	6,300	-	6,300
Labour and supervision	-	33,333	33,333
Travel	-	30,106	30,106
Balance, December 31, 2017	2,002,104	1,243,705	3,245,809
Total, December 31, 2017	**$ 2,067,988**	**$ 1,269,905**	**$ 3,337,893**

See accompanying notes to the unaudited condensed interim financial statements.

1. NATURE AND CONTINUANCE OF OPERATIONS

Canstar Resources Inc. (the "Company" or “Canstar”) was formed by amalgamation on April 5, 2005. The Company’s registered and head office is located at 56 Temperance Street, Suite 1000, Toronto, Ontario M5H 3V5.

The unaudited condensed interim financial statements were approved by the Board of Directors on February 26, 2018.

The Company is in the process of exploring its mineral properties and has not yet determined whether these properties contain ore reserves that are economically recoverable. The recoverability of the carrying values of mineral properties is dependent upon the discovery of economically recoverable reserves, the preservation of the Company’s interest in the underlying mineral claims, the ability of the Company to obtain financing necessary to complete development of the properties, and the future profitable production therefrom or alternatively upon the Company’s ability to dispose of its interests on an advantageous basis.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and 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.

As at December 31, 2017, the Company had a deficit of $8,885,821 and working capital of $113,058. The Company's ability to continue operations and fund its future exploration property expenditures is dependent on management's ability to secure additional financing. Management is actively pursuing such additional sources of financing, and while it has been successful in doing so in the past, there can be no assurance it will be able to do so in the future. These material uncertainties cast significant doubt upon the Company's ability to continue as a going concern.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance:

The Company applies International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (“IASB”) and interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”). These unaudited condensed interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by IASB and interpretations issued by IFRIC.

The policies applied in these unaudited condensed interim financial statements are based on IFRSs issued and outstanding as of February 26, 2018, the date the Board of Directors approved the statements. The same accounting policies and methods of computation are followed in these unaudited condensed interim financial statements as compared with the most recent annual financial statements as at and for the year ended June 30, 2017, except where noted below. Any subsequent changes to IFRS that are given effect in the Company’s annual financial statements for the year ending June 30, 2018 could result in restatement of these unaudited condensed interim financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

New IFRS standards not yet adopted:

The Company has not yet adopted certain new IFRS standards, amendments and interpretations to existing standards, which have been published but are only effective for its annual periods beginning on or after July 1, 2017.

IFRS 9 – Financial Instruments (“IFRS 9”) was issued by the IASB in November 2009 with additions in October 2010 and May 2013 and will replace IAS 39 Financial Instruments: Recognition and Measurement (“IAS 39”). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9, except that an entity choosing to measure a financial liability at fair value will present the portion of any change in its fair value due to changes in the entity’s own credit risk in other comprehensive income, rather than within profit or loss. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 3. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Earlier adoption is permitted.

3. INTEREST IN EXPLORATION PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES

The Company has interests in exploration properties in the Kenora Townships in Ontario, Canada, and the Buchans area of Newfoundland, Canada. Due to disappointing exploration results and/or lack of a current exploration plan or recent work, the Slate Bay property has been written off for accounting purposes.

a) Mary March Properties

(i) Glencore Joint Venture

The Company entered into an option and Joint Venture Agreement with Glencore plc ("Glencore") whereby the Company has a 50% interest in the Mary March property located at Buchans Junction in central Newfoundland. The remaining 50% interest in the property is held by Glencore. The Company has a first right of refusal on Glencore’s 50% interest, should they wish to sell. Exploration of the property was held up approximately 10 years due to a title dispute that was resolved in 2012 in the Company’s favour by the Newfoundland and Labrador Supreme Court.

The property consists of 92 staked claims, 5 licenses, 1 lease and 2 patented lots.

Should the Glencore joint venture thus established proceed to production, the Company would make a one-time cash payment of $2 million within six months of the commencement of commercial production. Canstar’s share of production would be subject to a one percent (1%) net smelter return royalty (“NSR”).

The Company is the operator of the Glencore joint venture and has the deciding vote in the event of a deadlock between the Company and Glencore. A diamond drilling program was completed in late 2012. The Company followed this up with a drill program in the fall of 2013. Glencore contributed $150,000 towards the 2012 exploration costs of the joint venture but did not contribute to the 2013, 2014 and 2015 exploration expenditures. Glencore was therefore subject to a voluntary reduction due to non-participation of these exploration programs. Canstar now holds a 56% interest in the joint venture and Glencore holds a 44% interest.

3. INTEREST IN EXPLORATION PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES (CONTINUED)

a) Mary March Properties (continued)

(ii) Mary March Extension Property

The Mary March Extension Property was acquired on April 7, 2009 and is comprised of 34 claims. The property is located immediately west and north of the Mary March Property.

Canstar holds a 100% interest in the property, which has been written off for accounting purposes.

b) Kenora Properties

On March 2, 2014, the Company entered into an option agreement to acquire several properties in the Kenora, Ontario area, collectively called the Kenora Gold Project. The Kenora Gold Project is situated in the Wabigoon sub-province, and located approximately 20 kilometres east of the Town of Kenora.

Canstar acquired a 100% interest in the Kenora Gold Project by making cash payments of $18,200 and issuing 200,000 common shares (valued at $8,000). The Kenora Gold Project is subject to a 3% NSR, subject to a buy-back right of $1,000,000 for the first 1.5% and $3,000,000 for the remaining 1.5%, which would reduce the NSR to 0%.

c) Slate Bay Property

The Slate Bay Property is comprised of eight contiguous patented claims located approximately 10 kilometres north of the town of Red Lake, Ontario. The Company earned a 75% interest in the property pursuant to an option and joint venture participation agreement entered into with Luxor Enterprises Inc. (“Luxor”) on February 4, 2002.

The Company has attempted to joint venture this property without success. Accordingly, the property has been written off although the Company still retains its interest.

(EXPRESSED IN CANADIAN DOLLARS)

4. EQUIPMENT

Cost	Office and field equipment
Balance, June 30, 2016, December 31, 2016, June 30, 2017 and December 31, 2017	**$ 10,141**

Accumulated Amortization	Office and field equipment
Balance, June 30, 2016	**$ 8,684**
Amortization	146
Balance, December 31, 2016	**8,830**
Balance, June 30, 2017	**8,975**
Amortization	117
Balance, December 31, 2017	**$ 9,092**

Carrying Value	Office and field equipment
Balance, June 30, 2016	**$ 1,457**
Balance, December 31, 2016	**$ 1,311**
Balance, June 30, 2017	**$ 1,166**
Balance, December 31, 2017	**$ 1,049**

5. CAPITAL STOCK, OPTIONS AND WARRANTS

(a) Authorized
Unlimited number of common shares, without par value

(EXPRESSED IN CANADIAN DOLLARS)

5. CAPITAL STOCK, OPTIONS AND WARRANTS (CONTINUED)

(b) Issued

102,808,522 common shares

Summary of changes in capital stock:

	Shares		Amount
Balance, June 30, 2016,	92,199,914	$	11,122,125
Issuance of common shares in private placement (i)	10,437,950		1,043,795
Warrant valuation (i)	-		(233,402)
Exercise of warrants	68,280		5,857
Cost of issue	-		(58,952)
Balance, December 31, 2016	**102,706,144**	**$**	**11,879,423**
Balance, June 30, 2017	**102,758,522**		**11,948,816**
Exercise of share based payments	50,000		4,150
Balance, December 31, 2017	**102,808,522**	**$**	**11,952,966**

(i) On August 2, 2016, the Company completed a non-brokered private placement financing of 10,437,950 units at $0.10 per unit for gross proceeds of $1,043,795. Each unit consists of one common share and one-half of one common share purchase warrant.

Each warrant entitles the holder to purchase one common share of the Company until December 31, 2017 at a price of $0.15. The grant date fair value of the warrants was estimated to be $233,402. The fair value of the warrants on the date of grant was estimated using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%, expected volatility of 127%, risk-free interest rate of 0.55%, and expected life of 1.4 years.

Finders fees of $58,952 were paid including 265,000 finders warrants issued, valued at $18,840, of which $16,628 was allocated to warrants. Each finders warrant is exercisable at $0.10 into one common share and one-half of one common share purchase warrant and have the same terms as the private placement.

(c) Stock Options

The Company has granted options for the purchase of common shares to its directors, officers, and consultants. The aggregate number of common shares which may be issued under the stock option plan is 15,000,000. The options are non-assignable and may be granted for a term not exceeding five years. The exercise price of the options is fixed by the Board of Directors of the Company at the time of grant at the market price of the common shares, subject to all applicable regulatory requirements.

(EXPRESSED IN CANADIAN DOLLARS)

5. CAPITAL STOCK, OPTIONS AND WARRANTS (CONTINUED)

(c) Stock Options (continued)

A summary of changes in stock options is as follows:

	Number of Options		Weighted Average Exercise Price
Balance, June 30, 2016 and December 31, 2016	**5,625,000**	**$**	**0.12**
Balance, June 30, 2017	**5,625,000**	**$**	**0.08**
Exercised	(50,000)		0.05
Expired	(137,500)		0.18
Balance, December 31, 2017	**5,437,500**	**$**	**0.08**

As at December 31, 2017, the following stock options were outstanding:

Number of Options	Exercisable Options	Exercise Price	Weighted Average Remaining Contractual Life (years)	Expiry Date
500,000	500,000	$0.10	0.33	May 1, 2018
100,000	100,000	$0.10	0.54	July 17, 2018
2,400,000	2,400,000	$0.05	1.95	December 11, 2019
2,437,500	2,437,500	$0.11	4.01	January 3, 2022
5,437,500	**5,437,500**	**$0.08**	**2.70**	

The weighted average exercise price of exercisable options at December 31, 2017 was $0.08.

(d) Share Purchase Warrants

A summary of changes in warrants is as follows:

	Number of Warrants		Weighted Average Exercise Price
Balance, June 30, 2016	**9,354,759**	**$**	**0.175**
Issued	5,483,975		0.150
Exercised	(68,280)		0.060
Issued from exercise	68,280		0.175
Balance, December 31, 2016	**14,838,734**		**0.150**
Balance, June 30, 2017	**14,633,454**	**$**	**0.150**
Expired	(11,465,108)		0.163
Balance, December 31, 2017	**3,168,346**	**$**	**0.175**

(EXPRESSED IN CANADIAN DOLLARS)

5. CAPITAL STOCK, OPTIONS AND WARRANTS (CONTINUED)

(d) Share Purchase Warrants (continued)

As at December 31, 2017, the following warrants were outstanding.

Black-Scholes Valuation	Number of Warrants	Exercise Price	Expiry Date
$ 48,685	3,040,200	$0.175	May 2, 2018
2,945	128,146	$0.175	May 2, 2018
$ 51,630	**3,168,346**	**$0.175**	

6. BASIC AND DILUTED LOSS PER SHARE

The calculation of basic and diluted loss per share for the three and six months ended December 31, 2017 was based on the net loss attributable to common shareholders of $62,725 and $116,516, respectively (three and six months ended December 31, 2016 - $65,581 and $127,355, respectively) and the weighted average number of common shares outstanding of 102,808,522 and 102,784,001, respectively (three and six months ended December 31, 2016 - 102,458,242 and 100,623,138, respectively). Diluted loss per share did not include the effect of 5,437,500 options and 3,168,346 warrants outstanding (December 31, 2016 - 5,625,000 options and 14,838,734 warrants outstanding) as they are anti-dilutive.

7. RELATED PARTY TRANSACTIONS

Related parties include the Board of Directors, officers, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions. The below noted transactions are in the normal course of business and are measured at the exchange amount, as agreed to by the parties, and approved by the Board of Directors in strict adherence to conflict of interest laws and regulations.

Canstar entered into the following transactions with related parties:

During the three and six months ended December 31, 2017, the Company incurred $3,474 and $8,683, respectively (three and six months ended December 31, 2016 - $5,209 and $10,419, respectively) for rent charged by a corporation of which the Chairman of the Board and the president are directors of the Company.

The remuneration of directors and key management during the three and six months ended December 31, 2017 and December 31, 2016 was as follows:

	Three Months Ended December 31,		Six Months Ended December 31,	
	2017	**2016**	**2017**	**2016**
Short-term benefits (i)	**$ 8,333**	$ 25,000	**$ 33,538**	$ 80,177

7. RELATED PARTY TRANSACTIONS (CONTINUED)

(i) During the three and six months ended December 31, 2017, $8,333 and $33,333, respectively (three and six months ended December 31, 2016 - $25,000 and $50,000) of short-term benefits was capitalized as deferred exploration expenditures and $nil and $205, respectively (three and six months ended December 31, 2016 - $nil and $30,177, respectively) is included in management fees.

During the three and six months ended December 31, 2017, the Company incurred $nil (three and six months ended December 31, 2016 - $15,640 and $24,148, respectively) for professional fees charged by Peterson McVicar LLP (formerly Peterson & Company LLP), a law firm of which a director is a partner. Of this amount, $nil (three and six months ended December 31, 2016 - $8,508) has been included in share issue costs.

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 directors (executive or non-executive) of the Company.

As at December 31, 2017, the directors of the Company together control 6,491,182 common shares or approximately 6.31% of the total common shares outstanding. To the knowledge of directors and officers of Canstar, the remainder of the Company's outstanding common shares are widely held.

8. COMMITMENTS AND CONTINGENCIES

Environmental Contingencies

The Company's mineral exploration activities are subject to various federal and provincial laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company conducts its operations so as to protect public health and the environment and believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

9. SUBSEQUENT EVENT AND PROPOSED TRANSACTIONS

As more fully outlined in the February 21, 2018 press release, the Company, Adventus Zinc Corporation ("Adventus") (TSX-V: ADZN) and Altius Minerals Limited ("Altius") (TSX: ALS) have entered into a three-way definitive agreement (the "Transaction") dated February 20, 2018 whereby the Company will acquire the Newfoundland base metal exploration assets of Adventus and the Daniel's Harbour Zinc Project from Altius in exchange for: (i) the issuance of common shares of the Company to Adventus and Altius; and (ii) a funding commitment from Altius of $500,000 as part of a $750,000 private placement. The financing will consist of the sale of 4,166,667 common shares issued at $0.06 per share on a hard dollar basis for gross proceeds of $250,000, and 6,250,000 common shares issued on a flow-through basis at $0.08 per share for gross proceeds of $500,000. Altius is subscribing for the flow-through shares for a total investment of $500,000 and will have pro-rata equity participation rights going forward. Altius will also receive a right of first refusal on any future royalty and/or streaming financing related to the Mary March property.

Under the Transaction, the Company will issue 86.7 million shares to Adventus for its portfolio of assets and Altius will receive 12.1 million shares for its Daniel's Harbour Zinc Project. Upon closing, including completion of the private placement, the current shareholders of the Company will own approximately 49% of the consolidated company, while Adventus and Altius will own approximately 40% and 9%, respectively, and other investors in the private placement will own 2%. Following completion of the Transaction, the Company will use commercially reasonable efforts to complete a minimum $2,000,000 flow-through private placement financing.

9. SUBSEQUENT EVENT AND PROPOSED TRANSACTIONS (CONTINUED)

Upon completion of the Transaction, the Board of Directors of the Company will initially be comprised of four members, with three members appointed by the Company and one member appointed by Adventus (and Adventus retaining the right to appoint a second member at a later date).

The Transaction will be subject to TSX Venture Exchange approval for both the Company and Adventus. The Company is arm's length to both Adventus and Altius. Adventus and Altius are "non-arm's length parties" as Altius is an "insider" of Adventus as such term is defined under securities laws. The Company will require shareholder approval pursuant to the policies of the TSX Venture Exchange as Adventus will become a "control person" of the Company on closing. The Transaction is also subject to satisfaction of certain other closing conditions customary in transactions of this nature. Directors and officers of the Company, representing 6.3% of the Company's common shares, have entered into voting support agreements with Adventus and Altius, pursuant to which they will vote their common shares in favour of the Transaction. It is also anticipated, assuming the Transaction is approved, that the Company will complete a 5 for 1 share consolidation and all shares will be issued on a post-consolidated basis. As a result, upon completion of the Transaction, there will be issued and outstanding approximately 212,025,189 shares on a pre-consolidation basis and 42,405,038 shares on a post-consolidation basis. The effective price of the private placement will be $0.30 per hard dollar common share and $0.40 per flow-through common share.

The Transaction will allow the Company to consolidate the majority of the Buchans Camp and adds three high quality Newfoundland zinc exploration projects to the Company's portfolio. Upon closing of the Transaction, the Company's Newfoundland exploration team will initiate a comprehensive 2018 exploration program focused on the Buchans Camp, with a minimum 3,000m of diamond drilling campaign anticipated in 2018 to be completed in phases.

Full details of the Transaction will be included in the management information circular of the Company to be mailed to its shareholders and posted on www.sedar.com. It is anticipated that the meeting of the Company's shareholders and the closing will take place by May 2018.