CANSTAR RESOURCES INC. MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED JUNE 30, 2024

INTRODUCTION

This Management Discussion and Analysis ("MD&A") should be read in conjunction with the annual consolidated financial statements of Canstar Resources Inc. (the "Company" or "Canstar") for the years ended June 30, 2024, and 2023 and related notes. The Company's reporting currency is the Canadian dollar and all amounts in this MD&A are expressed in Canadian dollars. This MD&A is made as of October 16, 2024.

Additional information relating to the Company is on the System for Electronic Document Analysis and Retrieval (SEDAR) atwww.sedar.com and on the Company's website atwww.canstarresources.com.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

Except for statements of historical fact relating to the Company, certain information contained in this MD&A constitutes "forward-looking information" under Canadian securities legislation. Forward-looking information includes, but is not limited to, statements with respect to the potential of the Company's properties; the future prices of base and precious metals; success of exploration activities; cost and timing of future exploration and development; the estimation of mineral reserves and mineral resources; conclusions of economic evaluations; requirements for additional capital; and other statements relating to the financial and business prospects of the Company. Generally, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could"," would", "might" or "will be taken", "occur" or "be achieved". Forward-looking information is based on the reasonable assumptions, estimates, analysis and opinions of management made in light of its experience and its perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances at the date that such statements are made, and is inherently subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking information, including but not limited to risks related to: unexpected events and delays during permitting; the possibility that future exploration results will not be consistent with the Company's expectations; timing and availability of external financing on acceptable terms and in light of the current decline in global liquidity and credit availability; uncertainty of inferred mineral resources; future prices of base and precious metals; currency exchange rates; government regulation of mining operations; failure of equipment or processes to operate as anticipated; risks inherent in base and precious metals exploration and development including environmental hazards, industrial accidents, unusual or unexpected geological formations; and uncertain political and economic environments. Although management of the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking information. The Company does not undertake to update any forward-looking information, except in accordance with applicable securities laws.

DESCRIPTION OF THE BUSINESS & EXPLORATION PROPERTIES SUMMARY

The Company is a junior resource company focused primarily on the acquisition, exploration and development of mineral properties located in North America. The shares of the Company began trading on the TSX Venture Exchange under the symbol “ROX” on April 8, 2005. The Company is a reporting issuer in the provinces of Ontario, Alberta and British Columbia.

Below are brief descriptions of the Company’s core exploration properties. Further details of core properties are also provided under the section entitled “Overall Performance.”

Golden Baie Project

The Golden Baie Project is 100%-owned by the Company and covers 51,650 hectares in 41 Mineral Exploration Licences containing 2,066 claims and lies within the Coast of Bays region of south-central Newfoundland. It includes the Golden Baie property and also the nearby Golden Grit, Roti Bay, Swangers Cove, and Bernards Pond properties. Target mineralization is gold and the critical metal antimony.

During the year ended June 30, 2021, the Company entered into definitive agreements with Altius Resources Inc., a wholly owned subsidiary of Altius Minerals Corporation (“Altius”) and other arm's length parties for the option to acquire a 100% interest in the Golden Baie Property, the conditions of which were fulfilled in November 2023. This entailed aggregate cash payments of $325,000, aggregate share issuance of up to 13,807,285 common shares of the Company and required exploration expenditures of $1,250,000. Some of the optionors will be entitled to an aggregate milestone payment of $1,000,000 by the Company upon the Golden Baie Project claims achieving NI 43-101 defined measured and indicated mineral resources of at least 1,000,000 contained gold ounces.

In August 2022, the Company increased the Golden Baie Project through a combination of map staking and acquisition of Mineral Exploration Licenses from other holders. Licenses acquired included the Roti Bay and Bernards Pond properties, which are located to the north of the main Golden Baie claims. The vendors of the Bernards Pond and Roti Bay claims acquired retain a 2% Net Smelter Royalty (“NSR”), subject to the Company having a right to buy 1% of the NSR at any time for $750,000.

In the year ended June 30, 2024, the Company continued to narrow its exploration focus to the most prospective claims at the Golden Baie Project, consistent with its strategy for district scale exploration, and reduced some of the claims, moving the assessment credit into adjoining, more prospective land. This process reallocated the Company’s holdings within a new set of licenses. The total reduction was 762 claims or 9,050 hectares.

In early May 2024, the Company acquired three additional licences in the vicinity of the antimony-focused Le Pouvoir fault within the Golden Baie project area, included in the above referenced total of 2,066 claims over 51,650 hectares.

Hermitage Project

The Hermitage Property is 100% owned by the Company and is comprised of one map-staked license containing 129 claims covering 3,225 hectares in southern Newfoundland on which the target mineralization is gold.

In the third quarter ended March 31, 2022, the Company entered into property purchase agreement with Altius under which Altius transferred to the Company its 100% interest in the 3 licenses, 607 claim-Hermitage Property in consideration for the issuance of 500,000 common shares of the Company, subject to Altius’ retention of a 2.0% NSR from all commercial production on the Hermitage Property.

In June 2023, after the findings of the 2022 field season, the Company reduced the property by 478 claims (11,950 hectares) to the current 129 claim size to focus on the most prospective land within the concession.

Buchans Project

The Buchans Property is 100% owned by the Company, subject to a 2% NSR payable to Altius. It consists of 177 map staked claims in six licenses (one shared with the Mary March JV) totalling 4,411 hectares. It includes claims that abut the north-west side of the Company’s Mary March Joint Venture and encompasses the majority of the north shore of Red Indian Lake (Beothuk Lake). Target mineralization consists of zinc, silver, lead, copper, and gold.

March March Joint Venture

Mary March is a Joint Venture between Canstar Resources and Glencore plc, and consists of four Fee Simple Grants consisting of five separate land parcels and two map-staked licenses (one shared with the Buchans Property) totaling 88 claims covering 2,834 hectares located approximately 20 kilometres east of the past producing Buchans mine, near Buchans Junction, Newfoundland. Target mineralization is zinc, silver, lead, copper, and gold. Glencore plc holds a 44% interest in the project and has a right-of-first refusal on additional investment. The Company is the operator and is required to make a cash payment of $2,000,000 within six months of commercial production. The Company's interest is also subject to a 1% NSR royalty due upon commencement of commercial production.

OVERALL PERFORMANCE

The Company is currently engaged in mineral exploration in Canada. The Company's exploration activities are at an early stage, and it has not yet been determined whether its properties contain mineable deposits. As a result, the Company has no current sources of revenue other than interest earned on cash, short-term investments and money market instruments, all of which were derived from issuances of share capital. There are no known deposits of minerals on any of the mineral exploration properties of the Company and any activities of the Company thereon will constitute exploratory searches for minerals.

An investment in the securities of the Company is highly speculative and involves numerous and significant risks and should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. Prospective investors should carefully consider the risk factors described below.

Trends

- Prices of precious and base metals and other minerals are extremely volatile and there are times when there is very limited availability of equity financing for the purposes of mineral exploration and development;
- The Company's future performance is largely tied to the outcome of future drilling results and the overall financial markets; and
- Current financial markets are likely to be volatile in Canada for the remainder of calendar 2024, reflecting ongoing economic concerns and the wars in Ukraine and Middle East, albeit under conditions of monetary easing. The actual and perceived impacts of these and other macro influences may have a material adverse effect on the global economy and on the stock market, including trading prices of the Company's shares and its ability to raise new capital. Companies worldwide have been negatively affected by these trends. As a result, the Company may have difficulties raising equity financing for the purposes of mineral exploration and development, particularly without excessively diluting the interest of current shareholders of the Company.

These trends may limit the Company's ability to discover and develop an economically viable mineral deposit

Golden Baie Project Highlights

The Golden Baie Project is the Company's flagship precious and critical metals exploration asset, and during the year ended June 30, 2024 the Company fulfilled all the conditions of the Golden Baie Property Agreement with Altius to obtain 100% ownership.

The Golden Baie Project covers 51,560 hectares in 41 Mineral Exploration Licences and lies within the Coast of Bays region of south-central Newfoundland. Access to the Golden Baie Project is provided by Route 360, a paved highway which bisects the project area, and by recent power line and old forest resource roads. More remote areas are best accessed by helicopter while some coastal sections can be accessed by boat from St. Albans or Conne River.

In the summer of 2024 the Company re-initiated district-scale precious and critical metals exploration and found grab samples with up to 11.8 grams-per-tonne ("g/t") gold, and defined priority exploration targets. Spring 2024 prospecting of the under-explored Woodcutter Prospect along the Little River Trend collected over 300 combined soil and grab rock samples; over 60% of the rock samples demonstrated anomalous gold results above 100 ppb gold; several float grab samples returned significant assay results including 11.8 g/t, 3.1 g/t, and 1.8 g/t gold.

A re-evaluation of data previously acquired by Canstar, and historical data, identified 13 priority exploration targets, including in Facheux Bay showing up to 18.4 g/t gold in a bedrock grab sample, Le Pouvoir with up to 74.4% antimony and 24.1 g/t gold sampled from a bedrock vein, and Blowout East with a high-grade large boulder channel sample grading 197 g/t gold over 0.5m.

The Company also recently completed new 3D geological modelling of the Kendell Prospect, one of six target areas tested in a 2022 diamond drilling program which also included Hillside, 97 West, Northbrush, Osprey, White Out and Wolf Pond along a ~15 kilometre prospective trend. In total, 6,471 metres have been drilled in 51 holes by Canstar and previous operators.

Canstar's drilling at Kendell confirmed gold mineralization expanded to 195 metres down-plunge to the northwest, including 9.6 g/t gold over 7.8 metres, 20.6 g/t gold over 3.5 metres, 58.2 g/t gold over 1.1 metres, 3.2 g/t gold over 22.0

metres and 4.3 g/t gold over 14.0 metres. In addition, a newly discovered shallow zone located 300 metres southeast of historic drilling in the Wolf Pond area, near the paved Baie d'Espoir highway, showed 0.8 g/t gold over 11.5 metres and 1.9 g/t gold over 6.7 metres.

The 3D modeling has modified the Company's interpretation of the geology at the Kendell prospect to be a macro parasitic "S" fold with an axial plane orientation of approximately 220°/32° and a hinge trend and plunge of approximately 310°/32°, parallel to the plunge of the mineralized chute. This geometry is complex, but the Company collected fractal core scale fold observations and televiewer measurements supporting this interpretation. This lithological interpretation opens new possibilities for controls of gold mineralization that may have not been previously considered such as (1) saddle reef type mineralization and (2) the intersecting lineation between the axial plane and an orthogonal cross structure. One such feature is identified in 2022 airborne magnetic survey results.

This modeling also identified the Wolf Pond prospect as an important opportunity for the Company. Wolf Pond contains two distinct mineralized zones, both of which are open in multiple orientations. Detailed bedrock and trench mapping in this area is recommended to further understand the controls on gold mineralization, particularly the enriched grade chutes in the NW mineralized zone.

The Company also staked an additional 1,100 hectares of prospective mineral claims surrounding the Le Pouvoir antimony/gold prospect expanding coverage within the highly anomalous Little River Trend for a total current area of 54,875 hectares at Golden Baie, including the Hermitage project claims.

Buchans-Mary March Project Highlights

The Buchans-Mary March Project consists of the Buchans Property and the Mary March Joint Venture with Glencore. The Buchans-Mary March Project is the Company's flagship base metals exploration asset.

The Buchans Property currently comprises 177 staked claims held under six map staked licenses covering an area of 4,411 hectares located between the communities of Buchans and Buchans Junction in the Province of Newfoundland and Labrador, Canada. It covers the majority of prospective Buchans Group stratigraphy that exists outside of the area of previous mining. Past production from the historic Buchans mining camp by the American Smelting and Refining Company (ASARCO) between 1928 and 1984 is reported by Kirkham (1987) to total 16.2 million tonnes of ore from five major orebodies having an average head grade of 14.51% zinc, 1.33% copper, 7.56% lead, 126 g/t silver and 1.37 g/t gold.

The Mary March Joint Venture has an area of 2,834 hectares and is comprised of four Fee Simple Grants consisting of five separate land parcels and covering 1,486 hectares and portions of two map-staked licenses containing 88 claims and covering 1,347 hectares and is located approximately 20 kilometres east of the past producing Buchans mine, near Buchans Junction, Newfoundland. High grade copper-, lead-, zinc-, silver- and gold-bearing massive sulphides of economic significance were discovered on the Mary March Joint Venture by Phelps in 1999, but the core discovery areas of the property had been dormant since August 2000.

The Company's primary exploration target for this project is a high-grade VMS deposit like those previously mined at Buchans. Although the Buchans area has had a long mining and exploration history, it was only during the period after the 1984 mine closure that thrust belt tectonic models emerged for the area, resulting in a simplified stratigraphic interpretation of the district geology and a more complex structural interpretation. The revised stratigraphic and structural models have opened new opportunities for exploration.

Towards the end of FY24 Canstar had developed a new geological model for the Buchans-Mary March VMS Project indicating significant potential that the deposit-hosting Buchans River Formation may underlie Canstar's Buchans mineral claims.

The Company also expanded its claims holdings, staking an additional 13 mineral claims in two licenses, adding 325 hectares of prospective land near the Skidder deposit south of the historic Buchans Mining District.

Glencore was subject to a voluntary reduction on the Mary-March Joint Venture for not participating in exploration expenditures during 2013, 2014, 2015, 2016 and 2019. Canstar then held a 56% interest in the Joint Venture and Glencore held a 44% interest. Glencore did not contribute to the most recent program and accordingly will be subject to an additional voluntary reduction.

SELECTED ANNUAL FINANCIAL INFORMATION

All amounts in Canadian Dollars unless otherwise specified

Fiscal Year	2024	2023	2022 [(1)]
Operating expenses	$1,275,001	$5,704,918	$5,788,737
Loss from operations	1,275,001	5,704,918	5,788,737
Net loss for the year	1,278,074	$5,585,700	5,664,738
Loss per share – basic and diluted	0.01	0.05	0.06
Total assets	589,373	1,052,559	5,871,309
Total liabilities	117,611	281,444	205,032

(1) Restated to give effect to the change in accounting policy adopted during the year ended June 30, 2023.

RESULTS OF OPERATIONS

Three months ended June 30, 2024 compared to three months ended June 30, 2023

Total operating expenses were $194,611 for the three months ended June 30, 2024 compared to $474,431 in the comparative period, a decrease of $279,820. Net loss for the three months ended June 30, 2024 was $204,011 compared to $464,240, a decrease of $260,229. The change was due to a decrease in exploration and evaluation expenditures of $199,127 during the current period. Professional fees decreased by $25,433 as a result of recruitment fees and higher legal fees incurred in the comparative period, partially offset by increased accounting fees during the period ended June 30, 2024.

General and office expenses increased by $3,173. Management fees increased by $5,335 from the comparative period due to increased activity in the current period. Interest income earned on the Company's marketable securities decreased by $578 during the quarter ended June 30, 2024.

Year ended June 30, 2024 compared to year ended June 30, 2023

The net loss for the year ended June 30, 2024 was $1,278,074 compared to $5,585,700 for the year ended June 30, 2023, a decrease of $4,307,626. Total operating expenses were $1,275,001 for the year ended June 30, 2024, compared to $5,704,918 in the comparative period in 2023, a decrease of $4,429,917. The decrease was mainly due to a decrease in exploration and evaluation expenditure of $4,108,287.

General and office expenses decreased by $117,566 due to a reduction in corporate activities in the current year, partially offset by higher management fees of $8,153 and travel expenses of $41,109. Interest and bank charges decreased by $31,877, transfer agent fees increased by $3,993. Professional fees decreased by $20,443 to $123,765 due to decreased legal services required in the year ended June 30, 2024.

SUMMARY OF QUARTERLY RESULTS

The tables below summarize the Company's selected quarterly results for the eight quarters prior to the effective date of this report. The information contained herein is drawn from the audited annual financial statements and unaudited interim financial statements of the Company.

Quarter End	June 30 2024	March 31, 2024	December 31, 2023	September 30, 2023
Revenue	$nil	$nil	$nil	$nil
Working capital	458,753	675,620	228,112	520,039
Operating Expenses	194,611	368,585	347,898	368,531
Net loss	(204,011)	(356,822)	(338,368)	(383,497)
Net loss per share [(1)]	(0.00)	(0.00)	(0.00)	(0.00)

Quarter End	June 30 2023	March 31, 2023 [(2)]	December 31, 2022	September 30, 2022
Revenue	$nil	$nil	$nil	$nil
Working capital	659,000	889,215	1,163,966	3,686,796
Operating Expenses	474,431	363,453	2,978,870	1,888,164
Net loss	(464,240)	(352,851)	(2,906,672)	(1,861,937)
Net loss per share [(1)]	(0.00)	(0.00)	(0.03)	(0.02)

Notes:

(1) Net loss per share on a diluted basis is the same as basic net loss per share, as all factors, which were considered in the calculation, are anti-dilutive.

(2) Comparative figures for the quarters prior to June 30, 2023 have been restated to reflect the retrospective adoption of a change in accounting policy to expense exploration and evaluation expenditures.

RELATED PARTY TRANSACTIONS

The remuneration of directors and key management during the years ended June 30, 2024 and 2023 were as follows:

	2024	2023
	$	$
Short-term benefits	261,211	180,000
Share-based payments (recovery)	58,352	217,733
	319,563	397,733

During the year ended June 30, 2024, $261,211 (compared to year ended June 30, 2023: $180,000) was paid to key management and is included in management fees. Included in accounts payable and accrued liabilities as at June 30, 2024, is $nil owing to an officer, who is also a director of the Company (compared to year ended June 30, 2023: $15,000).

During the year ended June 30, 2024, the Company incurred $7,200 for rent charged by a third-party that was previously a significant shareholder of the Company (compared to year ended June 30, 2023: $7,200).

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. Amounts payable to related parties are unsecured, non-interest bearing and due on demand.

One investor, 2176423 Ontario Ltd., controls 27,863,339 common shares, or approximately 20% of the total common shares outstanding as at June 30, 2024 (June 30, 2023 - 27,863,339 common shares, or approximately 25% of the total common shares outstanding).

LIQUIDITY

As at June 30, 2024, the Company had working capital of $458,753 compared to working capital of $659,000 at June 30, 2023. The Company has no revenue from operations and is dependent on financing for working capital.

The Company's operating costs are expected to decrease in fiscal 2025 due to reduced exploration and staffing, while exploration costs will depend on the exploration program budget approved by the directors.

WORKING CAPITAL RESOURCES

Additional financing will be required to fund future exploration and for working capital purposes.

Most of the Company's requirements for capital to maintain its ownership level in its properties, as well as pay for exploration expenditures and administrative expenses have been met through the completion of private placements and the exercise of stock options and warrants. Typically, these monies have come from institutional and high net worth investors and the amounts raised have been a function of the level of market interest in the junior resource industry as well as the general level of interest in the equity and mineral commodity markets. The Company will have to rely on further equity financings to maintain an adequate liquidity base with which to support its general operations and exploration and development mandate.

The mineral exploration business is risky and most exploration projects will not become mines. The Company may offer other mining companies the opportunity to acquire interests in any of its properties in return for funding by such companies of all or part of the exploration and development of such properties. For the funding of any property acquisitions or exploration conducted by the Company, the Company depends on the issue of shares from treasury to investors. Such financing will depend, in turn, on various factors, such as a positive mineral exploration climate, positive stock market conditions, the Company's track record and the experience of management. If such financing is unavailable for any reason, the Company may become unable to retain its mineral interests and carry out its business plan.

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements.

PROPOSED TRANSACTIONS

None.

CRITICAL ACCOUNTING ESTIMATES

Critical accounting estimates used in the preparation of the financial statements include the Company's estimate of the value of stock-based compensation. These estimates involve considerable judgment and are, or could be, affected by significant factors that are out of the Company's control.

The factors affecting stock-based compensation include estimates of when stock options and compensation warrants might be exercised and stock price volatility. The timing for the exercise of options is out of the Company's control and will depend on a variety of factors, including the market value of the Company's shares and financial objectives of the share- based instrument holders. The Company used historical data to determine volatility in accordance with the Black-Scholes option pricing model. However, future volatility is uncertain, and the model has limitations.

The Company operates in an industry that is dependent on factors including environmental, legal and political risks, the existence of economically recoverable reserves, and the ability of the Company to obtain necessary financing to complete the development, and future profitable production or the proceeds of disposition thereof.

FUTURE ACCOUNTING CHANGES

The Company has not yet adopted certain new IFRS standards, amendments and interpretations to existing standards, which have been published but are only effective in future periods. The Company does not currently expect the adoption of these new IFRS standards to have a material impact on its financial statements.

CHANGE IN ACCOUNTING POLICIES

During the year ended June 30, 2024, the Company has not adopted or changed any accounting policies.

During the year ended June 30, 2023, the Company voluntarily changed its accounting policy with respect to exploration properties and exploration expenditures, consistent with the guidance provided in IFRS 6 - Exploration for and Evaluation of Mineral Resources and IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors. The new accounting policy was adopted to enhance the relevance to the decision-making needs of users and improve comparability with its peers, and has been applied retrospectively. In prior periods the Company's policy was to defer exploration expenditures until such time as the properties are put into commercial production, sold or become impaired. The Company elected to change this accounting policy to expense exploration expenditure incurred, on a retrospective basis. The impact on the Company's financial statements is disclosed in Note 4 to the annual financial statements for the year ended June 30, 2023.

COMMITMENTS AND CONTINGENCIES

Environmental Contingencies

The Company's mining and 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 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.

Flow-Through Commitments

Pursuant to the terms of the Flow-Through Share agreements, the Company needs to comply with its flow-through contractual obligations with subscribers with respect to the Income Tax Act (Canada) by incurring qualified exploration expenditures before December 31 of the year following the year in which the agreement is entered into. The Company indemnifies the subscribers of current and previous flow-through share offerings against any tax related amounts that become payable by the shareholder because of the Company not meeting its expenditure commitments. Certain interpretations are required to assess the eligibility of flowthrough expenditures that if changed, could result in the denial of renunciation.

The Company was committed to incur flow-through eligible expenditures of $543,750 by December 31, 2025.

FINANCIAL INSTRUMENTS

The Company's activities expose it to a variety of financial risks: liquidity risk, market risk (including interest rate, foreign exchange rate and price risk) and credit risk.

Risk management is carried out by the Company's management team with guidance from the Audit Committee under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

Credit Risk

The Company's credit risk is primarily attributable to cash and cash equivalents and receivables included in amounts receivable and prepaid expenses. The Company has no significant concentration of credit risk arising from operations. Financial instruments included in amounts receivable and prepaid expenses consist of goods and services tax due from the Federal Government of Canada. Management believes that the credit risk concentration with respect to financial instruments included in amounts receivable and prepaid expenses is remote.

Liquidity Risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at June 30, 2024, the Company had a cash and cash equivalents balance of $38,944 (2023- $450,096) and marketable securities of $424,287 (2023 - $375,746) to settle current liabilities of $117,611 (2023 - $281,444). The Company's ability to continue operations and fund its exploration property expenditures is dependent on management's ability to secure additional financing. Management is continuing to pursue various financing initiatives to provide sufficient cash flow to finance operations as well as funding its exploration expenditures. The Company's financial liabilities generally have contractual maturities of less than 30 days and are subject to normal trade terms.

Interest Rate Risk

The Company has cash, cash equivalents and short-term investment balances subject to interest. Management does not believe the Company is exposed to significant interest rate risk.

Foreign Currency Risk

The Company's functional currency is the Canadian dollar and major purchases are transacted in Canadian dollars. The Company holds US dollars to settle US-denominated liabilities and is therefore exposed to foreign currency risk, although the exchange rate between the two currencies has been relatively stable. Management does believe the Company is exposed to foreign exchange risk.

Price Risk

The Company is exposed to price risk with respect to commodity prices. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company. The Company is also exposed to price risk with respect to its investment in shares of Angus Gold Inc.

Sensitivity Analysis

Based on management's knowledge and experience in the financial markets, the Company believes the following movements are "reasonably possible" over a twelve-month period:

- Cash, cash equivalents and short-term investments are invested with a Canadian chartered bank or a financial institution controlled by a Canadian chartered bank. Sensitivity to a plus or minus 1% change in rates, based on the balance of cash and cash equivalents at June 30, 2024, would affect net loss by plus or minus $900 during a twelve-month period.
- The Company does not hold significant balances in foreign currencies other than US dollars to give rise to exposure to foreign exchange risk.
- As a result of the 70,000 shares held in Angus Gold Inc., a 10% fluctuation in the price of investment in the fair value of the shares of Angus Gold Inc. would result in a change in fair value of $3,115.
- A 1% fluctuation in the fair value of the Company’s marketable securities would result in a change in fair value of $5,000.

CAPITAL MANAGEMENT

When managing capital, the Company’s objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management adjusts the capital structure as necessary to support the acquisition, exploration and development of its mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management team to sustain the future development of the business. The Company considers its capital to be equity, which is comprised of capital stock, share purchase warrants, broker compensation warrants, contributed surplus and deficit.

The properties in which the Company currently has an interest are in the exploration stage. As such the Company is dependent on external financing to fund its activities. To carry out its planned exploration programs and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts when economic conditions permit it to do so. Management has chosen to mitigate the risk and uncertainty associated with raising additional capital in current economic conditions by:

(i) maintaining a liquidity cushion to address any potential disruptions or industry downturns
(ii) minimizing discretionary disbursements
(iii) reducing or eliminating exploration expenditures that are of limited strategic value; and
(iv) exploring alternative sources of liquidity.

Considering the above, the Company will continue to assess new properties and seek to acquire an interest in additional properties if the Company believes there is sufficient potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is appropriate.

The Company is not subject to any capital requirements imposed by a regulator or lending institution body, other than of the TSX Venture Exchange (“TSXV”) which requires adequate working capital or financial resources of the greater of (i)

$50,000 and (ii) an amount required to maintain operations and cover general and administrative expenses for a period of 6 months.

SHARE CAPITAL

Common shares

During the year ended June 30, 2024, the Company issued a total of 30,298,833 common shares.

During the year ended June 30, 2023, the Company issued 1,338,887 common shares pursuant the Golden Baie Property agreements. The Company also had an obligation to issue 2,500,000 common shares pursuant to the Golden Baie Property agreements which have been reflected in the consolidated statement of financial position as shares to be issued as at June 30, 2023.

On September 29, 2023, 1,000,000 shares based on the quoted price of the shares at the time of issuance, valued at $30,000 were issued in accordance with the Golden Baie project.

On October 26, 2023, 2,500,000 shares classified as shares to be issued on June 30, 2023 were issued to Altius as part of the Golden Baie option agreement.

On December 4, 2023, 133,333 shares based on the quoted price of the shares at the time of issuance, valued at $5,333 were issued in accordance with the Golden Baie project.

On January 23, 2024, the Company closed a non-brokered private placement financing for gross proceeds of $856,215 and share issue cost of $12,372. An aggregate of 26,665,500 units were sold.

The Company issued:

(v) 10,415,500 units (each a “Hard Dollar Unit”) at a price of $0.03 per unit,
(vi) 10,000,000 flow-through units (each a “FT Unit”) at a price of $0.0325 per unit, and
(vii) 6,250,000 Critical Mineral Exploration Tax Credit (“CMETC”) flow-through units at a price of $0.035 per unit.

Each Unit, FT Unit and CMETC unit was comprised of one common share, FT share and CMETC Share, respectively; all units also comprised of one common share purchase warrant. Each warrant entitles the holder to purchase one common share at an exercise price of $0.05 per for a period of 24 months following the closing of the offering.

Stock options

On March 24, 2023, the Company granted 2,475,000 stock options to directors, officers, consultants and employees of the Company. Each stock option allows the holder to acquire one common share of the Company at an exercise price of $0.06 for a period of 5 years. The options vest 1/3 on the date of grant and 1/3 on each of the first and second anniversaries of the grant date.

On May 4, 2023, the Company accepted the cancellation of 2,350,000 options and the options voluntarily surrendered by holders were cancelled effective May 4, 2023. The cancelled options all had an exercise price of $0.28. Of the cancelled options, 2,050,000 options were surrendered by directors, senior officers and insiders of the Company. In addition, 300,000 stock options expired unexercised.

During the year ended June 30, 2024, $99,545 (2023: $364,316) was expensed to share-based payments, of which $39,382 (2023: $103,652) was included in exploration and evaluation expense.

Stock options outstanding for the Company at the date of this MD&A were as follows:

Options Granted	Exercisable Options	Exercise Price	Expiry Date
1,950,000	1,950,000	$0.28	October 14, 2025
550,000	550,000	$0.28	February 8, 2026
400,000	400,000	$0.28	April 26, 2026
2,800,000	2,800,000	$0.28	December 10, 2026
2,475,000	1,650,000	$0.06	March 24, 2028
8,175,000	7,350,000	$0.21	

Warrants

During the year ended June 30, 2024, the Company issued 26,665,500 share purchase warrants in private placement and 8,976,324 warrants with a weighted average exercise price of $0.41 expired, unexercised.

Warrants outstanding for the Company at the date of this MD&A were as follows:

Number of Warrants	Exercise Price	Expiry Date
26,665,500	$0.05	January 23, 2026
26,665,500	$0.05	

RISKS AND UNCERTAINTIES

An investment in the securities of the Company is highly speculative and involves numerous and significant risks and should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. Prospective investors should carefully consider the risk factors described below.

Exploration Stage Company and Exploration Risks

The Company is a junior resource company focused primarily on the acquisition and exploration of mineral properties located in Canada. The properties of the Company have no established reserves. There is no assurance that any of the projects can be mined profitably. Accordingly, it is not assured that the Company will realize any profits in the short to medium term, if at all. Any profitability in the future from the business of the Company will be dependent upon developing and commercially mining an economic deposit of minerals, which is subject to numerous risk factors. The exploration and development of mineral deposits involve a high degree of financial risk over a significant period that even a combination of management’s careful evaluation, experience and knowledge may not eliminate. While discovery of ore-bearing structures may result in substantial rewards, few properties that are explored are ultimately developed into producing mines. Major expenses may be required to establish reserves by drilling and to construct mining and processing facilities at a particular site. It is impossible to ensure that the current exploration, development and production programs of the Company will result in profitable commercial mining operations. The profitability of the Company’s operations will be, in part, directly related to the cost and success of its exploration and development programs, which may be affected by many factors. Substantial expenditures are required to establish reserves that are sufficient to commercially mine some of the Company’s properties and to construct and install mining and processing facilities on those properties that are actually mined and developed.

No History of Profitability

The Company is a development stage company with no history of profitability. There can be no assurance that the operations of the Company will be profitable in the future. The Company has limited financial resources and will require additional financing to further explore, develop, acquire, retain and engage in commercial production on its property interests and, if financing is unavailable for any reason, the Company may become unable to acquire and retain its mineral concessions and carry out its business plan.

Government Regulations

The Company's exploration operations are subject to government legislation, policies and controls relating to prospecting, development, production, environmental protection, mining taxes and labor standards. For the Company to carry out its activities, its exploration permits must be kept current. There is no guarantee that the Company's exploration rights will be extended or that new exploration rights will be granted. In addition, such activities may change and there can be no assurances that any application to renew any existing rights will be approved. The Company may be required to contribute to the cost of providing the required infrastructure to facilitate the development of its properties. The Company will also have to obtain and comply with permits and that may contain specific conditions concerning operating procedures, water use, waste disposal, spills, environmental studies, abandonment and restoration plans and financial assurances. There can be no assurance that the Company will be able to comply with any such conditions.

Market Fluctuation and Commercial Quantities

The market for minerals is influenced by many factors beyond the control of the Company, such as changing production costs, the supply and demand for minerals, the rate of inflation, the inventory of mineral producing companies, the international economic and political environment, changes in international investment patterns, global or regional consumption patterns, costs of substitutes, currency availability and exchange rates, interest rates, speculative activities in connection with minerals, and increased production due to improved mining and production methods. The metals industry in general is intensely competitive and there is no assurance that, even if commercial quantities and qualities of metals are discovered, a market will exist for the profitable sale of such metals. Commercial viability of precious and base metals and other mineral deposits may be affected by other factors that are beyond the Company’s control including particular attributes of the deposit such as its size, quantity and quality, the cost of mining and processing, proximity to infrastructure and the availability of transportation and sources of energy, financing, government legislation and regulations including those relating to prices, taxes, royalties, land tenure, land use, import and export restrictions, exchange controls, restrictions on production, as well as environmental protection. It is impossible to assess with certainty the impact of various factors that may affect commercial viability so that any adverse combination of such factors may result in the Company not receiving an adequate return on invested capital.

Mining Risks and Insurance

The Company is subject to risks normally encountered in the mining industry, such as unusual or unexpected geological formations, cave-ins or flooding. The Company may become subject to liability for pollution, damage to life or property and other hazards of mineral exploration against which it or the operator of its exploration programs cannot insure or against which it or such operator may elect not to insure because of high premium costs or other reasons. Payment of such liabilities would reduce funds available for acquisition of mineral prospects or exploration and development and would have a material adverse effect on the financial position of the Company.

Environmental Protection

The mining and mineral processing industries are subject to extensive governmental regulations for the protection of the environment, including regulations relating to air and water quality, mine reclamation, solid and hazardous waste handling and disposal and the promotion of occupational health and safety, which may adversely affect the Company or require it to expend significant funds.

Capital Investment

The ability of the Company to continue exploration and development of its property interests will be dependent upon its ability to raise significant additional financing. There is no assurance that adequate financing will be available to the Company or that the terms of such financing will be favourable. Should the Company not be able to obtain such financing, its properties may be lost entirely.

Conflicts of Interest

Certain of the directors and officers of the Company may also serve as directors and officers of other companies involved in base and precious metal exploration and development and consequently, the possibility of conflict exists. Any decisions made by such directors involving the Company will be made in accordance with the duties and obligations of directors to deal fairly and in good faith with the Company and such other companies. In addition, such directors will declare, and refrain from voting on, any matters in which they may have a conflict of interest.

Current Global Financial Conditions

Access to public financing has been made more challenging by a global contraction of commercial and consumer credit markets, and there has been erosion of investor confidence and risk tolerance, although a period of monetary easing may ameliorate these conditions. The ongoing wars in Ukraine and the Middle East may present additional worldwide economic uncertainties. These factors may affect the ability of the Company to obtain equity or debt financing in the future on terms favourable to the Company, or at all. Any or all these economic factors, as well as other factors not specifically identified herein, may cause a decline in asset values that could be deemed to be other than temporary, resulting in impairment losses. If such conditions continue, the Company's operations could be negatively impacted, and the trading price of its common shares may be adversely affected.

Securities of mining and mineral exploration companies, including the common shares of the Company, have experienced substantial volatility in the past, often based on factors unrelated to the financial performance or prospects of the companies involved. These factors include macroeconomic developments in Canada and globally, and market perceptions of the attractiveness of specific industries. The price of the securities of the Company is also significantly affected by short-term changes in commodity prices, base and precious metal prices or other mineral prices, currency exchange fluctuation and the political environment in the countries in which the Company does business.

DISCLOSURE OF INTERNAL CONTROLS

Management has established processes to provide them sufficient knowledge to support representations that they have exercised reasonable diligence that (i) the audited annual 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 audited annual financial statements and (ii) the audited annual financial statements fairly present in all material respects the financial condition, results of operations, and cash flow of the Company as of the date of and for the years presented.

In contrast to the certificate required for non-venture issuers under National Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings (NI 52-109), the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as defined in NI 52-109. In particular, the certifying officers filing this certificate are not making any representations relating to the establishment and maintenance of:

(i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

(ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP.

The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in the certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost-effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

DISCLOSURE OF OUTSTANDING SHARE DATA (AS AT OCTOBER 16, 2024)

The Company's authorized capital consists of an unlimited number of common shares without par value, of which 144,741,392 are issued and outstanding as of the date of this MD&A. On a fully diluted basis the Company has 177,625,892 common shares outstanding assuming the exercise of 10,319,000 outstanding stock options, and 22,565,500 warrants.

APPROVAL

The Board of Directors of the Company has approved the disclosure contained in the Management's Discussion and Analysis. A copy of this report will be provided to anyone who requests it.

OTHER MATTERS

Additional information relating to the Company can be found on SEDAR+ at www.sedarplus.ca and the Company's website at www.canstarresources.com.