CANSTAR RESOURCES INC.

CONDENSED INTERIM FINANCIAL STATEMENTS

SEPTEMBER 30, 2011

UNAUDITED

(EXPRESSED IN CANADIAN DOLLARS)

CANSTAR RESOURCES INC.

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the 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 unaudited condensed interim financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

UNAUDITED CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
(EXPRESSED IN CANADIAN DOLLARS)
AS AT

	September 30, 2011 $	June 30, 2011 $ (Note 11)	July 1, 2010 $ (Note 11)
ASSETS			
CURRENT			
Cash	386,763	389,045	172,808
Amounts receivable and prepaid expenses	2,854	21,623	10,600
Marketable securities	52,500	57,500	-
	442,117	468,168	183,408
EQUIPMENT	854	899	1,124
INTEREST IN MINERAL PROPERTIES AND DEFERRED EXPLORATION AND EVALUATION EXPENDITURES (Note 4)	760,757	766,457	888,964
	1,203,728	1,235,524	1,073,496
LIABILITIES			
CURRENT			
Accounts payable and accrued liabilities (Note 9)	356,369	367,810	349,041
SHAREHOLDERS' EQUITY			
CAPITAL STOCK (Note 5(b))	8,319,089	8,319,089	7,879,089
WARRANTS (Note 5(d))	-	-	50,000
SHARE-BASED PAYMENT RESERVE	565,217	561,780	689,780
	8,884,306	8,880,869	8,618,869
ACCUMULATED OTHER COMPREHENSIVE LOSS	(42,500)	(37,500)	-
DEFICIT	(7,994,447)	(7,975,655)	(7,894,414)
	(8,036,947)	(8,013,155)	(7,894,414)
	847,359	867,714	724,455
	1,203,728	1,235,524	1,073,496

GOING CONCERN (Note 1)

COMMITMENTS AND CONTINGENCIES (Note 10)

APPROVED ON BEHALF OF THE BOARD:

Signed "W. Deluce"__________, Director

Signed "J.E. Hurley"__________, Director

See accompanying notes to the unaudited condensed interim financial statements.

UNAUDITED CONDENSED INTERIM STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(EXPRESSED IN CANADIAN DOLLARS)
FOR THE THREE MONTHS ENDED SEPTEMBER 30,

	2011 $	2010 $ (Note 11)
OPERATING EXPENSES		
Share-based payments	3,437	39,683
Interest and bank charges	13	5,180
Transfer agent and filing fees	2,133	1,923
Accounting fees		5,500
Professional fees	11,355	8,362
General and office expenses	659	59
Shareholder information	1,150	-
Amortization	45	56
Rent	-	1,500
	18,792	62,263
(Loss) before the under-noted	(18,792)	(62,263)
Other income (Note 4(b)(ii))	-	95,000
NET (LOSS) INCOME FOR THE PERIOD	(18,792)	32,737
Unrealized (loss) gain on marketable securities	(5,000)	50,000
COMPREHENSIVE (LOSS) INCOME FOR THE PERIOD	(23,792)	82,737
NET (LOSS) INCOME PER SHARE - basic and diluted	(0.00)	0.00
WEIGHTED AVERAGE NUMBER OF SHARES		
- basic and diluted	68,826,713	64,826,713

See accompanying notes to the unaudited condensed interim financial statements.

UNAUDITED CONDENSED INTERIM STATEMENTS OF CASH FLOWS
(EXPRESSED IN CANADIAN DOLLARS)
FOR THE THREE MONTHS ENDED SEPTEMBER 30,

	2011 $	2010 $
CASH FLOWS FROM OPERATING ACTIVITIES		
Net (loss) income for the period	(18,792)	32,737
Charges not involving cash:		
Share-based payments	3,437	39,683
Fair value of shares of marketable securities received for property option payment	-	(95,000)
Amortization	45	56
	(15,310)	(22,524)
Changes in non-cash working capital balances:		
Decrease (increase) in amounts receivable and prepaid expenses	18,769	(2,902)
(Decrease) in accounts payable and accrued liabilities	(11,441)	(19,765)
Cash flows (used in) operating activities	(7,982)	(45,191)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of marketable securities	-	(3,635)
Interest in mineral properties and deferred exploration and evaluation expenditures	(6,800)	-
Refund from government relating to mineral properties	12,500	-
Cash flows (used in) from investing activities	5,700	(3,635)
(Decrease) in cash	(2,282)	(48,826)
Cash, beginning of period	389,045	172,808
Cash, end of period	386,763	123,982
SUPPLEMENTAL INFORMATION		
Interest paid	-	-

See accompanying notes to the unaudited condensed interim financial statements.

CANSTAR RESOURCES INC.

UNAUDITED CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY
(EXPRESSED IN CANADIAN DOLLARS)
FOR THE PERIODS ENDED

	Capital Stock $	Warrants $	Share-based Payment Reserve $	Accumulated Other Comprehensive Income (Loss) $	Deficit $	Total $
Balance, July 1, 2010	7,879,089	50,000	689,780	-	(7,894,414)	724,455
Share-based payments	-	-	39,683	-	-	39,683
Unrealized gain on marketable securities	-	-	-	50,000	-	50,000
Net income for the three months	-	-	-	-	32,737	32,737
Balance, September 30, 2010	7,879,089	50,000	729,463	50,000	(7,861,677)	846,875
Share-based payments	-	-	4,317	-	-	4,317
Unrealized loss on marketable securities	-	-	-	(87,500)	-	(87,500)
Exercise of warrants	440,000	(40,000)	-	-	-	400,000
Expiry of warrants	-	(10,000)	-	-	10,000	-
Expiry of stock options	-	-	(172,000)	-	172,000	-
Net loss for the nine months	-	-	-	-	(295,978)	(295,978)
Balance, June 30, 2011	8,319,089	-	561,780	(37,500)	(7,975,655)	867,714
Share-based payments	-	-	3,437	-	-	3,437
Unrealized loss on marketable securities	-	-	-	(5,000)	-	(5,000)
Net loss for the three months	-	-	-	-	(18,792)	(18,792)
Balance, September 30, 2011	8,319,089	-	565,217	(42,500)	(7,994,447)	847,359

See accompanying notes to the unaudited condensed interim financial statements.

STATEMENTS OF INTEREST IN MINERAL PROPERTIES AND DEFERRED EXPLORATION AND EVALUATION EXPENDITURES
(EXPRESSED IN CANADIAN DOLLARS)
FOR THE PERIOD ENDED SEPTEMBER 30, 2011

	Slate Bay Property $	Mary March Properties $	McFauld's Lake $	Total $
PROPERTY ACQUISITION COSTS				
Balance, July 1, 2010	62,234	41,284	-	103,518
Written down	(62,234)	-	-	(62,234)
Balance, June 30, 2011 and September 30, 2011	-	41,284	-	41,284
DEFERRED EXPLORATION COSTS				
Balance, July 1, 2010	140,327	642,394	2,725	785,446
Incurred	-	82,779	-	82,779
Written down	(140,327)	-	(2,725)	(143,052)
Balance, June 30, 2011	-	725,173	-	725,173
Incurred	-	6,800	-	6,800
Recovered from government	-	(12,500)	-	(12,500)
Balance, September 30, 2011	-	719,473	-	719,473
Total	-	760,757	-	760,757

1. NATURE OF OPERATIONS AND GOING CONCERN

Canstar Resources Inc. (the "Company" or “Canstar”) was formed by amalgamation on April 5. 2005. The Company is publicly traded with its shares listed on the Toronto Stock Exchange for venture issuers. The Company’s registered and head office is located at 120 Adelaide Street West, Suite 2500, Toronto, Ontario M5H 1T1.

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 September 30, 2011, the Company had a deficit of $7,994,447 and working capital of $85,748. 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. Because of this uncertainty there is some doubt about the ability of the Company to continue as a going concern. These financial statements do not include the adjustments that would be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

2. BASIS OF PREPARATION

These condensed interim financial statements of the Company were prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”). As these financial statements represent the Company’s initial presentation of its results of operations and financial position under IFRS, they were prepared in accordance with International Accounting Standard (“IAS”) 34, *Interim Financial Reporting* and by IFRS 1, *First-time Adoption of IFRS*. The accounting policies are based on the IFRS standards and International Financial Reporting Interpretations Committee (“IFRIC”) interpretations applicable to the Company. The policies set out below were consistently applied to all the periods presented unless otherwise noted below.

The Company's financial statements were previously prepared in accordance with Canadian generally accepted accounting principles (“GAAP”). Canadian GAAP differs in some areas from IFRS. Certain information and footnote disclosures which are considered material to the understanding of the Company’s interim financial statements and which are normally included in annual financial statements prepared in accordance with IFRS are provided in notes along with reconciliations and descriptions of the effect of the transition from Canadian GAAP to IFRS on equity, operations, and the statements of financial position and cash flows. The impact of the transition from Canadian GAAP to IFRS is explained in Note 11.

The condensed unaudited interim financial statements of the Company were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on December 16, 2011.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Measurement
These condensed interim financial statements are prepared on the historical cost basis. In addition, these unaudited condensed interim financial statements are prepared using the accrual basis of accounting except for cash flow information.

Functional and Presentation Currency
The Company's presentation and functional currency is the Canadian dollar. The Company does not have any foreign operations. Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on the dates of transactions. At each financial position date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items at period end exchange rates are recognized in the statement of operations and comprehensive loss.

Cash and cash equivalents
Cash includes cash on hand and balances with banks and short-term investments with original maturities of ninety days or less. As at September 30, 2011, June 30, 2011, and July 1, 2010, the Company did not have any cash equivalents.

Income Taxes
The Company uses the asset and liability method of accounting for income taxes. Under this method of tax allocation, deferred income taxes are determined based on the differences between the financial reporting and tax bases of assets and liabilities. These income tax assets and liabilities are measured using the enacted or substantively enacted tax rates in which the income tax assets or liabilities are expected to be settled or realized. The effect of a change in income tax rates on deferred tax assets and liabilities is recognized in operations in the period in which the change occurs.

Earnings (Loss) Per Share
Earnings (loss) per share is based on the weighted average number of common shares of the Company outstanding during the period. The diluted loss per share reflects the potential dilution of common share equivalents, such as outstanding stock options and warrants, in the weighted average number of common shares outstanding during the period, if dilutive. In the Company's case, diluted loss per share is the same as basic loss per share as there were no potentially dilutive securities for the periods ended September 30, 2011 and 2010.

Flow-through Shares
The Company finances a portion of its exploration and evaluation activities through the issuance of flow-through shares. Under the terms of the flow-through common share issues, the tax attributes of the related expenditures are renounced to investors and deferred income tax expense and income tax liabilities are increased by the estimated income tax benefits renounced by the Company to the investors. On the date of issuance of the flow-through shares, the premium relating to the proceeds received in excess of the fair value of the Company's common shares is allocated to liabilities. The premium liability is reduced pro-rata based on the percentage of flow-through expenditures renounced in comparison to renunciations required under the terms of the flow-through share agreement. The reduction to the premium liability in the period of renunciation is recognized through operations.

Where the Company has unused tax benefits on loss carry forwards and tax pools in excess of book value available for deduction, the Company offsets the increase in deferred tax liabilities resulting in an offsetting recovery of deferred income taxes.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Instruments

Financial assets and liabilities, including derivative instruments, are initially recognized and subsequently measured based on their classification as “fair value through profit and loss”, “available-for-sale” financial assets, “held-to-maturity”, “loans and receivables”, or “other” financial liabilities. Fair value through profit and loss financial instruments are measured at their fair value with changes in fair value recognized in net income (loss) for the period. Available-for-sale financial assets are measured at their fair value and changes in fair value are included in other comprehensive income (loss) until the asset is removed from the balance sheet or until impairment is assessed as other than temporary. Held-to-maturity investments, loans and receivables and other financial liabilities are measured at amortized cost using the effective interest rate method. Derivative instruments, including embedded derivatives, are measured at their fair value with changes in fair value recognized in net income (loss) for the period, unless the instrument is a cash flow hedge and hedge accounting applies, in which case changes in fair value are recognized in other comprehensive income.

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Fair value measurements are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels: (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1); (b) inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly (Level 2); and (c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

Impairment

The carrying values of equipment are assessed for impairment when indicators of such impairment exist. If any indication of impairment exists an estimate of the asset’s recoverable amount is calculated. The recoverable amount is determined as the higher of the fair value less costs to sell for the asset and the asset’s value in use.

Impairment is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, the individual assets of the Company are grouped together into cash generating units (“CGUs”) for impairment purposes. Such CGUs represent the lowest level for which there are separately identifiable cash inflows that are largely independent of the cash flows from other assets or other groups of assets. This generally results in the Company evaluating its non-financial assets on a geographical or licence basis.

If the carrying amount of the asset exceeds its recoverable amount, the asset is impaired and an impairment loss is charged to the statement of loss and comprehensive loss so as to reduce the carrying amount to its recoverable amount.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company makes an estimate of the recoverable amount.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset’s recoverable amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset is increased to its recoverable amount. The increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of operations and comprehensive loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Share-based payments
Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity settled share-based transactions are set out in the share-based payment note.

The fair value is measured at the grant date and each tranche is recognized on a graded-vesting basis over the period in which options vest. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

Interest in Mineral Properties and Deferred Exploration and Evaluation Expenditures
Once a licence to explore an area has been secured, expenditures on exploration and evaluation activities are capitalized to interest in mineral properties and deferred exploration and evaluation expenditures. Exploration and evaluation expenditures relate to the initial search for deposits with economic potential and to detailed assessments of deposits or other projects that have been identified as having economic potential.

Purchased exploration and evaluation assets are recognized as assets at their cost of acquisition or at fair value if purchased as part of a business combination. Capitalized exploration and evaluation costs are considered to be tangible assets. These assets are not depreciated as they are not currently available for use.

Once an economically viable reserve has been determined for an area and the decision to proceed with development has been approved, exploration and evaluation assets attributable to that area are first tested for impairment and then reclassified to construction in progress.

Mineral reserves and capitalized mine development expenditures are, upon commencement of production, depreciated using a unit of production method or are written off if the property is abandoned.

An impairment review of exploration and evaluation assets is performed, either individually or at the cash-generating unit level, when there are indicators that the carrying amount of the assets may exceed their recoverable amounts. To the extent that this occurs, the excess is fully provided against, in the financial year in which this is determined. Interest in mineral properties and deferred exploration and evaluation expenditures are reassessed on a regular basis and these costs are carried forward provided that at least one of the conditions below is met:

- such costs are expected to be recouped in full through successful development and exploration of the area of interest or alternatively, by its sale; or

- exploration and evaluation activities in the area of interest have not yet reached a stage that permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in relation to the area are continuing, or planned for the future.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Equipment
Equipment is measured at cost less accumulated depreciation and accumulated impairment losses. The cost of equipment comprises its purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and the estimated decommissioning and restoration costs associated with the asset. Equipment is generally depreciated over its estimated useful life on a diminishing balance basis at 20% per annum.

Provisions
General
Provisions are recognised when (a), the Company has a present obligation (legal or constructive) as a result of a past event, and (b), it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in the statement of comprehensive loss, net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Rehabilitation provision
The Company records the present value of estimated costs of legal and constructive obligations required to restore operating locations in the period in which the obligation is incurred. The nature of these restoration activities includes dismantling and removing structures, rehabilitating mines and tailings dams, dismantling operating facilities, closure of plant and waste sites, and restoration, reclamation and re-vegetation of affected areas.

The obligation generally arises when the asset is installed or the ground / environment is disturbed at the production location. When the liability is initially recognized, the present value of the estimated cost is capitalized by increasing the carrying amount of the related mining assets to the extent that it was incurred prior to the production of related ore. Over time, the discounted liability is increased for the change in present value based on the discount rates that reflect current market assessments and the risks specific to the liability. The periodic unwinding of the discount is recognized in the consolidated statement of operations as a finance cost. Additional disturbances or changes in rehabilitation costs will be recognized as additions or charges to the corresponding assets and rehabilitation liability when they occur. For closed sites, changes to estimated costs are recognized immediately in the statement of operations.

The Company does not currently have any such significant legal or constructive obligations and therefore no decommissioning liabilities have been recorded as at September 30, 2011, June 30, 2011 and July 1, 2010.

Warrants
Warrants are recognized at fair value on the date of grant and are measured using the Black-Scholes option pricing model. Incremental costs directly attributable to the issue of new warrants are shown in equity as a deduction, net of tax, from the proceeds. Unexercised expired warrants are transferred to deficit.

3. SUMMARY OF SIGNFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates
The preparation of these condensed interim financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These condensed interim financial statements include estimates, which, by their nature, are uncertain. The impact of such estimates are pervasive throughout the condensed interim financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and the revision affects both current and future periods.

Information about critical judgements and estimates in applying accounting policies that have most significant effect on the amounts recognized in the consolidated financial statements are as follows:

- Asset carrying values and impairment charges;
- Recognition of deferred taxes;
- Capitalization and valuation of interest in mineral properties and deferred exploration and evaluation expenditures;
- Management assumption of no material restoration, rehabilitation and environmental liabilities;
- Valuation of share-based payments and share purchase warrants; and
- Contingencies.

Future Accounting Changes

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 after July 1, 2011. These include:

IFRS 9 *Financial Instruments* (“IFRS 9”) was issued in November 2009 and contained requirements for financial assets. This standard addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments, and such instruments are either recognized at fair value through profit or loss or at fair value through other comprehensive income. This standard is required to be applied for the Company’s accounting periods beginning on July 1, 2013, with earlier adoption permitted. The Company has not yet determined the impact of the amendments to IFRS 9 on its financial statements.

IFRS 13 *Fair Value Measurement* (“IFRS 13”) converges IFRS and US GAAP on how to measure fair value and the related fair value disclosures. The new standard creates a single source of guidance for fair value measurements, where fair value is required or permitted under IFRS, by not changing how fair value is used but how it is measured. The focus will be on an exit price. IFRS 13 is effective for the Company’s annual periods beginning on July 1, 2013, with early adoption permitted. The Company has not yet determined the impact of the amendments to IFRS 13 on its financial statements.

3. SUMMARY OF SIGNFICANT ACCOUNTING POLICIES (Continued)

Future Accounting Changes (Continued)

IFRS 10 Consolidated Financial Statements ("IFRS 10") provides a single model to be applied in the control analysis for all investees, including entities that currently are special purpose entities in the scope of SIC 12. In addition, the consolidation procedures are carried forward substantially unmodified from IAS 27 Consolidated and Separate Financial Statements. The Company intends to adopt IFRS 10 in its financial statements for the annual period beginning on July 1, 2013. The Company has not yet determined the impact of the amendments to IFRS 10 on its financial statements.

IFRS 11 *Joint Arrangements* ("IFRS 11") replaces the guidance in IAS 31 *Interests in Joint Ventures*. Under IFRS 11, joint arrangements are classified as either joint operations or joint ventures. IFRS 11 essentially carves out of previous jointly controlled entities, those arrangements which although structured through a separate vehicle, such separation is ineffective and the parties to the arrangement have rights to the assets and obligations for the liabilities and are accounted for as joint operations in a fashion consistent with jointly controlled assets/operations under IAS 31. In addition, under IFRS 11 joint ventures are stripped of the free choice of equity accounting or proportionate consolidation; these entities must now use the equity method.

Upon application of IFRS 11, entities which had previously accounted for joint ventures using proportionate consolidation shall collapse the proportionately consolidated net asset value (including any allocation of goodwill) into a single investment balance at the beginning of the earliest period presented. The investment's opening balance is tested for impairment in accordance with IAS 28 *Investments in Associates* and IAS 36 *Impairment of Assets*. Any impairment losses are recognized as an adjustment to opening deficit at the beginning of the earliest period presented. The Company intends to adopt IFRS 11 in its consolidated financial statements for the annual period beginning on July 1, 2013. The Company has not yet determined the impact of IFRS 11 on its financial statements.

4. INTEREST IN MINERAL PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES

The Company has interests in mineral properties in the McFaulds Lake area, and McDonough Townships in Ontario, Canada, and in the Buchans area of Newfoundland, Canada.

a) Slate Bay Property

During the year ended January 31, 2003, the Company entered into an agreement with Luxor Explorations Inc. ("Luxor") whereby it could earn a 75% interest in Luxor's Slate Bay Property. The Slate Bay Property consists of eight patented mining claims in southern McDonough Township, Ontario within the Red Lake gold camp. The Company acquired the right to earn its interest by issuing 30,000 common shares to Luxor and by paying back taxes owed of approximately $18,000. The Company maintained its option by issuing an additional 90,000 common shares and spending an aggregate of $150,000 on the property over a three-year period. The Company must pay all property taxes during the earn-in period required to keep the property in good standing. Upon having vested its interest, a joint venture was formed with the Company acting as manager, to further explore and develop the property.

4. INTEREST IN MINERAL PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES (Continued)

a) Slate Bay Property (Continued)

During the period ended June 30, 2005, the Company negotiated a one-year extension to the agreement with Luxor. In exchange for the one-year extension, the Company issued Luxor a further 90,000 common shares of the Company valued at $19,800. Upon completion of a drilling program in November 2005, the Company met all of the expenditure requirements to earn its 75% interest in the property and has advised Luxor that it wishes to establish a joint venture to further explore and develop the property. Under the terms of the agreement, the Company will act as manager of the joint venture.

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.

b) Mary March Properties

(i) Phelps Joint Venture

The Company holds an Option and Joint Venture Agreement with Phelps Dodge Mining Co. (“Phelps”) whereby it can earn 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 Xstrata plc (“Xstrata”). The Company has a first right of refusal on Xstrata’s 50% interest, should they wish to sell.

The property consists of 18 staked claims, 2 licenses, 1 lease and 2 patented lots aggregating 4.5 sq km (1,616 ha). The Company can earn its 50% interest in the property by delivering 100,000 common shares of the Company to Phelps and spending $755,000. Phelps would be granted warrants for a further 100,000 shares of Canstar exercisable for a period not to exceed two years. These warrants could be exercised at a price of $0.50 per share.

Should the joint venture thus established proceed to production, the Company would make a one-time cash payment to Phelps 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 payable to Phelps.

Exploration of this property has been held up for approximately 10 years due to a title dispute with Vinland Resources Limited (“Vinland”) that was recently resolved in the Company’s favor by the Newfoundland and Labrador Supreme Court.

Vinland has agreed to not proceed with an appeal of the court’s decision. In consideration, Canstar has agreed to waive their entitlement to costs.

(ii) Mary March Extension Project (formerly XMET Option)

On February 16, 2010, Canstar signed a mining option agreement ("MOA") with On-Strike Gold Inc., a private company (now XMET Inc. – a TSX-V Company) (“XMET”), to explore Canstar's 100% owned mineral claims, adjacent to Canstar's Mary March Property described in Note 4(b)(i).

These claims were not involved in the Mary March Property dispute between the Mining Recorder's office and Vinland or part of Phelps Agreement. The property is located immediately west and north of the Mary March Property and may cover the extension of the geological horizon hosting the Mary March base and precious metal mineralization.

4. INTEREST IN MINERAL PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES (Continued)

b) Mary March Properties (Continued)

(ii) Mary March Extension Project (formerly XMET Option) (Continued)

The MOA with Canstar allowed XMET to earn a 50% interest in the claims on the following terms:

- On signing the MOA, XMET will pay Canstar $25,000 (paid) and issue 500,000 shares (issued and valued at $95,000) of XMET to Canstar.
- On or before the first anniversary, XMET will pay $50,000 in cash to Canstar (not paid).
- On, or before the second anniversary, XMET will pay $100,000 in cash to Canstar.
- XMET will incur exploration expenditures on the claims as follows;
    - In the first year - $100,000
    - In the second year - $250,000
    - In the third year - $500,000

Upon earning a 50% interest, XMET would enter into an industry standard 50/50 joint venture agreement with Canstar on the claims.

On May 30, 2011, XMET advised the Company that they had completed two drill holes on the property and decided to discontinue the MOA. The property is now 100% owned by Canstar.

c) McFauld's Lake Properties

(i) McFaulds One

During the year ended January 31, 2004, the Company acquired a 100% interest, by staking, in 32 contiguous claim units located in the McFauld's Lake area of the James Bay Lowlands, Northern Ontario.

(ii) McFaulds Three

In September 2004, an option and joint venture agreement was signed with Geocanex Ltd. ("Geocanex") of Toronto, whereby the Company can earn an undivided 50% interest in seven claims totaling 1,504 hectares that comprise the McFaulds Three Property. To earn its 50% interest, the Company must:

a) Spend $50,000 in Year One of the Agreement (paid), $100,000 in Year Two (paid), and a further $100,000 in Year Four (no longer payable), for a total of $250,000;
b) Issue 500,000 shares - 250,000 on signing (issued) and 250,000 (issued) at the first anniversary date of the agreement.

In addition to the above commitments, having earned its 50%, the Company must then make a one-time cash payment of $25,000 to Geocanex. A 50% Canstar / Geocanex join venture will then be established along standard industry norms, including provision for dilution whereby a delinquent partner would convert to a 2% Net Smelter Return Royalty.

Subsequently, four of the claims were allowed to lapse by mutual consent of the Company and Geocanex, with the three remaining claims, representing 38 contiguous units, remaining under the agreement.

A director of the Company is the principal shareholder of Geocanex.

In fiscal 2006, both McFauld's Lake Properties were written off due to disappointing exploration results.

4. INTEREST IN MINERAL PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES (Continued)

c) McFaulds Lake Properties (Continued)

(ii) McFaulds Three (Continued)

In fiscal 2008, the Company entered into an option agreement with United Reef Limited. ("United Reef") and Geocanex covering the McFaulds One and Three Properties. The agreement allows United Reef and the Company to each earn a 50% interest in the properties. Geocanex has waived the one time $25,000 payment and approximately $100,000 in expenditures that were remaining to be paid as per the agreement entered into in September 2004. The Company received a cash payment of $50,000 and 2,500,000 United Reef common shares (valued at $200,000) from United Reef. United Reef is required to incur exploration expenditures of $150,000 on the properties before December 31, 2008. The Company will maintain a 0.5% net smelter royalty on the properties, 0.25% of which can be purchased by United Reef for $250,000.

After substantial completion of its earn-in requirements, it was agreed that United Reef would vest, on a pro-rata basis, an interest in the property calculated using the value of all payments and work expenditures it made during the agreement. United Reef has now vested a 45% interest in the McFauld's Lake Properties. Canstar maintains the remaining 55% interest.

5. CAPITAL STOCK, SHARE-BASED PAYMENT RESERVE AND WARRANTS

(a) Authorized
Unlimited number of common shares

(b) Issued
68,826,713 common shares
Summary of changes in capital stock:

	Common Shares	Amount
	#	$
Balance, July 1, 2010	64,826,713	7,879,089
Exercise of warrants	4,000,000	400,000
Exercise of warrants – valuation allocation	-	40,000
Balance September 30, 2011 and June 30, 2011	68,826,713	8,319,089

5. CAPITAL STOCK, SHARE-BASED PAYMENT RESERVE AND WARRANTS (Continued)

(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 9,030,000. 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. As at September 30, 2011, the following stock options were outstanding:

Options Granted	Exercisable Options	Exercise Price	Expiry Date
#	#	$	
1,875,000	1,875,000	0.15	January 26, 2012
50,000	50,000	0.20	July 28, 2012
100,000	100,000	0.10	July 28, 2012
1,200,000	1,200,000	0.15	December 20, 2012
200,000	200,000	0.10	January 6, 2014
398,334	398,334	0.10	January 6, 2014
100,000	100,000	0.20	January 6, 2014
951,666	951,666	0.10	March 22, 2015
4,875,000	4,875,000		

The weighted average remaining contractual life of options granted and exercisable as at September 30, 2011 is 1.46 years.

A summary of changes in stock options is as follows:

	Number of Options	Weighted Average Exercise Price
	#	$
Balance, July 1, 2010	5,375,000	0.14
Expired	(500,000)	(0.15)
Balance, September 30, 2011 and June 30, 2011	4,875,000	0.13

(d) Share Purchase Warrants

A summary of changes in warrants is as follows:

	Number of Warrants	Weighted Average Exercise Price	Value
	#	$	$
Balance, July 1, 2010	5,000,000	0.10	50,000
Exercised	(4,000,000)	(0.10)	(40,000)
Expired	(1,000,000)	(0.10)	(10,000)
Balance, September 30, 2011 and June 30, 2011	-	-	-

6. FINANCIAL INSTRUMENTS

Fair Value:

IFRS require that the Company disclose information about the fair value of its financial assets and liabilities. Fair value estimates are made at the statement of financial position date based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties in significant matters of judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect these estimates.

The carrying values of the Company’s short-term financial instruments, comprising cash, amounts receivable, marketable securities and accounts payable and accrued liabilities approximate their fair values.

Cash and amounts receivable are classified as loans and receivables, which are measured at amortized cost. Marketable securities are classified as available for sale and are measured at fair value. Accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost.

The Company estimates that the fair values of its financial instruments approximate their carrying values at September 30, 2011, June 30, 2011 and July 1, 2010 because of the limited term of these instruments.

7. CAPITAL MANAGEMENT

The Company considers its capital structure to consist of share capital and working capital. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of 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 to sustain future development of the business.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company is not subject to externally imposed capital requirements. There were no changes in the Company’s approach to capital management approach during the period ended September 30, 2011.

8. FINANCIAL RISK FACTORS

The Company's risk exposures and the impact on the Company's financial instruments are summarized below. There have been no changes in the risks, objectives, policies and procedures from the previous period.

Credit risk

The Company's credit risk is primarily attributable to cash 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 sales 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.

8. FINANCIAL RISK FACTORS (Continued)

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 September 30, 2011, the Company had a cash balance of $386,763 to settle current liabilities of $356,369. 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 in order to provide sufficient cash flow to finance operations as well as funding its exploration expenditures. $228,488 of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. The remaining $127,881 relates to the accrual in relation to the exploration expenditures discussed in Note 10(b). The Company is uncertain when these funds will need to be paid.

Interest rate risk

The Company has cash balances subject to interest rate. 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 is not 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.

Sensitivity Analysis

As at September 30, 2011, the carrying and fair value amounts of the Company's financial instruments are approximately the same. 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:

(i) Cash is invested in 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 current balance of cash, would affect the net loss by plus or minus $3,900 during a twelve month period.

(ii) The Company’s marketable securities consist of an investment in a publicly traded company. Sensitivity to a plus or minus 50% change in the price of the underlying share price, based on the current balance of marketable securities, would affect comprehensive loss by plus or minus $26,250 during a twelve month period.

(iii) The Company does not hold significant balances in foreign currencies to give rise to exposure to foreign exchange risk.

9. RELATED PARTY TRANSACTIONS

During the period ended September 30, 2011, the Company incurred $Nil (2010 - $1,500) for rent charged by a corporation of which the chairman of this corporation is President.

Included in accounts payable and accrued liabilities at September 30, 2011 is Nil (June 30, 2011 - $2,875) accrued for accounting services rendered during the period by a firm of chartered accountants of which one of the directors is a former partner. Also included in accounts payable is $Nil (September 31, 2010 - $ 4,345) owed to a corporation controlled by a director of the Company. The amounts are non-interest bearing, unsecured, with no fixed terms of repayment.

The remuneration of directors during the period consisted of $3,108 (2011 - $18,994) in share-based payments during the period ended September 30, 2011.

10. COMMITMENTS AND CONTINGENCIES

a) Environmental Contingencies

The Company's mining and exploration activities are subject to various federal, provincial and state 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.

b) Flow-through Expenditures

As at December 31, 2008, the Company was unable to complete the exploration expenditures within the required time periods to support flow-through deductions that were renounced to holders of flow-through shares. As a consequence of this shortfall in exploration expenditures, the Company will reimburse the investors for income taxes and interest owing as a result of the reduced tax deduction. As at September 30, 2011, the Company has accrued $127,881 (June 30, 2011 - $127,881) as the estimated tax and interest amounts related to this commitment in accounts payable and accrued liabilities.

The actual amount the Company will pay investors is dependent upon the number of investors who make claims and their individual tax rates. Management estimates the maximum amount to be approximately $170,500 (June 30, 2011 - $170,500).

11. CONVERSION TO IFRS

(i) Overview

As stated in Basis of Preparation Note 2, these are the Company's first unaudited condensed interim financial statements prepared in accordance with IFRS as issued by the IASB. The policies set out in the Significant Accounting Policies Note 3 have been applied in preparing the unaudited condensed interim financial statements for the three months ended September 30, 2011 and in the preparation of an opening IFRS statement of financial position at July 1, 2010 (the "Transition Date").

(ii) First-time adoption of IFRS

The adoption of IFRS requires the application of IFRS 1, which provides guidance for a Company's initial adoption of IFRS. IFRS 1 generally requires retrospective application of IFRS as effective at the end of its first annual IFRS reporting period. However, IFRS 1 also provides certain optional exemptions and mandatory exceptions to this retrospective treatment.

IFRS 1 does not permit changes to estimates that have been made previously. Accordingly, estimates used in the preparation of the Company's opening IFRS statement of financial position as at the Transition Date are consistent with those that were made under Canadian GAAP. The Company's Transition Date IFRS unaudited statement of financial position is included as comparative information in these unaudited condensed interim financial statements.

Set forth below are the IFRS 1 applicable exemptions and exceptions applied in the conversion from Canadian GAAP to IFRS.

Share-based payments - IFRS 2, Share-based Payments, encourages application of its provisions to equity instruments granted on or before November 7, 2002, but permits the application only to equity instruments granted after November 7, 2002 that had not vested by the Transition Date. The Company elected to avail itself of the exemption provided under IFRS 1 and applied IFRS 2 for all equity instruments granted after November 7, 2002 that had not vested by its Transition Date.

11. CONVERSION TO IFRS (Continued)

(ii) First-time adoption of IFRS (Continued)

Business combinations – IFRS 1 provides the option to apply IFRS 3, Business Combinations, retrospectively or prospectively from the Transition Date. The Company elected to apply IFRS 3 prospectively from the Transition Date. The retrospective basis would require restatement of all business combinations that occurred prior to the Transition Date. The Company did not apply IFRS 3 retrospectively to business combinations that occurred prior to the Transition Date and such business combinations have not been restated.

Consolidated and separate financial statements – In accordance with IFRS 1, if a company elects to apply IFRS 3, Business Combinations, retrospectively, IAS 27, Consolidated and Separate Financial Statements, must also be applied retrospectively. As the Company elected to apply IFRS 3 prospectively, the Company has also elected to apply IAS 27 prospectively. The Company did not have any investments that require consolidation on the Transition Date.

Borrowing costs – In accordance with IFRS 1, the Company has elected to apply the transitional provisions of IAS 23 prospectively from the Transition Date. As a result, the Company has not capitalized borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the asset prior to the Transition Date. As of the Transition Date, the Company did not hold any debt that would require the capitalization of borrowing costs.

The Company’s transition from Canadian GAAP to IFRS has resulted in adjustments to its statements of financial position as at July 1, 2010, September 30, 2010 and June 30, 2011. The changes to the Company’s accounting policies have not resulted in any material changes to the statements of operations and comprehensive loss and cash flows. The following adjustments were made:

(a) Flow-through shares – On transition to IFRS, the Company elected to allocate flow-through proceeds between the offering of the common shares and the sale of tax benefits when the common shares are offered. The allocation is made based on the difference between the market value of the common shares and the amount the investor pays for the flow-through shares. A liability is recognized for the premium paid by the investors and is then recognized in operations in the period of renunciation. If flow-through shares are sold at a discount, this policy does not apply and the flow-through shares issued follow applicable IFRS guidance. Previously, the Company's Canadian GAAP policy was to adopt the recommendations of EIC 146 with respect to the accounting for flow-through shares. This resulted in the Company reducing the net proceeds of the flow through share issuance by the future tax liability of the Company resulting from the renunciation of the exploration and development expenditures in favor of the flow-through share subscribers. As at the Transition Date, September 30, 2010 and June 30, 2011, share capital increased by $981,170 and the accumulated deficit increased by $981,170.

(b) Reclassification within equity section - IFRS requires an entity to present for each component of equity, a reconciliation between the carrying amount at the beginning and end of the period, separately disclosing each change. The Company examined its “contributed surplus” account and concluded that as at the Transition Date, the expired unexercised warrants and stock options would be reclassified to accumulated deficit with the remaining balance being classified as share-based payment reserve representing stock options exercisable. As at the Transition Date and September 30, 2010, share-based payment reserve decreased by $1,406,337 and the accumulated deficit decreased by $1,406,337. As at June 30, 2011, share-based payment reserve decreased by $1,588,337 and the accumulated deficit decreased by $1,588,337.

11. CONVERSION TO IFRS (Continued)

The July 1, 2010 Canadian GAAP statement of financial position has been reconciled to IFRS as follows:

	Canadian GAAP	Effect of IFRS Transition	IFRS
	$	$	$
Total assets	1,073,496	-	1,073,496
Current liabilities	349,041	-	349,041
Capital stock (a)	6,897,919	981,170	7,879,089
Warrants	50,000	-	50,000
Contributed surplus (b)	2,096,117	(1,406,337)	689,780
Deficit (a) and (b)	(8,319,581)	425,167	(7,894,414)
Total shareholders' equity	724,455	-	724,455
Total liabilities and equity	1,073,496	-	1,073,496

The September 30, 2010 Canadian GAAP statement of financial position has been reconciled to IFRS as follows:

	Canadian GAAP	Effect of IFRS Transition	IFRS
	$	$	$
Total assets	1,176,151	-	1,176,151
Current liabilities	329,276	-	329,276
Capital stock (a)	6,897,919	981,170	7,879,089
Warrants	50,000	-	50,000
Contributed surplus (b)	2,135,800	(1,406,337)	729,463
Deficit (a) and (b)	(8,286,844)	425,167	(7,861,677)
Accumulated other comprehensive income	50,000	-	50,000
	(8,236,844)	-	846,875
	1,176,151	-	1,176,151

11. CONVERSION TO IFRS (Continued)

The June 30, 2011 Canadian GAAP statement of financial position has been reconciled to IFRS as follows:

	Canadian GAAP	Effect of IFRS Transition	IFRS
	$	$	$
Total assets	1,235,524	-	1,235,524
Current liabilities	367,810	-	367,810
Capital stock (a)	7,337,919	981,170	8,319,089
Contributed surplus	2,150,117	(1,588,337)	561,780
Deficit	(8,582,822)	607,167	(7,975,655)
Accumulated other comprehensive loss	(37,500)	-	(37,500)
	(8,620,322)	-	(8,013,155)
	1,235,524	-	1,235,524

The Canadian GAAP statement of operations and comprehensive loss for the year ended June 30, 2011 has been reconciled to IFRS as follows:

	Canadian GAAP	Effect of IFRS Transition	IFRS
	$	$	$
Stock-based compensation	44,000	-	44,000
Interest and bank charges	108	-	108
Transfer agent and filing fees	27,984	-	27,984
Professional fees	62,324	-	62,324
General and office expenses	5,720	-	5,720
Shareholder information	9,094	-	9,094
Amortization	225	-	225
Rent	3,500	-	3,500
	152,955	-	152,955
Loss before the under-noted	(152,955)	-	(152,955)
Write-off of interest in mineral properties	(205,286)	-	(205,286)
Other income	95,000	-	95,000
Net loss for the year	(263,241)	-	(263,241)

11. CONVERSION TO IFRS (Continued)

The Canadian GAAP statement of loss and comprehensive loss for the three month period ended September 30, 2010 has been reconciled to IFRS as follows:

	Canadian GAAP	Effect of IFRS Transition	IFRS
	$	$	$
Stock- based compensation	39,683	-	39,683
Interest and bank charges	5,180	-	5,180
Transfer agent and filing fees	1,923	-	1,923
Accounting	5,500	-	5,500
Professional fees	8,362	-	8,362
General and office expenses	59	-	59
Rent	1,500	-	1,500
Amortization	56	-	56
	62,263	-	62,263
Loss before the under-noted	(62,263)	-	(62,263)
Other income	95,000	-	95,000
Net income for the period	32,737	-	32,737

There has been no material impact on the net cash flows of the Company for the three month period ended September 30, 2010 and the year ended June 30, 2011 as a result of the transition to IFRS.

12. SUBSEQUENT EVENTS

On December 13, 2011, the Company announced a proposed non-brokered private placement financing comprising the sale of up to 7,000,000 units at $0.15 per unit for gross proceeds of $1,050,000. Each unit will consist of one common share and one common share purchase warrant.

Each whole purchase warrant entitles the holder to acquire one common share at $0.20 for a period of one year after closing (the “Warrant Term”) provided, however, should the closing price of the common shares equal or exceed $0.30 for 20 consecutive trading days following four months and one day after issuance, Canstar may accelerate the Warrant Term to the date which is 30 days following the date a press release is issued by Canstar announcing the Warrant Term.

A total of 2,000,000 units for gross proceeds of $30,000 will be sold on a flow-through basis.

All securities issued with respect to the offering are subject to a hold period which expires four months after closing

Proceeds of the financing will be used to fund exploration on the Company’s Mary March Property in the Bucchans area of Newfoundland and Labrador and working capital.