

GOLDSTAR MINERALS INC.

Unaudited Condensed Interim Financial Statements

Second quarter ended June 30, 2023

(in Canadian dollars, unless otherwise stated)

Goldstar Minerals Inc.
Condensed Interim Statements of Financial Position

(in Canadian dollars)

	June 30 2023 \$	December 31 2022 \$
Assets		
Current assets		
Cash and cash equivalents	50,488	2,822
Tax credits and other receivables (note 5)	4,625	8,226
Marketable securities (note 6)	835	954
Prepaid expenses	13,977	9,868
	<u>69,925</u>	<u>21,870</u>
Non-current assets		
Mining properties (note 7)	186,147	165,365
Exploration and evaluation assets (note 7)	-	-
	<u>190,421</u>	<u>165,365</u>
TOTAL ASSETS	<u>260,346</u>	<u>187,231</u>
Liabilities and Shareholder's Deficiency		
Current liabilities		
Accounts payable and accrued liabilities (note 8)	312,045	316,824
Due to related parties (note 14)	435,500	325,000
Loan payable (note 9)	37,743	36,208
Subscription received	45,000	-
	<u>830,287</u>	<u>678,032</u>
Shareholder's deficiency		
Share capital and warrants (note 10)	15,076,840	15,076,840
Contributed surplus	1,211,684	1,211,684
Deficit	(16,858,465)	(16,779,325)
	<u>(569,941)</u>	<u>(490,801)</u>
TOTAL LIABILITIES AND EQUITY (deficiency)	<u>260,346</u>	<u>187,231</u>
Going concern (note 1)		
Commitments and contingencies (note 12)		
Subsequent events (note 17)		

Approved by the Board of Directors

/s/ André Gagné Director

/s/ François Perron Director

The accompanying notes are an integral part of these consolidated financial statements

Goldstar Minerals Inc.

Condensed Interim Statements of Loss and Comprehensive Loss

For the three and six months periods ended June 30, 2023 and 2022

Unaudited

(in Canadian dollars)

	Three-month period ended June 30, 2023 \$	Three-month period ended June 30, 2022 \$	Six-month period ended June 30, 2023 \$	Six-month period ended June 30, 2022 \$
EXPENSES				
General and administrative (note 13)	32,833	33,025	65,231	64,425
Professional and consulting fees	9,135	16,204	24,385	22,454
	<u>41,968</u>	<u>49,229</u>	<u>89,616</u>	<u>86,879</u>
FINANCIAL EXPENSES (Income)				
Gain on write-off of accrued liabilities	(33,896)	-	(33,896)	(50,769)
Interest expense	6,975	3,739	15,630	7,438
Change in fair value of marketable securities	-	(239)	119	239
Accretion expense (note 9)	621	847	1,534	1,211
	<u>(26,300)</u>	<u>4,347</u>	<u>(16,615)</u>	<u>(41,881)</u>
OTHER INCOME				
Government assistance (note 9)	-	-	-	(2,970)
Other income related to flow-through shares	-	-	-	(5,588)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>(8,558)</u>
Loss and comprehensive loss for the period	<u>15,667</u>	<u>53,576</u>	<u>73,000</u>	<u>36,440</u>
Weighted average number of outstanding common shares	<u>26,758,769</u>	<u>26,758,769</u>	<u>26,758,769</u>	<u>26,758,769</u>
Loss per share				
Basic and diluted	<u>(0.00)</u>	<u>(0.00)</u>	<u>(0.00)</u>	<u>(0.00)</u>

The accompanying notes are an integral part of these consolidated financial statements

Goldstar Minerals Inc.

Condensed Interim Statements of Changes in Equity For the six months periods ended June 30, 2023 and 2022 Unaudited

(in Canadian dollars, except for the number of shares)

(note)	Number of common shares	Share Capital & warrants \$	Contributed surplus \$	Deficit \$	Total \$
Balance as at January 1, 2022	26,758,769	15,049,340	1,211,684	(15,023,083)	1,237,941
Comprehensive loss for the period				(36,440)	(36,440)
Share issue expense				(500)	(500)
Balance as at June 30, 2022	27,258,769	15,049,340	1,211,684	(15,060,023)	1,201,001
Balance as of January 1, 2023	27,258,769	15,076,840	1,211,684	(16,779,325)	(490,801)
Comprehensive loss for the period				(73,000)	(73,000)
Share issue expense				(6,140)	(500)
Balance as at June 30, 2023	27,258,769	15,076,840	1,211,684	(16,858,465)	(569,941)

The accompanying notes are an integral part of these consolidated financial statements

Goldstar Minerals Inc.

Condensed Interim Statement of Cash Flows

For the six months periods ended June 30, 2023 and 2022

(in Canadian dollars)

	Six-month period ended June 30, 2023 \$	Six-month period ended June 30, 2022 \$
Cash flows provided (used in)		
Operating activities		
Loss and comprehensive loss for the period	(73,000)	(36,440)
Adjustments for		
Gain on write-off of accrued liabilities	(33,896)	(50,769)
Net interest expense	15,628	7,438
Change in fair value of marketable securities	119	239
Accretion expense	1,534	1,211
Governmental assistance	-	(2,970)
Other income related to flow-through shares	-	(5,588)
	(89,615)	(86,879)
Changes in working capital items		
Tax credits and other receivables	3,601	5,898
Prepaid expenses	(4,109)	3,786
Accounts payable and accrued liabilities	69,469	127,554
Net cash from (used in) operating activities	(20,654)	50,359
Investing activities		
Acquisition of mining properties	(15,669)	(2,774)
Acquisition of exploration and evaluation assets	(20,571)	(99,609)
Net cash used in investing activities	(36,040)	(102,383)
Financing activities		
Increase in shareholders	110,500	-
Share issue expenses	(6,140)	(500)
Net cash provided (used in) from financing activities	104,360	(500)
Net increase (decrease) – cash and cash equivalent	47,666	(52,524)
Cash and cash equivalents – Beginning of year	2,822	61,702
Cash and cash equivalents – End of period	50,488	9,178

The accompanying notes are an integral part of these consolidated financial statements.

Goldstar Minerals Inc.

Notes to condensed Interim financial statements

For the three and six months periods ended June 30, 2023 and 2022

(in Canadian dollars, except per share amounts)

1 Incorporation, nature of activities and going concern

Goldstar Minerals Inc. (the "Company" or "Goldstar") is a company domiciled in Canada and was continued under the Canada Business Corporations Act on September 4, 2014. The address of the Company's registered office is 3839 Av. De Marlowe, Montréal, Québec.

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

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

The Company is in the process of exploring and evaluating its mineral properties and projects and has not yet determined whether its properties and projects contain ore reserves that are economically recoverable. The Company is still in the exploration stage and, as such, no revenue has yet been generated from its operating activities. As at June 30, 2023, the statement of financial position shows a negative working capital of \$760,362 (negative working capital of \$656,162 as at December 31, 2022). The ability of the Company to meet its commitments as they become due, including the acquisition of mineral properties and the development of projects, is dependent on its ability to obtain necessary financing. The recoverability of amounts shown for mining properties and exploration and evaluation assets is dependent upon the ability of the Company to obtain necessary financing to complete the exploration and development thereof, and upon future profitable production or proceeds from the disposal of properties. If the Company is unable to obtain sufficient additional funding, this could lead to a delay, reduction or elimination of its exploration plans, which could adversely affect its business, its financial condition and its results.

Management believes that it will be able to secure financing in the future. However, as at June 30, 2023, since the Company has a negative working capital, the Company does not have sufficient financial resources to cover its budgeted general administrative expenses and to meet its short-term obligations for the next twelve months, and to complete its planned 2023 calendar year exploration budget. Consequently, the Company will need to obtain additional financing in 2023. While the Company has been successful in securing financing, raising additional funds is dependent on a number of factors outside the Company's control, and as such there is no assurance that it will be able to do so in the future.

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

2 Statement of compliance

These condensed interim financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS"), including IAS 34, Interim Financial Reporting.

These unaudited condensed interim financial statements do not include all the information required for full annual financial statements, and, therefore, should be read in conjunction with the audited annual financial statements and the notes thereto for the year ended December 31, 2022.

Goldstar Minerals Inc.

Notes to condensed Interim financial statements

For the three and six months periods ended June 30, 2023 and 2022

(in Canadian dollars, except per share amounts)

These financial statements were reviewed, approved and authorized for issue by the Board of Directors on August 29, 2023.

3 Basis of preparation and significant accounting policies

These condensed interim financial statements are presented in Canadian dollars, which is the Company's functional currency. The basis of preparation, including the use of estimates and judgments, and significant accounting policies are unchanged compared to the ones disclosed in the audited annual financial statements for the year ended December 31, 2022.

4 Cash and cash equivalents

	June 30 2023 \$	December 31 2022 \$
Bank balance	50,488	2,822
	<u>50,488</u>	<u>2,822</u>

5 Taxes credits and other receivables

	June 30 2023 \$	December 31 2022 \$
Sales tax receivable	4,368	7,754
Other	257	472
	<u>4,625</u>	<u>8,226</u>

6 Marketable securities

	June 30 2023 \$	December 31 2022 \$
Lucky Minerals Inc. – common shares	835	954

The Company holds 23,858 common shares of Lucky (2022 – 23,858) having a fair value of \$835 as at June 30, 2023 (2022 – \$954).

Goldstar Minerals Inc.

Notes to condensed Interim financial statements

For the three and six months periods ended June 30, 2023 and 2022

(in Canadian dollars, except per share amounts)

7 Mining properties and exploration and evaluation assets

	Anctil property Quebec \$	Fortune property Quebec \$	Nemenjiche Property Quebec \$	Panache North Property Quebec \$	Prince property Newfoundland \$	Upton Property Quebec \$	Total \$
Mining properties							
As at January 1, 2023	-	55,547	-	21,979	14,356	73,479	165,361
Claim staking and renewal	-	19,786	-	-	1,000	-	20,786
As at June 30, 2023	-	75,333	-	21,979	15,356	73,479	186,147
Exploration and evaluation assets							
As at January 1, 2023	-	-	-	-	-	-	-
General and administration	-	-	-	-	-	4,274	4,274
As at June 30, 2023	-	-	-	-	-	4,274	4,274
	Anctil property Quebec \$	Fortune property Quebec \$	Nemenjiche Property Quebec \$	Panache North Property Quebec \$	Prince property Newfoundland \$	Upton Property Quebec \$	Total \$
Mining properties							
As at January 1, 2022	181,431	55,547	157,300	21,979	13,106	-	429,363
Acquisition costs	-	-	-	-	-	73,479	73,479
Claim staking and renewal	1,238	-	-	-	1,250	-	2,488
Write-off	(182,669)	-	(157,300)	-	-	-	(339,969)
As at December 31, 2022	-	55,547	-	21,979	14,356	73,479	165,361
Exploration and evaluation assets							
As at January 1, 2022	895,186	-	244,705	-	-	-	1,139,891
Assays	20,118	-	-	-	-	-	20,118
Write-off	(915,304)	-	(244,705)	-	-	-	(1,160,009)
As at December 31, 2022	-	-	-	-	-	-	-

(a) Upton Property:

The Upton property consists of a total of 10 claims, covering an area of 601 hectares (6.01 km²). It is located in the Montérégie region of southern Québec. The property comprises a 100% interest in 8 claims covering an area of approximately 481 hectares (4.81 km²) which were acquired pursuant to the Purchase and Sale Agreement described below and 100% interest in 2 claims covering an area of approximately 120 hectares (1.20 km²) pursuant to the Purchase and Sale Agreement described below.

Goldstar Minerals Inc.

Notes to condensed Interim financial statements

For the three and six months periods ended June 30, 2023 and 2022

(in Canadian dollars, except per share amounts)

7 Mining properties and exploration and evaluation assets

On January 27, 2023, the Company entered into a Purchase and Sale Agreement for the acquisition of 100% interest in 8 claims, totaling approximately 481 hectares (4.8 km²). In consideration for these claims, the Company will issue 18,000,000 common shares and pay in shares a finder's fee of 5% equivalent to 900,000 common shares. As part of the agreement, the Company is also committed to proceed with a non-brokered financing for a minimum of \$550,000 consisting of 9,166,666 units at a price of \$0.06 per unit. Each unit will be comprised of one common share and one purchase warrant where each warrant shall entitle the holder thereof to subscribe for one additional common share at an exercise price of \$0.12 at any time until two years after closing. The warrants will provide for an acceleration clause if the shares trade above a specified price for more than 20 consecutive days. In respect of subscriptions sourced by an eligible finder, the Corporation may pay in cash a fee equal to 7% of the amount subscribed.

On October 27, 2022, the Company entered into a Purchase and Sale Agreement with Jean Bernard for the acquisition of 100% interest in 2 claims, totaling 120 hectares (1.2 km²). In consideration for these claims, the Company paid \$25,000 plus applicable taxes and issued 500,000 common shares at a price of \$0.055 per share. Upon commercial production, the Company will issue an additional 1,000,000 common shares.

(b) Fortune Property:

The Fortune property comprises a 100% interest in a total of 101 claims, covering an area of approximately 5,714 hectares (57.14 km²). The Fortune property is located in the Gaspé Peninsula of Québec, with direct access to most of the property by Highway 132 and a network of maintained roads.

(c) Panache North Property:

The Panache North property comprises a 100% interest in a total of 4 claims, covering an area of approximately 225 hectares (2.25 km²). The Panache North property is located in the Windfall Lake (Urban Barry) area of Québec

(d) Prince Property:

The Prince property comprises a 100% interest in a total of 2 licences, covering an area of approximately 125 hectares (1.25 km²). The Prince property is located in Newfoundland.

(e) Anctil Property:

As a result of the Covid-19 pandemic, significant labour shortages and delays have resulted in the exploration commitment not being met and the Company has decided not to pursue exploration on this property. During the year ended December 31, 2022, the Company recorded a write-off of \$1,097,973.

(f) Nemenjiche Property:

As a result of the Covid-19 pandemic, significant labour shortages and delays have resulted in the exploration commitment not being met and the Company has decided not to pursue exploration on this property. During the year ended December 31, 2022, the Company recorded a write-off of \$402,005.

Goldstar Minerals Inc.

Notes to condensed Interim financial statements

For the three and six months periods ended June 30, 2023 and 2022

(in Canadian dollars, except per share amounts)

8 Accounts payable and accrued liabilities

	June 30 2023 \$	December 31 2022 \$
Accounts payable	102,231	68,314
Accrued and other liabilities (a)	209,814	248,510
Balance – end of period	312,045	316,824

- (a) Including a flow-through indemnity provision of \$168,010. Given the amendment of the commitment related to the 2021 flow-through financing of \$720,000 (refer to note 14), the Company may be required to indemnify flow-through investors for the amount of increased tax payable by the flow-through investor as a consequence of the failure of the Company to incur qualifying exploration expenditures previously renounced to the flow-through investor in the required time frame.

9 Loan payable

	June 30 2023 \$	December 31 2022 \$
Loan, capital of \$40,000 (2021 - \$40,000) Secured by the government of Canada, non-interest bearing until December 31, 2023	37,743	36,208

The Company received a \$60,000 loan under the Canada Emergency Business Account program. In January 2022, the loan repayment date was postponed to December 31, 2023. If the Company repays \$40,000 of the loan by December 31, 2023, no other amount will be payable.

Otherwise, the loan balance will bear interest at 5% and may either be repaid in 24 monthly instalments of capital and interest or repaid at maturity on December 31, 2025.

Since \$20,000 of the government assistance is forgivable if the Company repays \$40,000 by December 31, 2023, the amount was recognized in earnings at the time the government assistance was granted. Additionally, the carrying amount of the loan at the time it was granted has been reduced by an amount equivalent to the variance between fair value, determined using a present value technique at a rate of 10%, and the par value of the loan. Since the loan which gave rise to the variance is a form of government assistance for working capital, the consideration was applied to earnings at the time it was granted. An accretion expense was then charged to earnings as interest expenses on long-term debt using the straight-line method over the initial loan term.

Goldstar Minerals Inc.

Notes to condensed Interim financial statements

For the three and six months periods ended June 30, 2023 and 2022

(in Canadian dollars, except per share amounts)

10 Share capital and warrants

Share capital

Authorized

Unlimited number of voting common shares, participating, without par value.

a) Issued and fully paid

On October 27, 2022, the Company entered into a Purchase and Sale Agreement with Jean Bernard for the acquisition of 100% interest in 2 claims, totaling 120 hectares (1.2 km²). The Upton property is located in the Montérégie region of southern Québec. In consideration for these claims, the Company paid \$25,000 plus applicable taxes and issued 500,000 common shares at a price of \$0.055 per share. Upon commercial production, the Company will issue an additional 1,000,000 common shares.

	June 30, 2023		December 31, 2022	
	Number of shares	\$	Number of shares	\$
Balance beginning of year	27,258,769	15,076,840	26,758,769	15,049,340
Property acquisition	-	-	500,000	27,500
	<u>27,258,769</u>	<u>15,076,840</u>	<u>27,258,769</u>	<u>15,076,840</u>

b) Changes in Corporation warrants are as follows:

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

	June 30 2023	December 31 2022
	\$	\$
Beginning of year and end of period	<u>5,426,924</u>	<u>5,426,924</u>

As at June 30, 2023, the following share purchase warrants were outstanding:

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

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

Goldstar Minerals Inc.

Notes to condensed Interim financial statements

For the three and six months periods ended June 30, 2023 and 2022

(in Canadian dollars, except per share amounts)

11 Share base payments

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

The options granted in 2023 and 2022 were granted at a price equal to the closing market value of the shares, the previous day before the grant. The changes to the number of stock options granted by the Corporation and their weighted average exercise price are as follows:

	June 30 2023		December 31 2022	
	Number	Weighted average exercise price \$	Number	Weighted average exercise price \$
Stock option				
Balance – Beginning of year and end of period	1,476,228	0.31	1,476,228	0.31
Expired	261,228	1.00	-	-
Options exercisable End of period	1,215,000	0.16	1,476,228	0.31

As of June 30, 2023, the Corporation had the following stock options outstanding:

Expiry date	Exercise price \$	Options granted	Number of options exercisable
January 12, 2026	0.16	1,015,000	1,015,000
March 23, 2026	0.16	200,000	200,000
		<u>1,215,000</u>	<u>1,215,000</u>

Goldstar Minerals Inc.

Notes to condensed Interim financial statements

For the three and six months periods ended June 30, 2023 and 2022

(in Canadian dollars, except per share amounts)

12 General and administrative expenses

	Three-month period ended June 30, 2023 \$	Three-month period ended June 30, 2022 \$	Six-month period ended June 30, 2023 \$	Six-month period ended June 30, 2022 \$
Corporate salaries	16,850	16,057	33,988	32,807
Investor and shareholder relations	3,469	7,501	8,063	14,589
Insurance	3,419	3,207	6,793	6,333
Taxes, licenses and fees	5,835	2,372	9,259	3,119
Miscellaneous	3,260	3,888	7,128	7,577
	<u>32,833</u>	<u>33,025</u>	<u>65,231</u>	<u>64,425</u>

13 Related party transactions

Remuneration of key management

Key management includes directors and senior executives. The compensation recognized as an expense and paid to key management for services is presented below:

Related party transactions	Six-month period ended June 30, 2023 \$	Six-month period ended June 30, 2022 \$
Management fees	<u>33,988</u>	<u>32,807</u>
	<u>33,988</u>	<u>32,807</u>

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

During the period, a law firm, in which an officer and a director of the Company is a partner, rendered legal and consulting services in the amount of nil (2022 - nil), charged to professional and consulting fees, and nil (2022 - nil) with respect to financing charged to share issue expenses, totaling an aggregate amount of nil (2022 - nil). As at June 30, 2023, the accounts payable include \$6,564 (2022 - \$6,823) owed to this legal firm.

On January 10, February 2, February 14, March 1, 2023, May 4th, June 3rd and June 27th 2023, an officer and director of the Company loaned the respective amounts of \$3,000, \$3,000, \$25,000, and \$25,000, 50,000, 1,500 and 3,000 to the Company. These loans bear interest at a rate of 10% per annum and are repayable on demand.

Goldstar Minerals Inc.

Notes to condensed Interim financial statements

For the three and six months periods ended June 30, 2023 and 2022

(in Canadian dollars, except per share amounts)

13 Related party transactions - continued

On July 7, October 11, October 13, October 27, and December 19, 2022, a director and officer of the Company loaned the respective amounts of \$50,000, \$3,000, \$3,000, \$94,000, and \$25,000 to the Company. These loans bear interest at a rate of 10% per annum and are repayable on demand.

As at June 30, 2023, outstanding loans from directors and officers, due on demand, totaled \$435,500 and interest accrued amounted to \$2,696.

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

14 Income taxes

Income tax expense (recovery) differs from the amounts computed by applying the combined federal and provincial income tax rate of 26.5% (2022 - 26.5%) as a result of the following:

	June 30 2023 \$	June 30 2022 \$
Loss and comprehensive loss	(73,000)	(36,440)
Computed expected tax expense (recovery)	(19,345)	(9,657)
Increase in income tax resulting from:		
Current year losses not recognized and changes in		
Unrecognized deferred income tax assets	5,836	(35,135)
Tax impact of flow-through shares	-	5,331
Permanent difference arising from the non-taxable		
income related to flow-through shares	-	(1,481)
Other	86,509	40,942
Total deferred income tax recovery	-	-

As at June 30, 2023, the Company has approximately \$5,631,430 (2022 - \$5,607,750) of Canadian development and exploration expenditures, which under certain circumstances may be utilized to reduce the taxable income of future years. In addition, the Company has share issue costs of approximately \$46,000 (2022 - \$92,000) which have not yet been deducted for income tax purposes. The Company also has \$4,272,000 (2022 - \$4,204,000) in available non-capital losses for Canadian income tax purpose which may be carried forward to reduce taxable income in future years. These tax losses expire as follows:

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Notes to condensed Interim financial statements

For the three and six months periods ended June 30, 2023 and 2022

(in Canadian dollars, except per share amounts)

14 Income taxes - continued

2028	21,000
2029	112,000
2030	324,000
2031	22,000
2032	212,000
2033	633,000
2034	317,000
2035	186,000
2036	216,000
2037	300,000
2038	556,000
2039	543,000
2040	299,000
2041	286,000
2042	177,000
2043	68,000
	<u>4,272,000</u>

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

	June 30 2023	December 31 2022
	\$	\$
Non-capital losses	4,272,000	4,204,000
Capital losses	96,000	96,000
Mining properties and exploration and evaluation assets	5,442,000	5,442,000
Share issue costs	92,000	92,000
Others	21,000	21,000
	<u>9,877,000</u>	<u>9,855,000</u>
Unrecognized temporary differences		

15 Commitments and contingencies

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

The Company is committed to incur eligible exploration and evaluation expenses of \$720,000 by December 31, 2022, related to its flow-through share financings completed in 2021. In 2022, the Company has amended its commitment to \$477,653. As at December 31, 2022, the Company has incurred \$477,653 of eligible expenses.

However, there is no guarantee that the funds spent by the Company will qualify as Canadian exploration expenses, even if the Company has committed to take all the necessary measures for this

Goldstar Minerals Inc.

Notes to condensed Interim financial statements

For the three and six months periods ended June 30, 2023 and 2022

(in Canadian dollars, except per share amounts)

15 Commitments and contingencies - continued

purpose. Refusals of certain expenses by tax authorities could have negative tax consequences for investors or the Company.

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

16 Financial instruments

Financial instruments	June 30	December		
	2023	31,	2022	
	\$	\$		
Amortized cost	Carrying amount	Fair value	Carrying amount	Fair value
Cash	50,488	50,488	2,822	2,822
Marketable securities	835	835	954	954
Amounts receivable (excluding taxes)	257	257	472	472
	<u>51,580</u>	<u>51,580</u>	<u>4,248</u>	<u>4,248</u>
Liabilities – Amortized cost				
Accounts payable, accrued liabilities(1)	312,045	312,045	311,133	311,133
Loan payable	37,743	37,743	36,208	36,208
Du to related party	435,500	435,500	325,000	325,000
	<u>785,288</u>	<u>785,288</u>	<u>672,341</u>	<u>672,341</u>

he 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 year.

Fair Value

In establishing fair value, the Company uses a fair value hierarchy based on levels as defined below:

- Level 1: defined as observable inputs such as quoted prices (unadjusted) in active markets.
- Level 2: defined as inputs other than quoted prices included in Level 1, that are either directly or indirectly observable.
- Level 3: defined as inputs that are based on little or no observable market data, therefore requiring the Company to develop its own assumptions.

Goldstar Minerals Inc.

Notes to condensed Interim financial statements

For the three and six months periods ended June 30, 2023 and 2022

(in Canadian dollars, except per share amounts)

16 Financial instruments - continued

FINANCIAL RISK FACTORS

The Company is exposed to various financial risks resulting from both its operations and its investment activities as well as external factors out of its control. The Company's management monitors financial risks. The Company does not enter into financial instrument agreements including derivative financial instruments for speculative purposes.

The Company's main risk exposure and its financial risk management policies are as follows:

(a) Fair value:

Fair value estimates are made based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties in significant matters of judgement and therefore cannot be determined with precision. Changes in assumptions could significantly affect these estimates.

The carrying amounts for cash and cash equivalents, other receivables, accounts payable and accrued liabilities on the statements of financial position approximate fair values because of the short-term nature of these instruments. The fair value of the loan payable is based on the discounted cash flows and is not materially different from its carrying value since there was no material change in the assumptions used for fair value determination at inception.

As at June 30, 2023, the Company held marketable securities consisting of 23,858 (December 31, 2022 – 23,858) common shares of Lucky Minerals Inc. ("Lucky") carried at a fair value of \$835 (December 31, 2022 - \$954). These marketable securities were classified as Level 1 within the fair value hierarchy.

(b) Credit risk:

Credit risk results from the possibility that a loss may occur from the failure of another party to perform according to the terms of the contract. Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash and cash equivalents. Cash is maintained with high-credit, quality financial institutions.

(c) Liquidity risk:

The Company's approach to managing liquidity risk is to ensure that it will have sufficient cash and to ensure that the Company have financing source for a sufficient amount to meet liabilities when due. The Company's accounts payable and accrued liabilities generally have contractual maturities of less than 30 days and are subject to normal trade terms except for the loan payable that matures on December 31, 2025 and due to related parties.

Goldstar Minerals Inc.

Notes to condensed Interim financial statements

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(in Canadian dollars, except per share amounts)

17 Earnings per share

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

18 Subsequent events

In April 2023, the Company has agreed to settle outstanding loans in the amount of \$328,000 with a director and officer by completing a share settlement transaction pursuant to which the Company will issue common shares (not units) at a price to be determined. As per the settlement, the interest payable will be forgiven and will be no longer payable. The transaction was completed on August 15th 2023.