VANSTAR MINING RESOURCES INC.

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

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VANSTAR MINING RESOURCES INC.

Unaudited condensed Interim Statements of Financial Position
As at September 30, 2019, and December 31, 2018
(in Canadian dollars)

	September 30, 2019	December 31, 2018
	$	$
ASSETS		
Current		
Cash and cash equivalents (Note 7)	273,536	76,969
Goods and services taxes receivable	39,491	18,508
Accrued interest receivable	21,000	27,370
Other receivables	14,951	10,229
Prepaid expenses	1,990	49,362
Investments (Note 8)	2,013,000	2,011,750
Current assets	2,363,968	2,194,188
Non-current		
Equipment (Note 9)	1,143	2,029
Exploration and evaluation assets (Note 10)	432,874	434,838
Intangible assets (Note 11)	153,329	20,497
Non-current assets	587,346	457,364
Total assets	2,951,314	2,651,552
LIABILITIES		
Current		
Trade and other payables	65,192	45,390
Convertible debentures (Note 12)	-	75,000
	65,192	120,390
Non-current		
Deferred tax liabilities	115,232	115,232
	180,424	235,622
EQUITY		
Share capital (Note 13)	4,054,479	3,284,930
Contributed surplus	979,911	1,028,878
Warrants (Note 14)	17,656	107,848
Deficit	(2,281,156)	(2,005,726)
Total equity	2,770,890	2,415,930
Total liabilities and equity	2,951,314	2,651,552

The accompanying notes are an integral part of the condensed interim financial statements

(s)Guy Morissette
Guy Morissette
Director

(s) Éric Beauchesne
Éric Beauchesne
Director

VANSTAR MINING RESOURCES INC.

Unaudited condensed Interim Statements of Changes in Equity
For the nine-month periods ended September 30, 2019 and 2018
(in Canadian dollars)

	Share capital	Contributed surplus	Warrants	Deficit	Total Equity
	$	$	$	$	$
BALANCE AS AT JANUARY 1, 2019	3,284,930	1,028,878	107,848	(2,005,726)	2,415,930
Net loss for the period	-	-	-	(275,430)	(275,430)
Warrants exercised	293,392	-	(90,192)	-	203,200
Stock options exercised	401,157	(143,167)	-	-	257,990
Conversion of debentures	75,000	-	-	-	75,000
Share-based payments	-	94,200	-	-	94,200
BALANCE AS AT SEPTEMBER 30, 2019	4,054,479	979,911	17,656	(2,281,156)	2,770,890
BALANCE AS AT JANUARY 1, 2018	3,165,571	962,023	-	(3,071,605)	1,055,989
Comprehensive income for the period	-	-	-	1,303,233	1,303,233
Private financing	74,250	-	125,750	-	200,000
Stock options exercised	16,000	-	-	-	16,000
Share-based payments	-	78,340	-	-	78,340
Share issuance costs	(28,963)	-	-	-	(28,963)
Broker's remuneration	6,560	-	4,125	-	10,685
BALANCE AS AT SEPTEMBER 30, 2018	3,233,418	1,040,363	129,875	(1,768,372)	2,635,284

The accompanying notes are an integral part of the condensed interim financial statements

VANSTAR MINING RESOURCES INC.

Unaudited condensed Interim Statements of Income and Comprehensive income
For the nine-month periods ended September 30, 2019 and 2018
(in Canadian dollars)

	Three-month period ended September 30,		Nine-month period ended September 30,	
	2019	2018	2019	2018
	$	$	$	$
OPERATING EXPENSES				
Salaries and employee benefits	52,619	22,790	137,005	92,542
Consulting and professional fees	5,781	39,230	122,091	129,840
Management fees	7,500	23,333	42,500	48,333
Rent, office expenses and communications	5,842	3,206	18,841	11,461
Listing fees and rights	7,081	1,300	12,877	7,462
Registration and shareholders' information	7,592	6,341	31,435	10,658
Travelling and public relations	31,632	6,306	83,907	17,622
Interests on convertible debentures	-	1,875	2,500	5,625
Insurance	2,565	1,731	7,444	6,993
Depreciation of equipment	295	296	886	889
Share-based payments	67,200	59,420	94,200	78,340
Gain from the farm-out agreement relating to the Nelligan property (Note 10)	-	-	(400,000)	(1,699,071)
OPERATING INCOME	(188,107)	(165,828)	153,686	1,289,306
OTHER REVENUES (EXPENSES)				
Contract termination payment	-	-	(154,000)	-
Interest income from cash and cash equivalents	11,497	9,137	31,006	18,677
Changes in fair value of investments in shares of public companies	(5,000)	(4,500)	1,250	(4,750)
	6,497	4,637	(121,744)	13,927
NET INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)	(181,610)	(161,191)	(275,430)	1,303,233
EARNINGS PER SHARE (Note 17)	(0.004)	(0.004)	(0.006)	0.031

The accompanying notes are an integral part of the condensed interim financial statements

VANSTAR MINING RESOURCES INC.

Unaudited condensed Interim Statement of Cash Flows
For the nine-month periods ended September 30, 2019 and 2018
(in Canadian dollars)

	2019	2018
	$	$
OPERATING ACTIVITIES		
Net income (loss)	(275,430)	1,303,233
Non-cash items of net income and comprehensive income:		
Share-based payments	94,200	78,340
Depreciation of equipment	886	889
Change in fair value of investments in shares of public companies	(1,250)	4,750
Gain on disposal of exploration and evaluation assets	-	(1,699,071)
Net change in non-cash items related to operating activities (Note 18)	47,839	(2,087,946)
Cash flows related to operating activities	(133,755)	(2,399,805)
INVESTMENT ACTIVITIES		
Proceeds from disposal of exploration and evaluation assets	-	2,150,000
Acquisition of intangible assets	(132,832)	-
Exploration credit	1,964	4,030
Cash flows related to investment activities	(130,868)	2,154,030
FINANCING ACTIVITIES		
Issuance of shares	461,190	216,000
Share issuance costs	-	(18,278)
Cash flows related to financing activities	461,190	197,722
Net increase in cash and cash equivalents	196,567	(48,053)
Cash and cash equivalents, beginning of period	76,969	236,556
Cash and cash equivalents, end of period (Note 7)	273,536	188,503
Additional information		
Interest received	37,375	307

The accompanying notes are an integral part of the condensed interim financial statements

1. GOVERNING STATUTES AND NATURE OF ACTIVITIES

The Company was incorporated under the Canada Business Corporations Act on May 4, 2007. Its activities consist in acquiring, exploring, valuing and developing mining properties. The Company has not yet determined whether these properties contain ore reserves that are economically recoverable.

The Company's registered office is located at 824, Taschereau Boulevard, La Prairie, Quebec, Canada. The Company's shares are listed on the TSX Venture Exchange under the symbol VSR.

2. GOING CONCERN

These condensed interim financial statements have been prepared on the going concern assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business.

Given that the Company has not yet found a mining property that contains economically recoverable ore reserves, the Company has not yet generated income or cash flows from its operations until now. As at September 30, 2019, the Company has a retained deficit of $2,281,156 ($2,005,726 as at December 31, 2018).

The Company's ability to continue its operations depends upon its ability to raise additional funds necessary to further explore its mining properties. Although the Company has successfully funded its exploration programs in the past, there is no guarantee that it will manage to obtain additional financing in the future. These significant uncertainties raise doubt upon the Company's ability to continue as a going concern.

The carrying amounts of assets, liabilities, revenues and expenses presented in the condensed interim financial statements and the classification used in the condensed interim financial statements of financial position have not been adjusted as would be required if the going concern assumption was not appropriate.

3. GENERAL INFORMATION

These condensed interim financial statements have been approved by the Board of Directors on November 13, 2019 and have not been audited or reviewed by the Company's external auditors. The monetary values are expressed in Canadian dollars. They have been prepared by the management of the Company in accordance with IAS 34 "Interim Financial Reporting" and do not contain all the information required for a complete set of financial statements prepared in accordance with IFRS and, for this purpose, must be read in conjunction with the audited annual financial statements and the accompanying notes for the period ended December 31, 2018.

4. SIGNIFICANT ACCOUTING POLICIES

The accounting policies applied by the Company are presented in note 4 of the audited annual financial statements for the period ended December 31, 2018.These accounting policies have been consistently applied to all the periods presented in the financial statements, except for the following elements, which have been applied on January 1, 2019. The application of these changes has no impact on the Company's results or financial position.

4.1 Adoption of new and revised standards and interpretations

IAS 12 – Income taxes:

The amendments clarify that the entity accounts for the tax consequences of dividends in net income, other comprehensive income or equity, according to original recognition of the transactions or events that generated distributable profits resulting in dividends.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.1 Adoption of new and revised standards and interpretations (cont'd)

IAS 23 - Borrowing Costs:

The amendments clarify that, when a qualified asset is ready for its intended use or sale, the entity must treat any outstanding borrowing costs contracted specifically for the purpose of securing the relevant asset as generally borrowed funds.

IFRS 9 - Financial Instruments:

Prepayment Features with Negative Compensation

This standard has been revised to incorporate amendments published by the International Accounting Standards Board (IASB) in October 2017. The amendments clarify that the financial assets that would fulfill the condition that their contractual cash flows correspond only to principal repayment and interest payments if it were not a clause of prepayment, may be measured as amortized cost or at fair value through other comprehensive income if the required conditions are met.

IFRS 16 - Leases:

This new standard sets out the principles for the recognition, measurement, presentation and disclosure of leases, as well as the information to be provided about them, from the respective views of the lessee and lessor.

The main features of the new standard are as follows:

• The entity identifies as a lease any contract that conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

• The lessee recognizes an asset representing the right to use the leased asset, and a liability for its obligation to make lease payments. Exceptions are provided for short-term leases or leases for which the underlying asset is of low value.

• The lease asset is initially measured at cost and then depreciated similarly to property, plant and equipment. The lease liability is initially measured at the present value of the rent payments that have not yet been paid.

• In the Statement of Net Income and Other Comprehensive Income, the lessee presents the interest expense on the lease liability separately from the depreciation of the right-of-use asset.

IFRIC 23- Uncertainty Over Income Tax Treatments:

The main features of IFRIC 23 are:

• The entity considers uncertain tax treatments separately or together with one or more other uncertain tax treatments, based on which approach better predicts the resolution of the uncertainty.

• Taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates are determined by the likelihood that the taxation authority will accept the uncertain tax treatment.

• The entity reassesses its judgments and estimates of uncertain tax treatment if the facts and circumstances change.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.2 Future Changes in Accounting Policies

At the date of authorization of these condensed interim financial statements, new standards and interpretations of existing standards and new amendments have been issued, but are not yet effective, and the Company has not adopted them early. The Company has not yet assessed the impact of these standards and amendments. Management expects that all pronouncements, not yet effective, will be adopted in the Company's accounting policies during the first financial year beginning after the effective date of each pronouncement.

5. JUDGMENTS, ESTIMATES AND ASSUMPTIONS

When preparing the financial statements in accordance with IFRS, management undertakes a number of judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results are likely to differ from the judgments, estimates and assumptions made by management, and will seldom equal the estimated results. These estimates are reviewed periodically and adjustments are made as needed to the results of the period in which they become known.

The main sources of uncertainties related to the estimates as well as the principal critical judgments of management applicable to these condensed interim financial statements are identical to those presented in the financial statements of the Company for the period ended December 31, 2018.

6. FINANCIAL INSTRUMENTS

Following the initial adoption of IFRS 9 in 2018, the Company updated its accounting policy as follows:

(i) Recognition and initial measurement

The Company initially recognizes a financial asset or financial liability on the date it becomes party to the contractual provisions of the instrument. Except for trade receivables that do not contain a significant financing component, a financial asset or financial liability is initially measured at fair value. If the financial asset or financial liability is not subsequently recognized at fair value through profit or loss, the initial measurement will include the transaction costs directly attributable to the acquisition or issue of the financial asset or financial liability. Trade receivables that do not contain a significant financing component are initially recognized at their transaction price.

(ii) Classification and subsequent measurement -non-derivative financial assets

On initial recognition, the Company classifies its financial assets as subsequently measured at amortized cost, fair value through other comprehensive income, or fair value through profit or loss on the basis of its business model for managing financial assets and contractual cash flow characteristics of the financial asset. Financial assets are not reclassified subsequently to initial recognition, unless the company changes its business model for managing the financial assets.

<u>Financial assets measured at fair value through other comprehensive income</u>

A financial asset is subsequently measured at fair value through other comprehensive income if:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest.

VANSTAR MINING RESOURCES INC.

Notes to Condensed Interim Financial Statements
For the nine-month period ended September 30, 2019
(in Canadian dollars)

6. FINANCIAL INSTRUMENTS (cont'd)

Financial assets measured at amortized cost

The Company classifies cash and cash equivalents, accrued interest receivable, other receivables and investment in the guaranteed investment certificate as financial assets measured at amortized cost. A financial asset is subsequently measured at amortized cost using the effective interest rate method, net of impairment losses, if:

- the asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest.

Interest income, foreign exchange gains or losses and impairment losses are recognized in profit or loss. Upon derecognition, all profits or losses are also recognized in profit or loss.

Financial assets measured at fair value through profit or loss

The Company classifies investments in shares of public companies in this category. All financial assets not classified as measured at amortized cost or fair value through other comprehensive income are measured at fair value through profit or loss. This includes all derivative financial assets. The Company may, at initial recognition, irrevocably designate a financial asset as being measured at fair value through profit or loss if that designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases.

These assets are subsequently measured at fair value, and gains or losses, including interest income or dividends, are recognized in profit or loss.

(iii) Classification and subsequent measurement – non-derivative financial liabilities

Financial liabilities measured at amortized cost

The Company currently classifies trade and other payables and convertible debentures as financial liabilities valued at amortized cost. A financial liability is subsequently measured at amortized cost using the effective interest rate method. Interest expense and foreign exchange gains or losses are recognized in profit or loss. Upon derecognition, all gains or losses are also recognized in profit or loss.

Financial liabilities measured at fair value through net income

A financial liability is classified as measured at fair value through profit or loss if it is held for trading, if it is a derivative financial liability, or if it is designated as such at the time of initial recognition. Financial liabilities at fair value through profit or loss are subsequently measured at fair value, and gains or losses, including interest expense, are recognized in profit or loss.

7. CASH AND CASH EQUIVALENTS

	September 30, 2019	December 31, 2018
	$	$
Cash in bank	273,536	76,969

A portion of the cash in bank is held in a savings account bearing interest at variable rates based on the base rate.

VANSTAR MINING RESOURCES INC.

Notes to Condensed Interim Financial Statements
For the nine-month period ended September 30, 2019
(in Canadian dollars)

8. INVESTMENTS

	September 30, 2019		December 31, 2018	
	Cost	Fair value	Cost	Fair value
	$	$	$	$
Guaranteed investment certificate expired in March 2019 and renewed on April 2, 2019 for one year, at annual rate of 2.1%.	2,000,000	2,000,000	2,000,000	2,000,000
50,000common shares of Vantex Resources Ltd. received for the retrocession of the option granted to Vanstar in connection with a mining project. As at September 30, 2019, Vanstar Mining Resources Inc. held 1,5% of Vantex Resources Ltd's issued shares.	62,500	10,000	62,500	6,250
100,000 common shares of Tomagold Corporation received for the transfer of a mining property. As at September 30, 2019,Vanstar Mining Resources Inc. held less than 1% of Tomagold Corporation's issued shares.	5,000	3,000	5,000	5,500
	2,067,500	2,013,000	2,067,500	2,011,750

9. EQUIPMENT

Computer equipment and office furniture:

Cost	$
Balance as at December 31, 2018 and September 30, 2019	5,156
Accumulated depreciation	
Balance as at January 1, 2019	3,127
Depreciation for the period	886
Balance as at September 30, 2019	4,013
Book value	**1,143**

VANSTAR MINING RESOURCES INC.

Notes to Condensed Interim Financial Statements
For the nine-month period ended September 30, 2019
(in Canadian dollars)

10. EXPLORATION AND EVALUATION ASSETS

Mining properties

The Nelligan mining property is located in Quebec.

	Mining claims	Royalties	Held	Cost December 31, 2018	Additions	Cost September 30, 2019
		%	%	$	$	$
Nelligan	158	*	49	163,655	-	163,655

* Royalties of 1% NSR on 21 mining claims of the Émile block will be paid in the case of commercial exploitation.

In February 2017, the Company signed an agreement with the original prospectors to redeem their 2% NSR royalty in exchange for the issuance of 1,200,000 common shares of the Company valued at $72,000 and a payment of $75,000. In May 2017, the agreement was amended so that the cash payment of $75,000 was replaced by the issuance of two convertible debentures of $37,500with a 36months-term, bearing interest at annual rate of 10%. Those debentures were converted into 340,908 common shares of the Company in April 2019 at a unit price of $0.22.

On February 22, 2018, the farm-out agreement of November 2014 allowing Iamgold Corporation to acquire up to 80% of the Nelligan property was amended. Thus, following a payment of $2,150,000 in February 2018, Iamgold Corporation owns 51% of the project, which now includes the Émile and Miron properties.

Iamgold Corporation may earn an additional 24% interest in the property for cash payments totaling $2,750,000 over a 4-year period, as well as the delivery of an ore reserves report by March 2022. An amount of $400,000 will be payable annually to Vanstar and will be deductible from the total amount of $2,750,000 to be received. Thus a payment of $400,000 was made to the Company in February 2019 by Iamgold Corporation.

If these conditions are met, 50% of the 2% NSR royalty on certain claims of the Nelligan property acquired from the original prospectors in February 2017, will be cancelled by Vanstar. In the event that Iamgold Corporation chooses not to earn the additional 24% interest, Vanstar may then redeem its 51% interest in the project by reimbursing the equivalent of the exploration expenses incurred until that date.

Furthermore, Iamgold Corporation will be able to obtain an additional 5% interest following the delivery of a feasibility study. Vanstar would then retain an undivided (non-contributory) interest of 20%. This interest could, however, be redeemed by Iamgold Corporation if desired, in return for the value established by an independent appraisal. If this option were applied, Vanstar would then retain a1.5% NSR royalty over the entire Nelligan project and retain its additional 1% NSR royalty that it also holds on the original cells.

VANSTAR MINING RESOURCES INC.

Notes to Condensed Interim Financial Statements
For the nine-month period ended September 30, 2019
(in Canadian dollars)

10. EXPLORATION AND EVALUATION ASSETS (cont'd)

Exploration expenses

	Cost December 31, 2018	Exploration credit	Additions	Disposition	Cost September 30, 2019
	$	$	$	$	$
Nelligan	271,183	1,964	-	-	269,219

Summary:

	September 30, 2019	December 31, 2018
	$	$
Mining properties	163,655	163,655
Exploration expenses	269,219	271,183
Total exploration and evaluation assets	432,874	434,838

11. INTANGIBLE ASSETS

	September 30, 2019	December 31, 2018
	$	$
Internally generated intangible asset	153,329	20,497

Development costs are incurred for the development and implementation of a multi-functional transactional platform related to sports and other activities. As at September 30, 2019, the intangible assets have not been depreciated because its development is in progress and it has not yet been put into service.

12. CONVERTIBLE DEBENTURES

In February 2017, the Company signed an agreement with the original prospectors of the Nelligan property to redeem their 2% NSR royalty in exchange for the issuance of 1,200,000 common shares of the Company and a payment of $75,000 to be made in April 2017. On May 1, 2017, the agreement was amended so that the cash payment of $75,000 was replaced by the issuance of two convertible debentures of $37,500 guaranteed by the 2% NSR royalty with a 36 months-term and bearing interest at the rate of 10% per annum, payable quarterly.

At any time, the debentures holders were able to convert a portion or the entire amount into common shares of Vanstar. If the conversion was made in the second or third year, the number of shares will then be determined on the basis of a minimum price of $0.10 per share or at quoted market price at the time of the conversion if that price is higher than $0.10.

In April 2019, the debentures holders requested the conversion of the debentures into shares. The Company then proceeded to issue 340,908 common shares at a unit price of $0.22.

VANSTAR MINING RESOURCES INC.

Notes to Condensed Interim Financial Statements
For the nine-month period ended September 30, 2019
(in Canadian dollars)

13. SHARE CAPITAL

Authorized: unlimited number of voting and participating common shares, without nominal value

Issued:	September 30, 2019	
	Number of shares	Amount
		$
Balance at beginning of the year	43,154,420	3,284,930
Warrants exercised	2,032,000	293,392
Stock options exercised	2,936,000	401,157
Conversion of debentures	340,908	75,000
Balance at the end of period	48,463,328	4,054,479

During the nine-month period ended September 30, 2019, a total of 1,950,000 warrants issued to shareholders were exercised for an amount of $195,000, which was recorded as share capital. The fair value of $86,067 attributed to these warrants has been added to the share capital.

During the nine-month period ended September 30, 2019, a total of 82,000 warrants issued to a broker were exercised for an amount of $8,200, which was recorded as share capital. The fair value of $4,125 attributed to these warrants has been added to the share capital.

During the nine-month period ended September 30, 2019, a total of 2,936,000 stock options were exercised, representing a total cashing of $257,990, which was recorded as share capital. The fair value of $143,167 allocated to these stock options has been added to the share capital.

14. WARRANTS

Warrants issued to shareholders

	Number	Amount	Exercise price
		$	
Outstanding at the beginning of the year	2,350,000	103,723	0,10
Exercised	(1,950,000)	(86,067)	0,10
Outstanding at the end of period	400,000	17,656	

VANSTAR MINING RESOURCES INC.

Notes to Condensed Interim Financial Statements
For the nine-month period ended September 30, 2019
(in Canadian dollars)

14. WARRANTS (cont'd)

Warrants issued to the broker

	Number	Amount	Exercise price
		$	$
Outstanding at the beginning of the year	82 000	4 125	0.10
Exercised	(82 000)	(4,125)	0.10
Outstanding at the end of the period	-	-	

15. EMPLOYEES REMUNERATION

	2019	2018
	$	$
Management fees paid to officers	42,500	48,333
Salaries paid to officers	126,638	85,741
	169,138	134,074

The services provided by the officers to the Company are paid as fees or salaries. No expenses related to employee benefits is incurred by the Company under a pension plan or group insurance.

16. SHARE-BASED PAYMENTS

The shareholders of the Company have approved a stock option plan (the "Plan") under which members of the Board of Directors may award stock options allowing its administrators, officers, employees and consultants to acquire common shares of the Company. The conditions and the exercise price of each stock option are determined by the members of the Board of Directors. The maximum number of common shares in the capital of the Company that may be reserved for allocation under the Plan is 9,552,665.

The total number of common shares reserved for the exercise of options in favor of the same person shall not exceed, in a 12-month period, more than 5% of the issued and outstanding common shares of the Company, calculated on the granted date.

The total number of common shares reserved for the exercise of options in favor of consultants and persons who provide investor relations services shall not exceed, in a 12-month period, more than 2% of issued and outstanding common shares of the Company, calculated on the granted date.

VANSTAR MINING RESOURCES INC.

Notes to Condensed Interim Financial Statements
For the nine-month period ended September 30, 2019
(in Canadian dollars)

16. SHARE-BASED PAYMENTS (cont'd)

The purchase price of the common shares, upon the exercise of each option granted under the Plan, will be the price determined for that option by the Board of directors or by the Committee at the time of each option granted, but that price may not be less than the "expected price". "Expected price" means the market price at the time of each option granted less a discount varying from 10% to 25%.The market price observed at the time of the grant is the closing price of the shares on the TSX Venture Exchange on the day before the grant.

Stock options may be exercised at any time and expire 180 days after the departure date of the holder in the case of directors and officers, and 30 days for consultants.

The fair value of the options granted during the period ended September 30, 2019 was estimated using the Black & Scholes pricing model using the following assumptions:

Share price at grant date	\$0.17- \$0.22
Exercise price	\$0.17 to \$0.235
Risk-free interest rate	1.47% - 1.59%
Expected volatility	90% - 92%
Share rate of return	none
Expected term	1 to 5 years

Stock options:

	Number	Amount	Weighted average exercise price
		\$	\$
Outstanding and exercisable at the beginning of the year	6,461,000	329,042	0.09
Exercised	(2,936,000)	(143,167)	0.09
Expired	(200,000)	(6,080)	0.12
Granted	1,000,000	94,200	0.21
Outstanding and exercisable at the end of the period	4,325,000	273,995	0.12

VANSTAR MINING RESOURCES INC.

Notes to Condensed Interim Financial Statements
For the nine-month period ended September 30, 2019
(in Canadian dollars)

16. SHARE-BASED PAYMENTS (cont'd)

The following table summarizes information on stock options outstanding as at September 30, 2019:

Exercise price	number	Expiration date
$		
0.17	300,000	March 2020
0.235	200,000	March 2020
0.10	400,000	April 2020
0.05	200,000	October 2020
0.055	400,000	January 2021
0.07	75,000	January 2021
0.06	150,000	April 2021
0.06	200,000	January 2022
0.12	700,000	March 2022
0.08	200,000	November 2022
0.08	200,000	May 2023
0.12	800,000	August 2023
0.22	500,000	September 2024

17. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the net income for the period divided by the weighted average number of common shares outstanding during the period. In calculating the earnings per share, the potential common shares, such as stock options, warrants and the subsequent conversion of convertible debentures have not been taken into consideration.

	2019	2018
Weighted average number of common shares	47,212,359	41,906,253
Net income (loss)	(275,430)	1,303,233
Basic net income (loss) per common share	(0.006)	0.031

18. ADDITIONAL CASH FLOW INFORMATION

a) Net change in non-cash items related to operating activities:

	2019	2018
	$	$
Guaranteed investment certificate	-	(2,000,000)
Accrued interest receivable	6,370	(18,370)
Goods and services taxes receivable	(20,983)	(4,547)
Other receivables	(4,722)	(3,105)
Prepaid expenses	47,372	(64,578)
Trade and other payables	19,802	2,654
	47,839	(2,087,946)

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18. ADDITIONAL CASH FLOW INFORMATION (cont'd)

(b) Elements without impact on cash and cash equivalents:

	2019	2018
	$	$
Attributed value to warrants issued	-	129,875
Broker's remuneration paid through issuance of common shares		10,685
Attributed value to warrants exercised	90,192	-
Attributed value to stock options exercised	143,167	-

19. FAIR VALUE OF FINANCIAL INSTRUMENTS

Classification of financial assets and liabilities

The carrying amount and fair value of the financial instruments presented in the statement of financial position are detailed as follows:

	September 30, 2019		December 31, 2018	
	Carrying amount	Fair value	Carrying amount	Fair value
	$	$	$	$
Financial assets				
Measured at amortized cost:				
Cash and cash equivalents	273,536	273,536	76,969	76,969
Guaranteed investment certificate	2,000,000	2,000,000	2,000,000	2,000,000
Accrued interest receivable	21,000	21,000	27,370	27,370
Other receivables	14,951	14,951	10,229	10,229
Measured at fair value through profit or loss:				
Investment in shares of public companies	67,500	13,000	67,500	11,750
Financial liabilities				
Measured at amortized cost:				
Trade and other payables	65,192	65,192	45,390	45,390
Convertible debentures	-	-	75,000	75,000

The carrying amount of cash and cash equivalents, the guaranteed investment certificate, accrued interest receivable, other receivables and trade and other payables is considered a reasonable approximation of fair value due to the short-term maturities of these instruments.

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19. FAIR VALUE OF FINANCIAL INSTRUMENTS (cont'd)

Financial instruments measured at fair value

Financial assets and liabilities measured at fair value in the statement of financial position are classified in accordance with the hierarchy of fair value measurement. This hierarchy classifies financial assets and liabilities into three levels based on the importance of the data used in measuring the fair value of financial assets and liabilities. The hierarchy levels of the fair value measurement are as follows:

– Level 1: quoted prices (unadjusted) observed in active markets for identical assets or liabilities;

– Level 2: inputs, other than quoted prices referred to in level 1, that are observable for the asset or liability, either directly or indirectly;

– Level 3: important asset or liability inputs, that are not based on observable market data.

The level in which the liability or financial asset is classified is determined by the lowest-level information that is significant in relation to the fair value measurement.

Shares of public companies, measured at fair value in the statement of financial position as at September 30, 2019, are classified in Level 1.

There was no transfer between the levels during the periods of financial reporting. The methodology and valuation techniques used to measure fair values remained unchanged compared to previous periods of financial reporting.

20. RELATED PARTY TRANSACTIONS

During the nine-month period ended September 30, 2019 and 2018, the Company made the following transactions with some of its officers and directors. These operations were concluded on the same terms as the current operations with unrelated third parties. They took place in the normal course of business and were measured at the exchange value, which is the compensation established and accepted by the related parties.

	2019 $	2018
As operating expenses:		
Salaries paid to officers	126,638	85,741
Management fees paid to officers	42,500	48,333
Consulting fees paid to a company owned by a director	28,540	-
Stock options granted to directors and officers	67,200	63,140
Rent paid to an officer	5,400	5,400
Other receivables:		
Companies controlled by an officer	9,314	-

21. CAPITAL MANAGEMENT DISCLOSURES

The Company defines its capital by equity, including the stock option plan. The capital is therefore $2,770,890 as at September 30, 2019 compared to $2,415,930 as at December 31, 2018. The increase of $354,960 corresponds to the net loss for the period (excluding share-based payments) and the issuance of share capital.

The Company's objective in managing capital is to preserve its ability to continue as a going concern, as well as its mineral property acquisition and exploration programs. It manages its capital structure and makes adjustments based on the economic conditions and risk characteristics of the underlying assets. In order to maintain or modify the structure of its capital, the Company may issue new shares, acquire or sell mining properties to improve flexibility and financial performance.

The capital of the Company consists of equity. In order to effectively manage the entity's capital requirements, the Company has set up a planning and budgeting process to help it determine the funds required and ensure that the Company has sufficient liquidity to meet the objectives of operations and growth. The Company is not subject, under external rules, to capital requirements unless the Company closes a flow-through financing for which funds must be reserved for exploration expenses.

The Company's objectives, policies and procedures for managing capital have not changed since January 1, 2019.

22. FINANCIAL RISK MANAGEMENT

Financial risks

The Company is exposed through its financial instruments to various financial risks resulting from both its operations and its investment activities. Financial risk management is carried out by the Company’s management. Exposure to financial risks and the management of these risks are identical to the year 2018.

The Company does not enter into contracts for financial instruments, including financial derivatives, for speculative purposes.

Market risk:

The Company is exposed to risks from changes in interest rates and market prices affecting its financial assets and liabilities.

Interest rate risk:

The Company is exposed to interest rate risk on its fixed interest rate and variable interest rate financial instruments. Fixed-interest financial instruments subject the Company to fair value risk while variable rate financial instruments expose it to a risk of changes in cash flows. For variable rate financial assets, a periodic re-estimation of cash flows to reflect fluctuations in market interest rates changes the effective interest rate. Due to the non-significant variations and low market interest rates, the Company considers that the interest rate risk arising from these financial instruments is minimal.

Price risk:

The Company is exposed to market risk in relation to the price of gold. It is also exposed to fluctuations in the market price relative to its investments in public companies.

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22. FINANCIAL RISK MANAGEMENT (cont'd)

Credit risk:

Credit risk is the risk that one of the parties to a financial instrument is lacking in one of its obligations and therefore causes the other party to suffer a financial loss. Cash and cash equivalents, investment certificates and other receivables are the Company's financial instruments that are potentially subject to credit risk. The Company reduces credit risk by investing cash and cash equivalents as well as investment certificates in a recognized Canadian Chartered Bank. For other receivables, the risk is considered minimal.

Liquidity risk:

Liquidity risk management aims to maintain a sufficient amount of cash and cash equivalents to ensure that the Company has the necessary funds to meet its obligations and continue its exploration programs. To manage this liquidity risk, the Company prepares budget and cash forecasts to determine its financing needs.

When the Company expects to be unable to fulfill its obligations, management then intends to raise additional funds through the issuance of shares or debts. If management fails to obtain new funds, then the Company may be unable to continue its operations.

As at September 30, 2019, the Company's management believes that its liquidity is sufficient to cover its financial liabilities and future liabilities related to its commitments.

23- COMMITMENTS

- *Royalties:*

Royalties of 1% NSR will be paid in the event that a commercial operation starts on 21 cells of the Emile block which is part of the Nelligan project.

-*Agreement with Iamgold Corporation:*

(1) On 22 February 2018, the farm-out agreement of November 2014 allowing Iamgold Corporation to acquire up to 80% of the Nelligan property was amended. Thus, following a payment of $2,150,000 in February 2018, Iamgold Corporation owns 51% of the project, which now includes the Émile and Miron properties.

2) Iamgold Corporation may earn an additional 24% interest in Nelligan property for cash payments totalizing $2,750,000 over a four-year period, as well as the delivery of an ore reserves report before March 2022. An amount of $400,000 will be payable annually to Vanstar and will be deductible from the total amount of $2,750,000 to be received. If these conditions are met, 50% of the 2% NSR royalty on certain claims of the Nelligan property acquired from the original prospectors in February 2017, will be cancelled by Vanstar. In the event that Iamgold Corporation chooses not to acquire the additional interest of 24%, Vanstar may then redeem its 51% interest in the project by reimbursing the equivalent of the exploration expenses incurred until that date.

3) Iamgold Corporation may obtain an additional 5% interest following the delivery of a feasibility study. Vanstar would then retain an undivided (non-contributory) interest of 20%. This interest could, however, be redeemed by Iamgold Corporation if desired, in exchange for the value established by an independent appraisal. If Iamgold Corporation applied this option, Vanstar would then retain a1.5% NSR royalty over the entire Nelligan project and retain its additional 1% NSR royalty held on the original cells.

23. COMMITMENTS (cont'd)

-Termination benefits:

The employment contract between the Chief Executive Officer and the Company, contains an indemnity clause in the event of termination or change in company's control. If the termination of employment without cause or change of control involving significant changes in the duties assigned to the officer concerned had occurred on September 30, 2019, the amount payable would have been $250,000. In the case of a termination of employment with serious motive, no compensation would be paid. The said employment contract also contains a clause granting an annual performance bonus determined by the Board of Directors, up to a maximum of 50% of the salary paid.

The contract also provides for a $150,000 payment to the Chief executive officer in the event of the reception by the Company of a 43-101 resource report on the Nelligan project confirming at least 150,000 ounces of gold. In addition, in the event that the Nelligan project goes into production, a sum of $0.60 per ounce of gold produced will be paid by the Company to the officer.

24. CONTINGENCIES

The Company's operations are governed by governmental laws and regulations regarding environmental protection. The environmental consequences are difficult to identify, whether it is in terms of the results, its maturity or its impact. Currently, to the best of its management's knowledge, the Company operates in compliance with the laws and regulations currently in force. The costs that may result from site restoration will be accounted for in the results of the year in which a reasonable assessment can be made.

The Company is partially financed through the issuance of flow-through shares. However, there is no guarantee that the funds expended by the Company will qualify as Canadian exploration expenses, even if the Company is committed to take all necessary measures to that effect.

25.SUBSEQUENT EVENTS

- In October 2019, the Company received an amount of $49,000 resulting from the exercise of 425,000 stock options by an officer and two consultants.

- In October 2019, the Company received an amount of $15,000 resulting from the exercise of 150,000 warrants by a consultant.