GOLDEN STAR ENTERPRISES LTD.

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2015

(UNAUDITED)

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GOLDEN STAR ENTERPRISES LTD.
CONSOLIDATED BALANCE SHEETS
(Unaudited)

	December 31, 2015	December 31, 2014
ASSETS		
CURRENT ASSETS		
Cash	$ 520	$ 1,428
Accounts Receivable	10,899	90
Inventory	12,735	4,746
TOTAL CURRENT ASSETS	24,154	6,264
AVAILABLE FOR SALE SECURITES – related parties	727	2,896
INVESTMENT IN WEE-CIG INTERNATIONAL CORPORATION	1,139,101	-
INTANGIBLE ASSETS –Vapor Spirits - net of amortization of $44,000 (2014- $28,000) and adjusted cost base for disposition of $1,156,000 (2014- $Nil)	-	1,172,000
INTANGIBLE ASSETS – Drones – net of amortization of $28,090 (2014 - $Nil)	814,510	-
OTHER INTANGIBLE ASSETS	-	200,119
TOTAL ASSETS	$ 1,978,492	$ 1,381,279
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITES		
Accounts payable and accrued liabilities	$ 61,091	$ 62,822
Due to related parties	249,080	151,771
TOTAL CURRENT LIABILITIES	$ 310,171	$ 214,593
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY		
Common stock, $0.0001 par value, 500,000,000 shares authorized Issued and outstanding:		
99,105,241 (2014 – 51,480,241) common shares	9,911	5,148
Additional paid-in capital	20,903,384	20,017,422
Deferred compensation	(42,110)	(3,750)
Accumulated deficit	(19,200,329)	(18,851,768)
Accumulated other comprehensive income (loss)	(2,535)	(366)
TOTAL STOCKHOLDERS' EQUITY	1,668,321	1,166,686
TOTAL LIABILITIES AND STOCKHOLDER EQUITY	$ 1,978,492	$ 1,381,279

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

GOLDEN STAR ENTERPRISES LTD.
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Year Ended December 31, 2015	Year Ended December 31, 2014
REVENUES		
Vapor Spirit Novelty Products	$ 7,726	$ 47,534
Drones	49,135	-
TOTAL REVENUES	56,861	47,534
COST OF SALES		
Vapor Spirit Novelty products	1,437	11,658
Drones	27,250	-
TOTAL COST OF SALES	28,687	11,658
GROSS PROFIT (LOSS)	27,994	35,876
GENERAL & ADMINISTRATIVE EXPENSES		
Consulting fees	18,777	24,882
Amortization	44,090	28,000
Investor relations	4,020	6,583
Office and general	65,685	69,169
Professional fees	13,446	16,500
Loss on settlement of debt	-	90,000
Travel and accommodation	13,519	13,954
TOTAL GENERAL AND ADMINISTRATIVE EXPENSES	159,537	250,688
OTHER INCOME (EXPENSES)		
Gain/(Loss) on sale of securities	-	2,011
Gain/(Loss) on Sale of License	81,500	-
Equity Gain/(Loss) from Wee-Cig International Corporation	(98,399)	-
Write-off of Terralene Fuels Project	(200,119)	-
TOTAL OTHER INCOME (EXPENSES)	(217,018)	2,011
LOSS BEFORE INCOME TAXES		(212,801)
Income Tax Provision	-	-
NET LOSS	$ (348,561)	$ (212,801)
BASIC & DILUTED LOSS PER COMMON SHARE	$ (0.00)	$ (0.01)
BASIC & DILUTED WEIGHTED AVERAGE COMMON SHARES	83,527,501	36,543,255

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

GOLDEN STAR ENTERPRISES LTD.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT)
(Unaudited)

	Common Stock Number of Shares	Common Stock Amount	Additional Paid-in Capital	Deferred Compensation (Note 6)	Accumulated Deficit	Accumulated Other Comprehensive Loss	Stockholders' Equity (Deficiency)
Balance, December 31, 2013	5,480,241	548	18,612,022	(25,417)	(18,638,967)	27,235	(24,579)
April 22, 2014 – shares issued for licensing agreement at $0.03	40,000,000	4,000	1,196,000	-	-	-	1,200,000
June 11, 2014 – shares issued for debt agreements at $0.02	6,000,000	600	119,400	-	-	-	120,000
Interest portion of debt settlement	-	-	90,000	-	-	-	90,000
Unrealized (loss) gain on available-for-sale securities	-	-	-	-	-	(27,601)	(27,601)
Deferred compensation expense				21,667	-	-	21,667
Net Loss	-	-	-	-	(212,801)	-	(212,801)
Balance, December 31, 2014	51,480,241	5,148	20,017,422	(3,750)	(18,851,768)	(366)	1,166,686
April 9, 2015 – shares issued for drone agreement at $0.04 less related party portion of $677,400.	38,000,000	3,800	838,800	-	-	-	842,600
September 24, 2015 – shares issued for deferred compensation agreements at $0.005	9,625,000	963	47,162	(48,125)	-	-	-
Unrealized (loss) gain on available-for-sale securities	-	-	-	-	-	(2,169)	(2,169)
Deferred compensation expense				9,765	-	-	9,765
Net Loss	-	-	-	-	(348,561))	-	(348,561)
Balance, December 31, 2015	99,105,241	9,911	20,903,384	(42,110)	(19,200,329)	(2,535)	1,668,321

The accompanying notes are part of these consolidated financial statements

GOLDEN STAR ENTERPRISES LTD.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Year ended December 31, 2015	Year ended December 31, 2014
OPERATING ACTIVITIES		
Net loss	$ (348,561)	$ (212,801)
Adjustments to reconcile net loss to net cash used in operating activities:		
Amortization and Depreciation	44,090	28,000
Fees and services paid for with shares	9,765	21,666
Loss on settlement of debt	-	90,000
(Gain)/ Loss on sale of marketable securities	-	(2,011)
(Gain)/ Loss on sale of license	(81,500)	-
Equity Loss from Wee-Cig international Corporation	98,399	-
Write-off of Terralene Fuels Project	200,119	-
Net changes in operating assets and liabilities	(12,540)	1,102
Inventory	(7,989)	(4,746)
CASH FLOWS (USED IN) OPERATING ACTIVITIES	(98,217)	(78,790)
INVESTING ACTIVITIES		
Net proceeds from sale of securities – related parties	-	2,011
CASH FLOWS (USED IN) INVESTING ACTIVITIES	-	2,011
FINANCING ACTIVITIES		
Net advances (to)/ from related parties	97,309	78,072
CASH FLOWS PROVIDED BY FINANCING ACTIVITIES	97,309	78,072
NET (DECREASE) INCREASE IN CASH	(908)	1,293
CASH, BEGINNING OF YEAR	1,428	135
CASH , END OF YEAR	$ 520	$ 1,428

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

GOLDEN STAR ENTERPRISES LTD.

CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE LOSS

(Unaudited)

	For the years ended December 31, 2015	2014
NET LOSS	$ (348,561)	$ (212,801)
Unrealized gains (losses)on related party securities	(2,169)	(27,601)
TOTAL OTHER COMPREHENSIVE		
INCOME (LOSS), net of tax	(2,169)	(27,601)
COMPREHENSIVE (LOSS)	$ (350,730)	$ (240,402)

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

NOTE 1- NATURE OF OPERATIONS

Golden Star Enterprises Ltd., (formerly Terralene Fuels Corporation) (The "Company") was incorporated on September 13, 1993 in the State of Delaware as Power Direct, Inc. On January 31, 2000 the Company changed its name to 2U Online.com Inc. to reflect management's decision to shift the Company's focus from oil and gas exploration and development to internet-based business development. On October 8, 2003, the Company changed its name to Golden Spirit Minerals Ltd. to reflect management's decision to shift the Company's focus from internet-based business development to mineral exploration. On October 19, 2004, the Company changed its name to Golden Spirit Mining Ltd. On July 18, 2005, the Company changed its name to Golden Spirit Gaming Ltd. to reflect management's decision to develop an online gaming business. The launch of the updated goldenspiritpoker.com website featuring real cash games, in addition to play money games, occurred in January 2006. By agreement dated July 18, 2005 as amended September 20, 2005 (the "Amended Agreement"), the Company agreed to acquire 100% of the issued and outstanding common shares of 4 Of A Kind Enterprises ("4KE") doing business as EverythingAboutPoker.com for consideration of 1,388,889 post-reverse split restricted shares of the Company's common stock which were placed in trust pending finalization of the agreement. Effective June 30, 2006, the Company completed a 1 for 18 reverse stock split (refer Note 7) and changed its name to Golden Spirit Enterprises Ltd. to reflect the Company's plan to expand its operations to include the marketing of other products and venues not related to gaming including an agreement with Eneco Industries to participate in a series of Municipal Solid Waste (garbage) fueled Recycling and Resource Recovery Plants. In addition, the Company signed an agreement with Global Terralene Inc. for the acquisition of all assets pertaining to Terralene Fuels.(refer to Note 4). On November 29, 2011, the Company changed its name to Terralene Fuels Corporation. On May 14, 2013, the Company filed a form 15-12G, securities registration termination with the U.S. Securities and Exchange Commission. The Company continues to report and trade on the "OTC Pinks" under the same symbol GSPT. Effective July 15, 2013, the Company completed a 1 for 40 reverse stock split and changed its name to Golden Star Enterprises Ltd. under the same symbol "GSPT". On April 4, 2014, the Company signed a Licensing Agreement with Vapor Spirit International Corporation (Vapor Spirit), a Nevada company in the alcohol vaporization product industry. The Company sold the license in April, 2015 for a 49.5% equity interest in a Company with common directors. On March 27, 2015, the Company signed a Licensing Agreement with North American Drones Enterprise Inc. ("NA Drones"), a Nevada company in the drones industry. The Company is now in the business of marketing and distributing drones to a wide range of potential users in various industries and business sectors.

Going Concern

The consolidated financial statements have been prepared on the basis of a going concern which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The Company has incurred losses since inception of $19,200,329 and at December 31, 2015 had a working capital deficiency of $286,017. The recoverability of the carrying value of assets and the ability of the Company to continue as a going concern is dependent on raising additional capital and ultimately on generating future profitable operations. The Company has entered into a licensing agreement to sell a branded line of

NOTE 2- BASIS OF PRESENTATION

Drone products with developed packaging, accessories and promotional materials for the purposes of its sale to a wide range of potential users in various industry and business sectors.

There can be no assurance that the Company will be able to raise the necessary funds when needed to finance its ongoing costs. Given the Company's limited operating history, lack of sales, and its operating losses, there can be no assurance that it will be able to achieve or maintain profitability. The Company intends to fund the marketing of its business with both equity financing and joint venture opportunities, although there are no assurances these opportunities will be successful. Accordingly, these factors raise substantial doubt regarding the ability of the Company to continue as a going concern.

Principles of Consolidation

The financial statements include the accounts of the Company and its subsidiaries, a 100% interest in PD Oil & Gas, Inc. (inactive), and a 100% interest in Cardstakes.com Enterprises Ltd. (inactive).

Use of Estimates and Assumptions

Preparation of the Company's financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. The significant areas requiring management's estimates and assumptions relate to determining the fair value of stock-based compensation, fair value of shares issued for services and the acquisitions and useful lives of long-lived assets.

Foreign Currency Translation

The financial statements are presented in United States dollars. In accordance with Statement of Financial Accounting Standards ("SFAS") No. 52, "Foreign Currency Translation", foreign denominated monetary assets and liabilities are translated to their United States dollar equivalents using foreign exchange rates that prevailed at the balance sheet date. Non-monetary assets and liabilities are translated at exchange rates prevailing at the transaction date. Revenue and expenses are translated at average rates of exchange during the year. Related translation adjustments are reported as a separate component of stockholders' equity, whereas gains or losses resulting from foreign currency transactions are included in results of operations.

Available For Sale Securities – Related Party

The Company holds marketable equity securities which are available-for-sale and as such, their carrying value is adjusted to market at the end of each reporting period. Unrealized gains and losses on these investments are recorded as a component of accumulated other comprehensive income (loss) and are recorded as a component of net income (loss) when realized. However, if there is a permanent decline in the market value of available-for-sale securities, this permanent market value adjustment is taken into income in the period.

Concentration of Credit Risk

Cash in bank accounts are at risk to the extent that they exceed U.S. Federal Deposit Insurance Corporation and Canadian Deposit Insurance Corporation insured amounts. To minimize risk, the Company places its cash with high credit quality institutions. All cash is deposited in one prominent Canadian financial institution.

NOTE 2- BASIS OF PRESENTATION (cont'd.)

Fair Value of Financial Instruments

The Company's financial instruments include cash, receivables, available-for-sale securities, accounts payable and accrued liabilities, amounts due to and due to related parties. Management believes the fair values of these financial instruments approximate their carrying values due to their short-term nature.

The Company adopted ASC Topic 820-10 for all financial assets and liabilities and non financial assets and liabilities that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually). SFAS No. 157 defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. ASC Topic 820-10 defines fair value as the price that would be received upon sale of an asset or paid upon transfer of a liability in an orderly transaction between market participants at the measurement date and in the principal or most advantageous market for that asset or liability. The fair value should be calculated based on assumptions that market participants would use in pricing the asset or liability, not on assumptions specific to the entity. In addition, the fair value of liabilities should include consideration of non-performance risk including our own credit risk.

In addition to defining fair value, ASC Topic 820-10 expands the disclosure requirements around fair value and establishes a fair value hierarchy for valuation inputs. The hierarchy prioritizes the inputs into three levels based on the extent to which inputs used in measuring fair value are observable in the market. Each fair value measurement is reported in one of the three levels, which is determined by the lowest level input that is significant to the fair value measurement in its entirety. These levels are:

* Level 1 – inputs are based upon unadjusted quoted prices for identical instruments traded in active markets.
* Level 2 – inputs are based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
* Level 3 – inputs are generally unobservable and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability. The fair values are therefore determined using model-based techniques that include option pricing models, discounted cash flow models, and similar techniques

In general, and where applicable, we use quoted prices in an active market for marketable securities that are traded on exchanges. These marketable securities are included in Level 1.The application of the three levels of the fair value hierarchy under Topic 820-10-35 to our assets and liabilities are described below:

	Fair Value Measurements			
	Level 1	Level 2	Level 3	Total Fair Value
Assets				
Cash	$ 520	$ -	$ -	$ 520
Accounts Receivable	10,899			10,899
Inventory	12,735			12,735
Available securities	727	-	-	727
Intangible Assets	-	-	1,953,611	1,953,611
Total	$ 9,160	$ -	$ 1,953,611	$ 1,978,492
Liabilities				
Current and long-term debt	$ 310,171	$ -	$ -	$ 310,171
Total	$ 310,171	$ -	$ -	$ 310,171

Intangible Assets

Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 350, "Intangibles-Goodwill and Other" requires that goodwill and intangible assets with indefinite useful lives no longer be amortized, but instead tested for impairment at least annually in accordance with the provisions of ASC 350. This standard also requires that intangible assets with definite useful lives be amortized over their respective estimated useful lives to their estimated residual values, and reviewed for impairment. The Company's intangible assets consist of the acquisition of patents and other proprietary information of Terralene Fuels, a patented fuel alternative formulation which began in 2010 and was completed in February 2012. The Company determined that the intangibles have indefinite useful lives and will be reviewed annually for impairment. (see Note 5).

The Company's other intangible assets include a Licensing Agreement with North American Drones Enterprise Inc. ("NA Drones"), a Nevada company in the drones industry. The Company has been granted the licensing right to manufacture and market the entire NA Drones product line in North America and in exchange, the Company will issue 38,000,000 restricted common shares of the Company's common stock to NA Drones and/or its nominees valued at $1,520,000 less a related party portion of $677,400 being eliminated from the transaction for a net value of $842,600. The Company was also entitled to any revenues generated from the sale of drone products by NA Drones for the month of March, 2015. The Company determined that the intangibles have an estimated useful life of 25 years and will be reviewed annually for impairment. Amortization will be recorded over the estimated useful life of the assets using the straight-line method for financial statement purposes. The Company commenced amortization when the economic benefits of the assets began to be consumed in March, 2015. Other intangibles are carried at acquisition cost less accumulated amortization. Amortization is provided over the estimated useful lives of the assets on straight line basis per annum.
(see Note 5).

Income Taxes

The Company follows the liability method of accounting for income taxes. Under this method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax balances. Deferred tax assets and liabilities are measured using enacted or substantially enacted tax rates expected to apply to the taxable income in the years in which those differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the date of enactment or substantive enactment. A valuation allowance is provided for deferred tax assets if it is more likely than not that the Company will not realize the future benefit, or if the future deductibility is uncertain.

Loss per Common Share

Basic loss per share is computed by dividing net loss available to common shareholders by the weighted average number of outstanding common shares during the period. Diluted loss per share gives effect to all dilutive potential common shares outstanding during the period including stock options, using the treasury method. Dilutive loss per share excludes all potential common shares if their effect is anti-dilutive.

Long-term Investments

The Company follows the equity method of accounting for its investments in companies in which it owns more than 20%and less than 50% and over which it exercises significant influence. Under this method, the Company includes its share of the earnings or losses of these affiliated companies .

NOTE 2- BASIS OF PRESENTATION (cont'd.)

Inventory
Inventories consist of merchandise held for sale in the ordinary course of business, including cost of freight and other miscellaneous acquisition costs, and are stated at the lower of cost, or market determined on the first-in-first-out basis. The Company records a write-down for inventories, which have become obsolete or are in excess of anticipated demand or net realizable value. The Company performs a detailed review of inventory each period that considers multiple factors including demand forecasts, market conditions, product life cycle status, product development plans and current sales levels. If future demand or market conditions for the Company's products are less favorable than forecasted or if unforeseen changes negatively affect the utility of the Company's inventory, it may be required to record additional write-downs, which would negatively affect gross margins in the period when the write-downs are recorded. If actual market conditions are more favorable, the Company may have higher gross margins when products incorporating inventory that were previously written down are sold.

Revenue Recognition
Sales are recognized upon purchase by customers at our product facility. All sales at our product facility are final, allowing for no sales returns. As at December 31, 2015, $10,899 (2014- $90) is in accounts receivable from the sale of drone products.

Recent Accounting Pronouncements
On June 10, 2014, the Financial Accounting Standards Board ("FASB") issued update ASU 2014-10, Development Stage Entities (Topic 915). Amongst other things, the amendments in this update removed the definition of development stage entity from Topic 915, thereby removing the distinction between development stage entities and other reporting entities from US GAAP. In addition, the amendments eliminate the requirements for development stage entities to (1) present inception-to-date information on the statements of income, cash flows and shareholders' equity, (2) label the financial statements as those of a development stage entity; (3) disclose a description of the development stage activities in which the entity is engaged and (4) disclose in the first year in which the entity is no longer a development stage entity that in prior years it had been in the development stage. The amendments are effective for annual reporting periods beginning after December 31, 2014 and interim reporting periods beginning after December 15, 2015, however entities are permitted to early adopt for any annual or interim reporting period for which the financial statements have yet to be issued. The Company has elected to early adopt these amendments and accordingly have not labeled the financial statements as those of a development stage entity and have not presented inception-to-date information on the respective financial statements.

In August 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Updates (ASU) 2014-15 requiring an entity's management to evaluate whether there are conditions or events, considered in aggregate, that raise substantial doubt about entity's ability to continue as a going concern within one year after the date that the financial statements are issued (or within one year after the date that the financial statements are available to be issued when applicable). The amendments in this Update are effective for the annual period ending after December 15, 2016, and for annual periods and interim periods thereafter. Early application is permitted. The Company has not elected to early adopt this pronouncement.

In April 2015, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2015-03, "Interest - Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs" ("ASU 2015-03"). ASU 2015-03 amends the existing guidance to require that debt issuance costs be presented in the balance sheet as a deduction from the carrying amount of the related debt liability instead of as a deferred charge. ASU 2015-03 is effective on a retrospective basis for annual and interim reporting periods beginning after December 15, 2015, but early adoption is permitted. The Company has adopted this pronouncement.

NOTE 3 – AVAILABLE–FOR-SALE SECURITIES – RELATED PARTIES

Bravo Enterprises Ltd.

The Company owns common shares of Bravo Enterprises Ltd. ("Bravo"), a public company with directors and significant shareholders in common that does represent a position of significant influence over Bravo. During 2007 the Company recorded an unrealized loss in the carrying value of its available-for-sale securities totaling $3,775, which was recorded as other comprehensive income (loss). During the year ended December 31, 2008, the Company recorded an unrealized loss in the carrying value of its available-for-sale securities totaling $5,612 which was recorded as other comprehensive income (loss). During the year ended December 31, 2009, the Company sold 50,000 shares resulting in a realized loss of $(780) and recorded an unrealized loss in the carrying value of its available-for-sale securities totaling $5,138, which was recorded as other comprehensive income. During the year ended December 31, 2010, the Company received 700,300 restricted shares of Bravo valued to $7,003 pursuant to a debt settlement and sold Nil Bravo shares. The Company recorded an unrealized loss in the carrying value of its available-for-sale securities totaling $2,541, which was recorded as other comprehensive income (loss). As a result, the carrying value of the available for sale shares of Bravo is $4,504 as at December 31, 2010.

During the year ended December 31, 2011, the Company sold Nil Bravo shares and recorded an additional unrealized loss of $ (3,097). As a result, the carrying value of the available for sale shares of Bravo is $1,407 as at December 31, 2011. Effective December 31, 2011, the Company recorded a $1,689 write-down of its investment in Bravo due to an other-than-temporary decline in the value of the shares.

During the year ended December 31, 2012, the Company sold Nil Bravo shares and recorded an additional unrealized gain of $ 6,158. As a result, the carrying value of the available for sale shares of Bravo is $7,565 as at December 31, 2012.

During the year ended December 31, 2013, the Company sold Nil Bravo shares and recorded an additional unrealized loss of $ 528. As a result, the carrying value of the available for sale shares of Bravo is $7,037 as at December 31, 2013.

During the year ended December 31, 2014, the Company sold Nil Bravo shares and recorded an additional unrealized loss of $(6,996) to December 31, 2014. As a result, the carrying value of the available for sale shares of Bravo is $42 as at December 31, 2014.

During the year ended December 31, 2015, the Company sold Nil Bravo shares and recorded no additional unrealized gain or loss to December 31, 2015. As a result, the carrying value of the available for sale shares of Bravo remains at $42 as at December 31, 2015.

Wee-Cig International Corporation

The Company owns common shares of Wee-Cig International Corporation ("Wee-Cig"), a public company with directors and significant shareholders in common, that does represent a position of significant influence over Bravo. During 2007 the Company recorded an unrealized gain in the carrying value of its available-for-sale securities totaling $590,993. During the year ended December 31, 2008, the Company acquired 23,200 shares valued at $19,532 sold 99,400 shares resulting in a realized gain of $28,645(net of commissions of $2,132) and recorded an unrealized gain in the carrying value of its available-for-sale securities totaling $275,121, which was recorded as other comprehensive income. During the year ended December 31, 2009, the Company sold 301,600 shares resulting in a realized gain of $180,398 and recorded an other-than-temporary loss in the carrying value of its available-for-sale securities totaling $34,001.

NOTE 3 – AVAILABLE–FOR-SALE SECURITIES – RELATED PARTIES (cont'd)

During the year ended December 31, 2010, the Company the Company received 1,451,360 restricted shares of Wee-Cig valued to $72,568 pursuant to a debt settlement and sold Nil Wee-Cig shares. The Company recorded an other-than-temporary loss in the carrying value of its available-for-sale securities totaling $47,069. As a result, the carrying value of the available for sale shares of Wee-Cig is $37,535 as at December 31, 2010.
During the year ended December 31, 2011, the Company sold Nil Wee-Cig shares and recorded an additional unrealized loss of $ (33,781). As a result, the carrying value of the available for sale shares of Wee-Cig is $3,754 as at December 31, 2011. Effective December 31, 2011, the Company recorded a $32,843 write-down of its investment in Wee-Cig due to an other-than-temporary decline in the value of the shares.
During the year ended December 31, 2012, the Company sold Nil Wee-Cig shares and recorded an additional unrealized loss of $ (1,877). As a result, the carrying value of the available for sale shares of Wee-Cig is $1,877 as at December 31, 2012.

During the year ended December 31, 2013, the Company sold Nil Wee-Cig shares and recorded an additional unrealized gain of $ 21,583. As a result, the carrying value of the available for sale shares of Wee-Cig is $23,460 as at December 31, 2013. In November of 2013, the Wee-Cig shares held were subject to a 1:9 reverse split.

During the year ended December 31, 2014, the Company sold 32,376 Wee-Cig shares for proceeds of $2,111 shares and recorded an additional unrealized loss of $20,605 to December 31, 2014. As a result, the carrying value of the available for sale shares of Wee-Cig is $2,854 as at December 31, 2014.

During the year ended December 31, 2015, the Company sold Nil Wee-Cig shares and recorded as additional unrealized loss of $2,169 to December 31, 2015. As a result, the carrying value of the available for sale shares of Wee-Cig is $685 as at December 31, 2015.

Available for sale securities – related parties include the following:

	December 31, 2015	**December 31, 2014**
228,283 (2014-228,283) shares of Wee-Cig International Corp.	$ 685	$ 2,854
35,187 (2014- 35,187) shares of Bravo Enterprises Ltd.	42	42
	$ 727	$ 2,896

NOTE 4 – INVESTMENT IN WEE-CIG INTERNATIONAL CORPORATION

On April 27, 2015 the Company entered into a related party intellectual property assignment agreement with Wee-Cig International Corporation (Wee-Cig), an e-cig and vaporization company, whereby Wee-Cig has issued 45 million restricted common shares of its $0.0001 par value shares to Golden Star in exchange for 100% of the worldwide manufacturing and distribution rights of Vapor Spirits, the alcohol vaporizing product line (see Note 5). The sale is valued at $1,237,500 and Wee-Cig and Golden Star are affiliated companies due to their common directors. The issue of 45 million restricted common shares represents 49.5% interest in Wee-Cig. Under the equity accounting method, the Company includes its share of the earnings or losses of an affiliated company. The Company has recorded an equity loss of $98,399 for the period from April 27, 2015 to December 31, 2015 for Wee-Cig. As a result, the carrying value of the investment in Wee-Cig is $1,139,101 at December, 2015.

NOTE 5 – INVESTMENTS IN INTANGIBLE ASSETS

Terralene Fuels

On August 24, 2010, the Company signed an agreement with Global Terralene Inc. for the acquisition of all assets pertaining to Terralene Fuels. Under the terms of the agreement, the Company will issue 7,000,000 restricted common shares to Global Terralene Inc. in two phases. On November 30, 2010, the Company approved and issued 5,000,000 restricted common shares valued at $125,000 to Global Terralene Inc. The Company will issued a further 2,000,000 restricted common shares valued at $50,000 in February 2012. Terralene Fuel is a patented fuel alternative formulation that is the equivalent of 87 octane regular gasoline and utilizes renewable energy sources in 45% of its composition. Terralene's unique fuel reduces greenhouse gas and other environmental damaging emissions and can be easily integrated into the existing fuel infrastructure. During the years ended December 31, 2015 & 2014, the Company capitalized a $Nil in patent work. The Company has decided not to proceed with this project and has written off the costs of $200,119.

Total Investments in Terralene Fuels costs at December 31, 2015 and December 31, 2014 were $Nil and $200,119 and include the following assets:

	December 31, 2015	December 31, 2014
Patents, trademarks, copyright	$ 130,119	$ 130,119
Formulas, reports, studies	25,000	25,000
Schematics, proprietary info	15,000	15,000
Website	5,000	5,000
Terralene brand name	5,000	5,000
	$ 200,119	$ 200,119
Write-off of intangible assets	(200,119)	-
	$ Nil	$ 200,119

Vapor Spirits

On April 4, 2014, the Company has signed a Licensing Agreement with Vapor Spirit International Corporation (Vapor Spirit), a Nevada company in the alcohol vaporization product industry. The Company has been granted the licensing right to manufacture and market the entire Vapor Spirit product line worldwide and in exchange, the Company issued 40,000,000 restricted common shares of the Company's common stock to Vapor Spirit and/or its nominees valued at $1,200,000.

Vapor Spirit is in the business of designing, manufacturing and marketing high quality alcohol vaporizers which are self-branded using custom unique glass and metal designs. Vapor Spirit will allow drinkers to vaporize alcohol creating a truly new and unique consumption experience whereby the drinker will inhale the spirits rather than drink it. The Vapor Spirit products highlight flavor profiles, while removing unwanted impurities and calories from the alcohol and virtually gives the drinker no hangover. The Company determined that the intangibles have an estimated useful life of 25 years and will be reviewed annually for impairment. Amortization will be recorded over the estimated useful life of the assets using the straight-line method for financial statement purposes. The Company commenced amortization when the economic benefits of the assets began to be consumed in June, 2014. Amortization will be recorded over the estimated useful life of the assets using the straight-line method for financial statement purposes. The Company sold its licensing agreement on April 27, 2015 to an affiliated Company in return for 45 million restricted common shares of that Company (see note 4). The transaction resulted in a gain on sale of the license in the amount of $81,500.

NOTE 5 – INVESTMENTS IN INTANGIBLE ASSETS (con't.)

Total Investments in Vapor Spirits costs at December, 2015 and December 31, 2014 include the following assets:

Description	December 30, 2015	December 31, 2014
25 year general license to design, manufacture and market the entire Vapor Spirit product line worldwide	$ 1,200,000	$ 1,200,000
Less: accumulated amortization	(44,000)	(28,000)
Adjusted Balance	$ 1,156,000	$ 1,172,000
Less: adjusted cost base on sale of license	(1,156,000)	-
Balance	$ -	$ 1,172,000

Drones

On March 27, 2015, the Company has signed a Licensing Agreement with North American Drones Enterprise Inc. (NA Drones), a Nevada company in the drones industry. The Company has been granted the licensing right to manufacture and market the entire NA Drones product line in North America and in exchange, the Company issued 38,000,000 restricted common shares of the Company's common stock to NA Drones and/or its nominees valued at $1,520,000 less a related party portion of $677,400 for a net value of $842,600. The Company was also entitled to any revenues generated from the sale of drone products by NA Drones for the month of March, 2015. The Company determined that the intangibles have an estimated useful life of 25 years and will be reviewed annually for impairment. Amortization will be recorded over the estimated useful life of the assets using the straight-line method for financial statement purposes. The Company commenced amortization when the economic benefits of the assets began to be consumed in March, 2015. Other intangibles are carried at acquisition cost less accumulated amortization. Amortization is provided over the estimated useful lives of the assets on straight line basis per annum.

The value of these shares considered a related party portion is $677,400 and as such, this amount has been eliminated from the transaction.

Description	December 31, 2015	December 31, 2014
25 year general license to manufacture and distribute drone products in North America	$ 1,520,000	$ -
Less: related party portion of consideration for license	(677,400)	-
Less: accumulated amortization	(28,090)	-
Balance	$ 814,510	$ -

The Company is in the business of marketing and distributing drones to a wide range of potential users in various industries and business sectors throughout North America.

NOTE 6 – DEFERRED COMPENSATION

On September 15, 2015, the Company entered into four deferred compensation agreements with four significant shareholders, with a two year term to provide consulting, marketing and investment banking services in exchange for a total of 9,625,000 shares (valued at $48,125). The shares were issued on September 24, 2015 and the agreements will be subject to amortization effective October 1, 2015 as follows:

On September 15, 2015, the Company entered into an agreement with Domain Land Holdings Ltd. ("Domain"), a private company controlled by a significant shareholder, with a two-year term, whereby Domain provides marketing services to the Company (valued at $15,000) in exchange for 3,000,000 restricted shares of the Company's common stock. During the year ended December 31, 2015, $1875 was expensed (December 31, 2014 - $Nil).

On September 15, 2015, the Company entered into an agreement with a consultant, for a two year term, whereby the consultant provides investment banking services to the Company (valued at $9,375) in exchange for 1,875,000 restricted shares of the Company's common stock. During the year ended December 31, 2015, $1,172 was expensed (December 31, 2014- $Nil).

On September 15, 2015, the Company entered into an agreement with a consultant, for a two-year term, whereby the consultant provides consulting services to the Company (valued at $11,250) in exchange for 2,250,000 restricted shares of the Company's common stock. During the year ended December 31, 2015, $1,405 was expensed (December 31, 2014-$Nil) .

On September 15, 2015, the Company entered into an agreement with a consultant, for a two -year term, whereby the consultant provides consulting services to the Company (valued at $12,550) in exchange for 2,5000,000 restricted shares of the Company's common stock. During the year ended December 31, 2015, $1,563 was expensed (December 31, 2014-$Nil)

As at December 31, 2015, the unamortized portion of the deferred compensation agreements totaled $42,110 (December 31, 2014 - $3,750).

NOTE 7 – CAPITAL STOCK

The Company's capitalization is 500,000,000 common shares with a par value of $0.0001 per share. No preferred shares have been authorized.

2015 Stock Transactions - During the year ended December 31, 2015:
The Company issued 38,000,000 restricted common shares of the Company's common stock to North American Drones Enterprise Inc. and/or its nominees valued at $1,520,000 or $0.04 (less a related party portion of $677,400 per share pursuant to a license agreement. (see Note 5).

The Company issued 9,625,000 restricted common shares of the Company's common stock valued at $48,125 pursuant to deferred compensation agreements to significant shareholders (see Note 6).

2014 Stock Transactions - During the year ended December 31, 2014:
The Company issued 40,000,000 restricted common shares of the Company's common stock to Vapor Spirit and/or its nominees valued at $1,200,000 pursuant to a license agreement.

The Company will be satisfied related party debt in the amount of $120,000 to three creditors that has been outstanding since December 31, 2012 through the issuance of 6,000,000 common shares of the Company's at $0.02 per share. The shares were issued pursuant to agreements dated May 4, 2014, when the share price was $0.035 and the Company recorded a loss on the settlement of debt in the amount of $90,000.

NOTE 8– RELATED PARTY TRANSACTIONS

During the year ended December 31, 2015, the company expensed that portion of the value of each deferred compensation contract referred to in note 5 that expired during the year. These contracts are with significant shareholders of the Company and companies controlled by significant shareholders of the Company. The expensed amount for the year was $9,765 (2014 - $21,667).

During the year ended December 31, 2015, the Company paid 667 (2014 -$1,600) to directors for management fees.

During the year ended December 31, 2015, the Company incurred expenses for office and store rent of $36,231 (2014-$33,520) to two private companies controlled by significant shareholders.

The following amounts are due to related parties at:

	December 31, 2015	December 31, 2014
Significant shareholders	$ 249,080	$ 151,771

All related party transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

NOTE 9 – COMMITMENTS AND CONTINGENCIES

As of August 1, 2015, the Company has leased 1,250 sq. ft of office space from Holm Investments Ltd. at $2,500.00 per month for a period of 3 years, with an option to renew. As of July 1, 2015, the Company has sub-leased a portion of 1,700 sq. ft. of store space from Splash Water Solutions Canada Ltd. at $1,137.50 per month for a period of one year, with an option to renew. The 5 year payment schedule totaling $281,250 is as follows:

2016	2017	2018	2019	2020
$43,650	$43,650	$43,650	$43,650	$43,650

NOTE 10 – INCOME TAXES

As of December 31, 2015, the Company had net operating loss carryforwards of approximately $19,200,000 that may be available to reduce future years' taxable income and will expire between the years 2016 - 2035. Availability of tax losses is subject to change of ownership limitations under Internal Revenue Code 382. Future tax benefits which may arise as a result of these losses have not been recognized in these financial statements, as their realization is determined not likely to occur and accordingly, the Company has recorded a valuation allowance for the deferred tax asset relating to these tax loss carryforwards.

The actual income tax provisions differ from the expected amounts calculated by applying the federal income tax statutory rate to the Company's loss before income taxes. The components of these differences are as follows:

	Year ended December 31, 2015	Year ended December 31, 2014
Loss before income taxes	$ (348,561)	$ (212,801)
Combined federal and state corporate tax rate	42.7%	42.7%
Expected tax expense (recovery)	(148,835)	(90,866)
Non-deductible stock based compensation	97,000	97,000
Change in valuation allowance	8,000	8,000
Income tax provision	$ -	$ -

NOTE 10 – INCOME TAXES

The Company's tax-effected deferred income tax assets and liabilities are estimated as follows:

	2015	2014
Non-capital loss carry forwards	$ 7,273,000	$ 7,273,000
Valuation allowance	(7,273,000)	(7,273,000)
Net deferred tax asset	$ -	$ -

NOTE 11 – SUPPLEMENTAL CASH FLOW INFORMATION AND NON-CASH INVESTING AND FINANCING ACTIVITIES

Supplemental disclosure of non-cash investing and financing activities:

	Year ended 2015	December 31, 2014
Cash paid during the year for:		
Interest	$ -	$ -
Income taxes	$ -	$ -
Shares issued for other intangible assets	$ 842,600	$ 1,200,000
Shares issued for debt settlement	$ -	$ 120,000
Shares issued for deferred compensation	$ 48,125	$ -

The Company paid no cash for interest and income taxes for the years ended December 30, 2015 and 2014.

During the year ended December 31, 2015:

The Company issued 38,000,000 restricted common shares of the Company's common stock to North American Drones Enterprise Inc. and/or its nominees valued at $1,520,000 or $0.04 (less a related party portion of $677,400 per share pursuant to a license agreement. (see Note 5).

The Company issued 9,625,000 restricted common shares of the Company's common stock valued at $48,125 pursuant to deferred compensation agreements to significant shareholders (see Note 6).

During the year ended December 31, 2014:

The Company issued 40,000,000 restricted common shares of the Company's common stock to Vapor Spirit and/or its nominees valued at $1,200,000 pursuant to a license agreement. (see Note 4).

The Company will be satisfied related party debt in the amount of $120,000 to three creditors that has been outstanding since December 31, 2012 through the issuance of 6,000,000 common shares of the Company's at $0.02 per share. The shares were issued pursuant to agreements dated May 4, 2014, when the share price was $0.035 and the Company recorded a loss on the settlement of debt in the amount of $90,000.