



HELIOSTAR METALS LTD.
(FORMERLY REDSTAR GOLD CORP.)

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED
SEPTEMBER 30, 2020

(Unaudited – Prepared by Management)

HELIOSTAR METALS LTD.

(FORMERLY REDSTAR GOLD CORP.)

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HELIOSTAR METALS LTD.
(FORMERLY REDSTAR GOLD CORP.)

**NOTICE OF NO AUDITOR'S REVIEW OF
CONDENSED INTERIM FINANCIAL STATEMENTS**

The accompanying unaudited interim financial statements of Heliostar Metals Ltd. (formerly Redstar Gold Corp.; the "Company") for the six months ended September 30, 2020, have been prepared by the management of the Company and approved by the Company's Audit Committee and the Company's Board of Directors.

Under National Instruments 51-102, Part 4, subsection 4.3 (3) (a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that an auditor has not reviewed the financial statements.

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

HELIOSTAR METALS LTD.
(FORMERLY REDSTAR GOLD CORP.)
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Presented in Canadian Dollars)
(Unaudited)

	Note	September 30, 2020	March 31, 2020
		(Unaudited)	(Audited)
Assets			
Current			
Cash and cash equivalents		\$ 6,998,294	\$ 53,992
Short-term investments	7	28,750	5,750
Marketable securities	8	1,586,745	1,106,569
Amounts receivable		23,260	1,863
Prepaid amounts and advances		900,652	86,414
		9,537,701	1,254,588
Non-current			
Reclamation bond	10	7,907	8,409
Exploration and evaluation assets	10	7,216,957	4,107,247
Intangible assets	11	1,480	1,742
Equipment	12	-	8,654
		7,226,344	4,126,052
		\$ 16,764,045	\$ 5,380,640
Liabilities			
Current			
Accounts payable and accrued liabilities		\$ 1,393,249	\$ 64,198
Due to related parties	15	49,238	85,281
		1,442,487	149,479
Shareholders' equity			
Share capital	14	42,993,262	32,419,456
Reserves		7,088,050	4,071,794
Deficit		(34,759,754)	(31,260,089)
		15,321,558	5,231,161
		\$ 16,764,045	\$ 5,380,640

Events after the reporting period (Note 17)

These condensed interim consolidated financial statements are authorized for issue by the Board of Directors on November 12, 2020. They are signed on the Company's behalf by:

/s/ Jacques Vaillancourt
Director

/s/ Ken Booth
Director

HELIOSTAR METALS LTD.
(FORMERLY REDSTAR GOLD CORP.)
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Presented in Canadian Dollars)
(Unaudited)

	Note	Three months ended September 30		Six months ended September 30	
		2020	2019	2020	2019
Exploration and evaluation					
Resource property expense	10	\$ 1,592,910	\$ 579,955	\$ 1,628,474	\$ 662,956
General and administrative					
Depreciation		130	1,014	8,915	2,028
Director fees	15	20,375	19,521	39,875	39,021
Insurance		2,677	2,689	5,380	5,382
Investor relations		23,363	5,766	45,923	(1,400)
Management fees	15	95,966	79,125	176,591	159,750
Office operations		10,820	4,818	16,946	8,434
Professional fees		118,093	37,286	129,033	49,622
Regulatory fees		74,770	4,570	80,626	10,268
Rent		225	225	450	450
Share-based payments	14(b)	2,383,950	13,308	2,383,950	38,486
Transfer agent		4,948	967	6,046	1,799
Travel and promotion		-	12,237	28	12,783
(Loss) before the undernoted		(4,328,227)	(761,481)	(4,522,237)	(989,579)
Other income (expense)					
Foreign exchange gain (loss)		8,120	1,104	3,001	(1,288)
Interest income		-	18	-	36
Fair value gain on marketable securities	8	656,780	329,067	1,019,571	268,008
		664,900	330,189	1,022,572	266,756
Net (loss) for the period		(3,663,327)	(431,292)	(3,499,665)	(722,823)
Other comprehensive income (loss)					
Unrealized gain (loss) on investment in NV Gold	9	(217,257)	-	166,786	-
Comprehensive (loss) for the period		\$ (3,880,584)	\$ (431,292)	\$ (3,332,879)	\$ (722,823)
Basic and diluted (loss) per share		\$ (0.01)	\$ (0.00)	\$ (0.01)	\$ (0.00)
Weighted average number of common shares outstanding		375,906,526	300,050,293	338,217,361	300,050,293

HELIOSTAR METALS LTD.
(FORMERLY REDSTAR GOLD CORP.)
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Presented in Canadian Dollars)
(Unaudited)

	Note	Share Capital			Reserves				Total Shareholders' Equity	
		Number of shares	Amount	Warrants	Finders Warrants	Options	Accumulated other comprehensive income (loss)	Subtotal		Deficit
Balance, March 31, 2019 (Audited)		300,050,293	\$ 32,419,456	\$ 1,056,181	\$ -	\$ 3,291,567	\$ (51,119)	\$ 4,296,629	\$ (29,665,927)	\$ 7,050,158
Share-based payments	14(b)	-	-	-	-	38,486	-	38,486	-	38,486
Realized loss on investment in NV Gold	9	-	-	-	-	-	-	-	(722,823)	(722,823)
Balance September 30, 2019 (Unaudited)		300,050,293	32,419,456	1,056,181	-	3,330,053	(51,119)	4,335,115	(30,388,750)	6,365,821
Share-based payments	14(b)	-	-	-	-	183,376	-	183,376	-	183,376
Unrealized loss on investment in NV Gold	9	-	-	-	-	-	(446,697)	(446,697)	-	(446,697)
Loss for the period		-	-	-	-	-	-	-	(871,339)	(871,339)
Balance, March 31, 2020 (Audited)		300,050,293	32,419,456	1,056,181	-	3,513,429	(497,816)	4,071,794	(31,260,089)	5,231,161
Private placement		87,633,332	7,010,667	-	-	-	-	-	-	7,010,667
Share issuance costs		-	(796,391)	-	474,000	-	-	474,000	-	(322,391)
Exercise of options		400,000	28,480	-	-	(8,480)	-	(8,480)	-	20,000
Acquisition of Heliodor	6	86,621,003	4,331,050	-	-	-	-	-	-	4,331,050
Share-based payments		-	-	-	-	2,383,950	-	2,383,950	-	2,383,950
Unrealized gain on investment in NV Gold	9	-	-	-	-	-	166,786	166,786	-	166,786
Loss for the period		-	-	-	-	-	-	-	(3,499,665)	(3,499,665)
Balance, September 30, 2020 (Unaudited)		474,704,628	\$ 42,993,262	\$ 1,056,181	\$ 474,000	\$ 5,888,899	\$ (331,030)	\$ 7,088,050	\$ (34,759,754)	\$ 15,321,558

HELIOSTAR METALS LTD.
(FORMERLY REDSTAR GOLD CORP.)
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(Presented in Canadian Dollars)
(Unaudited)

	Six months ended	
	September 30	
	2020	2019
Cash provided by (used in):		
Operating activities		
Income (loss) for the period	\$ (3,499,665)	\$ (722,823)
Items not affecting cash:		
Depreciation	8,915	2,028
Share-based payments	2,383,950	38,486
Reclamation bond	502	71
Fair value (gain) on marketable securities	(1,019,571)	(268,008)
Net change in non-cash working capital		
Amounts receivable	(13,584)	(2,375)
Prepaid amounts and advances	(814,238)	(26,274)
Accounts payable and accrued liabilities	1,310,796	241,687
Due to related parties	(36,043)	4,265
Short term investments	(23,000)	-
	(1,701,938)	(732,943)
Investing activities		
Acquisition of evaluation and exploration assets	(228,011)	(115,752)
Cash acquired from the acquisition of Heliodor	1,459,792	-
Proceeds from sale of marketable securities	706,182	-
	1,937,964	(115,752)
Financing activities		
Shares issued for cash, net	6,708,276	-
	6,708,276	-
Change in cash and cash equivalents	6,944,302	(848,695)
Cash and cash equivalents, beginning of the period	53,992	1,434,481
Cash and cash equivalents, end of the period	\$ 6,998,294	\$ 585,786
Schedule of Non-cash Investing and Financing Transactions		
Fair value transfer on exercise of options	\$ 8,480	\$ -
Fair value of broker's warrants	\$ 474,000	\$ -

HELIOSTAR METALS LTD.
(FORMERLY REDSTAR GOLD CORP.)
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2020 AND 2019
(Presented in Canadian Dollars)

1. NATURE OF OPERATIONS AND CONTINUANCE OF OPERATIONS

Heliostar Metals Ltd. (formerly Redstar Gold Corp., the “Company” or “Heliostar”) is engaged in the acquisition, exploration, and development of mineral properties in North America. The Company is incorporated and domiciled in Canada under the Business Corporations Act (British Columbia), and its registered office is Suite 900, 885 West Georgia Street, Vancouver, BC, V6C 3H1. The Company is trading on the TSX Venture Exchange (TSX-V) under the trading symbol “HSTR” (see Note 17).

These condensed interim consolidated financial statements (the “Financial Statements”) have been prepared on the basis of the accounting principles applicable to a going concern, which assumes the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations.

There are several adverse conditions that indicate a material uncertainty exists that may cast significant doubt upon the soundness of this assumption. The business of mining and exploration involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The recoverability of exploration and evaluation expenditures is dependent upon several factors. These include the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development of these properties, and future profitable production or proceeds from disposition of mineral properties.

Consistent with other companies in the sector of mineral exploration, the Company has incurred operating losses since inception, has limited sources of revenue, is unable to self-finance operations and has significant cash requirements to meet its overhead and maintain its mineral interests.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company’s business or ability to raise funds.

For the Company to continue to operate as a going concern it must continue to obtain additional financing to maintain operations; although the Company has been successful in the past at raising funds, there can be no assurance that this will continue in the future.

If the going concern assumption were not appropriate for these Financial Statements then adjustments would be necessary to the carrying value of assets and liabilities, the reported expenses and the statement of financial position classifications used and such adjustments could be material.

Rounded to 000's	September 30, 2020	March 31, 2020
Working capital surplus	\$ 8,095,000	\$ 1,105,000
Accumulated (deficit)	\$ (34,760,000)	\$ (31,260,000)

2. BASIS OF PREPARATION – STATEMENT OF COMPLIANCE

These Financial Statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards (“IFRS”) and related IFRS Interpretations Committee (“IFRICs”) as issued by the International Accounting Standards Board (“IASB”). The Financial Statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss, which are stated at their fair value. In addition, these Financial Statements have been prepared using the accrual basis of accounting except for cash flow information.

Since the Financial Statements do not include all disclosures required by IFRS for annual consolidated financial statements, they should be read in conjunction with the Company’s audited annual consolidated financial statements for the year ended March 31, 2020.

The preparation of condensed interim financial statements in accordance with IAS1 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company’s accounting policies.

The preparation of the Financial Statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, profit and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation followed in preparing these Financial Statements are the same as those followed in preparing the most recent audited annual financial statements. For a complete summary of significant accounting policies, please refer to the Company’s audited annual consolidated financial statements for the year ended March 31, 2020. Certain comparative figures have been reclassified to conform to the current period’s presentation.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

In the application of the Company’s accounting policies, which are described in note 3, management is required to make judgments, estimates and assumptions about the carrying amount and classification of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revisions affect only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

The following are the critical judgments and areas involving estimates, that management have made in the process of applying the Company’s accounting policies and that have the most significant effect on the amount recognized in the Financial Statements.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS *(Continued)*

a) Key sources of estimation uncertainty

Share-based payments

Management assesses the fair value of stock options granted in accordance with the accounting policy stated in note 3. The fair value of stock options granted is measured using the Black-Scholes option pricing model, which was created for use in estimating the fair value of freely tradable, fully transferable options. The Company's stock options have characteristics significantly different from those of traded options, and changes in the highly subjective input assumptions can materially affect the calculated values. The fair value of stock options granted using the Black-Scholes option pricing model do not necessarily provide a reliable measure of the fair value of the Company's stock option awards.

Impairment

Judgment is involved in assessing whether there is any indication that an asset may be impaired. This assessment is made based on the analysis of, amongst other factors, changes in the market or business environment, events that have transpired that have impacted the asset, and information from internal reporting.

Income taxes

Provisions for income taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by tax authorities. Where the final outcome of these tax-related matters is different from the amounts that were originally recorded, such differences will affect the tax provisions in the period in which such determination is made.

Decommissioning provision

The value of decommissioning liabilities depends on estimates of current risk-free interest rates, future restoration and reclamation expenditures and the timing of those expenditures.

b) Key sources of judgment uncertainty

Estimated Useful Lives and Depreciation of Equipment and Intangible asset

Depreciation of equipment and intangible asset is dependent upon estimates of useful lives based on management's judgment.

Determination of functional currency

In accordance with IAS 21, The Effects of Changes in Foreign Exchange Rates, management determined that the functional currency of the Company and its wholly owned subsidiaries is the Canadian dollar.

Going concern evaluation

As discussed on note 1, these Financial Statements have been prepared under the assumptions applicable to a going concern. If the going concern assumption were not appropriate for these Consolidated Financial Statements then adjustments would be necessary to the carrying value of assets and liabilities, the reported expenses and the statement of financial position classifications used and such adjustments could be material.

The Company reviews the going concern assessment at the end of each reporting period. There were no material changes to the assessment as at September 30, 2020.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS *(Continued)*

Exploration and evaluation assets

The carrying value of the Company's exploration and evaluation assets is reviewed by management quarterly, or whenever events or circumstances indicate that its carrying amount may not be recovered. Management considers certain impairment indicators such as market capitalization of the Company, metal price changes, plans for the properties and the results of exploration to date.

5. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

a) Financial instrument classification and measurement

Financial instruments of the Company carried on the Condensed Interim Consolidated Statements of Financial Position are carried at amortized cost with the exception of marketable securities which are carried at fair value.

The fair value of the Company's marketable securities is quoted in active markets. The Company classifies the fair value of these transactions according to the following hierarchy.

- Level 1 – quoted prices in active markets for identical financial instruments.
- Level 2 – quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets.
- Level 3 – valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

The Company's marketable securities have been assessed on the fair value hierarchy described above and classified as Level 1.

b) Fair values of financial assets and liabilities

The Company's financial instruments include cash and cash equivalents, short-term investments, marketable securities, reclamation bond, accounts payable and accrued liabilities, and due to related parties. As at September 30, 2020 and March 31, 2020, the carrying value of cash and cash equivalents approximates fair value due to its short-term nature. Marketable securities are marked to fair value at each financial statement reporting date. Reclamation bond, accounts payable and accrued liabilities, and due to related parties approximate their fair value due to their short-term nature.

c) Market risk

Market risk is the risk that changes in market prices will affect the Company's earnings or the value of its financial instruments. Market risk is comprised of commodity price risk and interest rate risk. The objective of market risk management is to manage and control exposures within acceptable limits, while maximizing returns. The Company is not exposed to significant market risk.

5. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT *(Continued)*

d) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its bank accounts. The Company's bank accounts are held with major banks in Canada, the United States and Mexico; accordingly, the Company believes it not exposed to significant credit risk.

e) Interest rate risk

Interest rate risk is the risk of losses that arise as a result of changes in contracted interest rates. The Company is not exposed to significant interest rate risk.

f) Currency risk

The Company's main property interests in Alaska, USA and Sonora, Mexico make it subject to foreign currency fluctuations which may adversely affect the Company's Condensed Interim Consolidated Statements of Financial Position, Condensed Interim Consolidated Statements of Loss and Comprehensive Loss and Condensed Interim Consolidated Statements of Cash Flows. The Company is affected by changes in exchange rates between the Canadian Dollar and the US Dollar and the Mexico pesos. The Company does not invest in foreign currency contracts to mitigate the risks. The Company has net monetary liabilities of approximately \$305,000 denominated in US dollars and only a nominal amount denominated in Mexican pesos. A 1% change in the absolute rate of exchange in US dollars would affect its net loss by approximately \$4,100.

g) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company controls liquidity risk by ensuring that it has sufficient cash resources to pay for its financial obligations. As at September 30, 2020, the Company had a cash balance of \$6,998,294 to settle current liabilities of \$1,442,487.

6. ACQUISITION OF HELIODOR

On July 21, 2020, the Company entered into a share exchange agreement to acquire 100% of the shares of Heliodor Metals Limited ("Heliodor") by acquiring all of the issued and outstanding share capital of Heliodor in exchange for 86,621,003 common shares of the Company at a deemed issue price of \$0.05 per common share.

Upon completion of the acquisition, shareholders of Heliodor hold approximately 18.2% of the total number of issued and outstanding shares of the Company. On August 21, 2020, the Company completed the acquisition of Heliodor.

HELIOSTAR METALS LTD.
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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2020 AND 2019
(Presented in Canadian Dollars)

6. ACQUISITION OF HELIODOR *(Continued)*

Net identifiable assets (liabilities) acquired in the acquisition of Heliodor are identified as follows:

Total consideration	
Common shares issued	\$ 4,331,050
Net identifiable assets (liabilities) acquired	
Cash	\$ 1,459,792
Accounts receivable	7,813
Accounts payable	(18,255)
	\$ 1,449,351
Purchase price allocation	
Net identifiable assets acquired	\$ 1,449,351
Exploration and evaluation assets	2,881,699
	\$ 4,331,050

7. SHORT-TERM INVESTMENTS

As at September 30, 2020, the Company pledged \$28,750 with Bank of Montreal (March 31, 2020 - \$5,750) as collateral for a credit card.

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
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8. MARKETABLE SECURITIES

September 30, 2020		Shares	Cost	Fair Value Adjustment on Marketable Securities	Total
Cyon Exploration Ltd.	(vi)	89,999	20,126	2,374	22,500
Sprott Phys Gold&Silv		17,000	249,156	165,814	414,970
Ishares Silver Trust	(iii)	22,000	383,219	251,237	634,456
NV Gold Corporation	(iv)	1,687,930	267,640	247,178	514,819
			\$ 920,141	\$ 666,603	\$1,586,745

March 31, 2020		Shares	Cost	Fair Value Adjustment on Marketable Securities	Total
New Tech Minerals Corp.	(ii)	11,443	\$ 5,722	\$ (5,722)	\$ -
Brocade Metals Corp.		320,000	4	(4)	-
Trillium Gold Mines Inc.	(v)	65,000	56,250	(56,250)	-
Fremont Gold Ltd.	(i)	4,166	30,000	(30,000)	-
True Grit Resources Ltd.		540,000	90,526	(87,826)	2,700
Sprott Phys Gold&Silv		17,000	249,156	99,684	348,840
Ishares Silver Trust	(iii)	22,000	383,219	23,778	406,997
NV Gold Corporation	(iv)	4,640,430	735,792	(387,760)	348,032
			\$1,550,669	\$ (444,100)	\$1,106,569

- (i) Formerly, Palisades Ventures Inc. (post 4:3 share consolidation)
- (ii) American Potash Corp. was changed name to "New Tech Lithium Corp." on January 22, 2018 and changed to "New Tech Minerals Corp." on March 7, 2019
- (iii) Ishares Silver Trust is traded in US dollars
- (iv) The Company reclassified the NV Gold shares as marketable securities held under FVOCI (see Note 9).
- (v) Formerly Confederation Minerals Ltd.
- (vi) True Grit Resources Ltd. changed its name to Cyon Exploration Ltd. and completed a 6:1 share consolidation.

During the six months ended September 30, 2020, the Company recorded fair value gain on marketable securities of \$1,019,571 (2019 – fair value gain of \$268,008) on the Statement of Comprehensive Loss.

9. INVESTMENT IN NV GOLD CORPORATION

On September 1, 2016, the Company entered into a purchase and sale agreement with NV Gold Corporation and its subsidiary, NV Gold Corporation (USA) ("NV Gold"), a Canadian junior exploration company trading on the TSX Venture Exchange. As part of this agreement, NV Gold acquired the right to a 100% ownership of Great Basin Database and 100% interest in eleven Nevada Properties. On September 29, 2016, the Company completed the sale of Nevada Properties for consideration of 29.9% of the outstanding common shares of NV Gold.

From September 29, 2016 to June 30, 2017, the Company accounted for its investment in NV Gold using the equity method of accounting as the Company had significant influence over NV Gold with its share ownership and directorship.

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
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9. INVESTMENT IN NV GOLD CORPORATION *(Continued)*

Under the equity method of accounting, the investment in NV Gold was initially recognized at cost and adjusted thereafter for the post-acquisition change in the net assets. The Company was not exposed to any additional losses beyond its initial investment amount. No dividends or cash distributions were received by the Company from NV Gold during the period.

Effective July 5, 2017, the Company accounted for its investment in NV Gold by using the fair value of the NV Gold shares as the Company determined that it no longer had significant influence over NV Gold. The Company remeasured the investment in NV Gold to fair value at each financial statement reporting date and any gains or losses arising from changes in fair value was recognized in other comprehensive income (loss). As at June 30, 2019, the Company reclassified the investment in NV Gold as marketable securities (Note 8).

10. EXPLORATION AND EVALUATION ASSETS

The Company has the following interests in mineral properties as at September 30, 2020:

Property acquisition costs	March 31, 2020	Acquisition costs	September 30, 2020
Alaska (USA)			
Unga project	\$ 4,107,247	\$ 228,010	\$ 4,335,258
Sonora (Mexico)			
Heliodor projects	-	2,881,699	2,881,699
\$ 4,107,247	\$ 3,109,709	\$ 7,216,957	

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10. EXPLORATION AND EVALUATION ASSETS *(Continued)*

The Company incurred the following exploration expenditures during the six months ended September 30, 2020:

Exploration expenditures	Alaska Unga
Assaying	\$ 1,864
Camp	153,558
Consulting	-
Drilling	757,040
Equipment rental	19,116
Fuel & transportation	54,816
Geological	61,081
Geophysical	-
Helicopter	202,687
Maps and reports	30,901
Other	14,810
Permitting	1,638
Supplies and materials	197,823
Technical report	53,061
Transportation and surface access	18,316
Travel and accommodation	61,762
Period ended September 30, 2020	\$ 1,628,474

Exploration expenditures	Alaska Unga
Camp	110,359
Equipment rental	2,058
Fuel & transportation	57,358
Geological	409,293
Geophysical	544
Maps and reports	1,814
Supplies and materials	26,777
Transportation and surface access	22,373
Travel and accommodation	32,380
Period ended September 30, 2019	\$ 662,956

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10. EXPLORATION AND EVALUATION ASSETS *(Continued)*

(a) Unga Project, Alaska, USA

The Unga Project is approximately 250 sq. kms and is comprised of patented and Alaska State claims and Alaskan Native Corporation lands. The Company owns 100% of the patented claims and the state claims in the Unga Project.

On July 1, 2019, (amended on August 29, 2019), the Company signed an exploration agreement with option to lease with The Aleut Corporation (“TAC”) (the “Agreement”). The Agreement provides for an exploration license with a follow-on 20-year extendable mining lease on TAC’s properties which form part of the Company’s “Unga Project”. The Agreement runs for a period of eight (8) years allowing the Company to conduct sub-surface work.

Pursuant to the Agreement, the Company is required to complete the following:

	Cash ^(a) (US\$)	Exploration Expenditure on the Property ^(b) (US\$)
On the execution	\$75,000 ⁽ⁱ⁾	\$500,000 ⁽ⁱⁱ⁾
July 1, 2020	75,000 ⁽ⁱⁱⁱ⁾	525,000 ⁽ⁱⁱ⁾
July 1, 2021	80,000	525,000
July 1, 2022	85,000	550,000
July 1, 2023	90,000	600,000
July 1, 2024	95,000	700,000
July 1, 2025	100,000	750,000
July 1, 2026	110,000	850,000
	\$710,000	\$5,000,000

^(a) The cash amount includes the option payments and the materials payments.

^(b) The first year’s period begins from July 1, 2019 until December 31, 2019. Subsequent years commence on January 1 of each year and finishes on December 31 of that year.

⁽ⁱ⁾ Paid

⁽ⁱⁱ⁾ Incurred

⁽ⁱⁱⁱ⁾ Paid

On October 8, 2019, the Company signed a surface access agreement with The Shumagin Corporation (“TSC”). The agreement provides access to the Company’s mineral exploration license underlain by TSC’s property which forms part of the Company’s “Unga Project” on Unga and Popof Islands situated near the center of the Aleutian Arc. Upon signing this agreement, the Company paid Shumagin a fee in the amount of US\$10,000. If the Company conducts drilling or bulk sampling, before commencing that activity RedStar will pay an additional US\$22,500.

(b) Other, USA

As at September 30, 2020, the Company had a reclamation bond of US\$5,927 (\$7,907) (March 31, 2020 – US\$5,927 (\$8,409)) related to a property in Nevada that was sold to NV Gold.

10. EXPLORATION AND EVALUATION ASSETS *(Continued)*

(c) Newman Todd Property, Red Lake District, Ontario, Canada

In 2007, the Company acquired a 100% interest in the Newman Todd area properties ("Todd Properties") (comprised of several properties) by issuing 700,000 common shares to the vendor. The mineral claims are subject to a 1% net smelter return ("NSR") royalty provided that the total NSR royalties payable on any claims within the property does not exceed 2.75%. Should a mine be placed into production, the Company is required to issue common shares with a value in the aggregate of \$1,000,000. Should production exceed 250,000 ounces of gold, the Company is required to issue additional common shares with a value of \$1,000,000.

On November 19, 2010, the Company entered into an option agreement with Confederation Minerals Ltd. ("Confederation") whereby Confederation could earn up to a 70% undivided interest in the Company's 100% owned Todd Properties in Red Lake, Ontario by making certain cash payments and share issuances to the Company. On March 24, 2015, Confederation fulfilled the requirements for its 70% earn in on the Todd Properties.

(d) Heliodor projects, Sonora, Mexico

As part of the acquisition of Heliodor (Note 6), the Company acquired the following Heliodor projects located in the northern portion of Mexico's Sonora state:

- (i) The Oso Negro project is an early-stage intermediate sulphidation epithermal vein system prospect within a 1,500-hectare concession.

The Company has an option to acquire 100% interest in this property by making the following payments: US\$25,000 on signing (paid); US\$50,000 after 6 months; and US\$100,000 after 18 months. The project is subject to a 1% net smelter royalty that the Company can buy for US\$500,000.

- (ii) The La Lola project is a large, 5,400-hectare land package with the prospect of a low-sulphidation epithermal system.

The Company has an option to acquire 100% interest in this property by making the following payments: US\$12,500 on signing (paid); US\$25,000 by March 25, 2021; and US\$25,000 by March 25, 2022. The project is subject to a 2% net smelter royalty that the Company can buy 1% of such for US\$1,750,000.

- (iii) The Cumaro project is the down-thrown block of a large, low-sulphidation vein field.

The Company has a 100% interest in this property. The project is subject to a 2% net smelter royalty that the Company can buy 1% of such for US\$1,000,000.

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11. INTANGIBLE ASSETS

Computer software	
Cost	
Balance - April 1, 2019	\$ 10,986
Additions	-
Balance - March 31, 2020	10,986
Additions	-
Balance - June 30, 2020	\$ 10,986
Accumulated depreciation	
Balance - April 1, 2019	\$ 7,432
Depreciation	1,812
Balance - March 31, 2020	9,244
Depreciation	262
Balance - June 30, 2020	\$ 9,506
Carrying amounts	
As at March 31, 2020	\$ 1,742
As at September 30, 2020	\$ 1,480

12. EQUIPMENT

	Computers	Equipment	Vehicles	Total
Cost				
Balance - April 1, 2019	\$ -	\$ 4,200	\$ 51,497	\$ 55,697
Additions	-	-	-	-
Balance - March 31, 2020	-	4,200	51,497	55,697
Additions	-	-	-	-
Balance - September 30, 2020	\$ -	\$ 4,200	\$ 51,497	\$ 55,697
Accumulated depreciation				
Balance - April 1, 2019	\$ -	\$ 1,645	\$ 42,170	\$ 43,815
Depreciation	-	502	2,726	3,228
Balance - March 31, 2020	-	2,147	44,896	47,043
Depreciation	-	2,053	6,601	8,654
Balance - September 30, 2020	\$ -	\$ 4,200	\$ 51,497	\$ 55,697
Carrying amounts				
As at March 31, 2020	\$ -	\$ 2,053	\$ 6,601	\$ 8,654
As at September 30, 2020	\$ -	\$ -	\$ -	-

13. CAPITAL MANAGEMENT

The Company's capital consists of shareholders' equity. The Company's objective when managing capital is to maintain adequate levels of funding to support the development of its businesses and maintain the necessary corporate and administrative functions to facilitate these activities. This is done primarily through equity financing, selling assets, and incurring debt. Future financings are dependent on market conditions and there can be no assurance the Company will be able to raise funds in the future. The Company invests all capital that is surplus to its immediate operational needs in short-term, highly liquid, high-grade financial instruments. There were no changes to the Company's approach to capital management during the period. The Company is not subject to externally imposed capital requirements.

14. SHARE CAPITAL

(a) Authorized:

At September 30, 2020, the authorized share capital was comprised of an unlimited number of common shares. The common shares do not have a par value. All issued shares are fully paid.

(b) Private Placement:

On August 21, 2020, the Company closed a non-brokered private placement where it issued 87,633,332 common shares (each a "Share") at \$0.08 per Share for gross proceeds of \$7,010,667.

In connection with the financing, the Company paid \$316,000 cash finders' fees and issued 3,950,000 finder's warrants, each of which is exercisable into one common share at a price of \$0.10 until August 21, 2022. The finder's warrants were ascribed with a value of \$474,000 using the Black-Scholes Option Pricing Model. The Company also incurred an additional \$6,391 share issue costs.

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14. SHARE CAPITAL *(Continued)*

(c) Share Purchase Option Compensation Plan:

The Company has established a stock option plan whereby the Company may grant options to directors, officers, employees, and consultants of up to 10% of the common shares outstanding at the time of grant. The exercise price, term and vesting period of each option are determined by the board of directors within regulatory guidelines.

On September 4, 2020, the Company has granted 20,730,000 options to acquire common shares in accordance with the Company's Stock Option Plan. The Options are exercisable for a period of five years at a price of \$0.115 per share and will vest 1/3 immediately; 1/3 after 12 months from the date of grant; and 1/3 after 24 months from the date of grant.

Stock option transactions and the number of stock options for the year ended September 30, 2020 are summarized as follows:

Expiry date	Exercise price	March 31, 2020	Granted	Exercised	Expired / Cancelled	September 30, 2020				
April 30, 2019	\$ 0.06	-	-	-	-	-				
October 29, 2019	\$ 0.06	-	-	-	-	-				
May 4, 2020	\$ 0.06	1,300,000	-	-	(1,300,000)	-				
March 2, 2021	\$ 0.05	3,300,000	-	-	-	3,300,000				
December 20, 2021	\$ 0.16	500,000	-	-	-	500,000				
April 11, 2022	\$ 0.14	2,050,000	-	-	-	2,050,000				
March 15, 2024	\$ 0.05	2,500,000	-	-	-	2,500,000				
October 29, 2024	\$ 0.05	8,320,000	-	(400,000)	-	7,920,000				
September 4, 2025	\$ 0.12	-	20,730,000	-	-	20,730,000				
Options outstanding		17,970,000	20,730,000	(400,000)	(1,300,000)	37,000,000				
Options exercisable		15,890,000	6,840,900	(100,000)	(1,300,000)	37,000,000				
Weighted average exercise price	\$	0.06	\$	0.12	\$	0.05	\$	0.06	\$	0.09

As of September 30, 2020, the weighted average contractual remaining life is 4.01 years (March 31, 2020 – 3.13 years).

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14. SHARE CAPITAL (Continued)

(c) Share Purchase Option Compensation Plan: (Continued)

The fair value of each option grant is estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted average assumptions:

	September 30, 2020	March 31, 2020
Expected dividend yield	Nil	Nil
Expected stock price volatility	189.21%	133.06%
Risk-free interest rate	1.30%	1.32%
Forfeiture rate	Nil	Nil
Expected life of options	5.0 year	5.0 year

(d) Finder's warrants

A continuity of finder's warrants for the six months ended September 30, 2020 is as follows:

Expiry date	Exercise price (\$)	March 31, 2020	Issued	Exercised	Expired	September 30, 2020
August 21, 2022	\$ 0.10	-	3,950,000	-	-	3,950,000
Warrants outstanding		-	3,950,000	-	-	3,950,000
Weighted average exercise price (\$)		\$ -	\$ 0.10	\$ -	\$ -	\$ 0.10

The weighted average remaining life of the outstanding finder's warrants as at September 30, 2020 is 1.89 years (March 31, 2020 – nil).

The fair value of the finder's warrants issued during the six months ended September 30, 2020 was \$474,000. The following table summarizing the assumptions used in the Black-Scholes Option Pricing Model to estimate the fair value of the finder's warrants:

	September 30, 2020	September 30, 2019
Risk-free interest rate	1.39%	Nil
Expected stock price volatility	240.37%	Nil
Expected warrant life in years	2 years	Nil
Expected dividend yield	Nil	Nil
Share price on grant date	\$0.13	Nil

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15. RELATED PARTY TRANSACTIONS

Name and principal position	Fiscal period	Remuneration or fees ⁽ⁱ⁾	Share-based compensation	Amounts payable
Verde Metals Ltd., a company controlled by the President ⁽ⁱⁱ⁾ - management fees	2020	\$ 92,500	\$ 28,750	\$ -
	2019	\$ 92,500	\$ 38,486	\$ 7,708
Director and Chairman of the Board - management fees	2020	\$ 32,500	\$ 230,000	\$ -
	2019	\$ 32,500	\$ -	\$ 21,562
Heliosphere Management Company, a company controlled by the Chief Executive Officer ⁽ⁱⁱⁱ⁾	2020	\$ 20,833	\$ 575,000	\$ -
	2019	\$ -	\$ -	\$ -
Pacific Opportunity Capital Ltd., a company controlled by the CFO - accounting fees	2020	\$ 51,591	\$ 57,500	\$ 22,530
	2019	\$ 36,250	\$ -	\$ 6,423
Directors' fees ^(iv)	2020	\$ 39,875	\$ 460,000	\$ 1,129
	2019	\$ 39,021	\$ -	\$ 34,412
Total	2020	\$ 237,299	\$ 1,351,250	\$ 23,659
	2019	\$ 200,271	\$ 38,486	\$ 70,105

(i) Remuneration or fees were paid or accrued to the related party.

(ii) Effective March 15, 2019, John Gray was appointed as the President and a director. Effective August 28, 2020 John Gray resigned from being a director, but remain as President.

(iii) Effective August 28, 2020, Charles Funk was appointed as the Chief Executive Officer and a director.

(iv) Effective September 25, 2019, Susan J. Mitchell resigned and Patrick Chidley was appointed as a director. Effective August 28, 2020, Patrick Chidley and Sean Keenan resigned as directors while William Lamb and Alan Wilson were appointed as directors.

The above transactions are measured at their exchange amount, which is the amount of consideration established and agreed to by the related parties. Amounts due to related parties are unsecured, non-interest bearing and have no fixed term of repayment.

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16. SEGMENTED DISCLOSURE

The Company has one reportable segment being the exploration and evaluation of mineral properties. The company's assets and liabilities are held within Canada and the US as follows:

<i>Rounded to 000's</i>	Canada	United States	Mexico	Total
September 30, 2020				
<i>Current assets</i>	\$ 8,653,000	\$ 871,000	\$ 14,000	\$ 9,538,000
<i>Non-current assets</i>				
Reclamation bond	-	8,000	-	8,000
Exploration and evaluation assets	-	4,335,000	-	4,335,000
Intangible assets	1,000	-	-	1,000
<i>Current liabilities</i>	\$ 158,000	\$ 1,278,000	\$ 6,000	\$ 1,442,000
March 31, 2020				
<i>Current assets</i>	\$ 1,181,000	\$ 73,000	\$ -	\$ 1,254,000
<i>Non-current assets</i>				
Reclamation bond	-	8,000	-	8,000
Exploration and evaluation assets	-	4,107,000	-	4,107,000
Intangible assets	2,000	-	-	2,000
Equipment	-	9,000	-	9,000
<i>Current liabilities</i>	\$ 143,000	\$ 6,000	\$ -	\$ 149,000

The Company's comprehensive loss within Canada and the US is as follows:

<i>Rounded to 000's</i>	Canada	United States	Mexico	Total
Period ended September 30, 2020				
Exploration and evaluation	\$ 53,000	\$ 1,575,000	\$ -	\$ 1,628,000
General and administrative	2,876,000	10,000	7,000	2,893,000
Other (income) expense	(1,053,000)	29,000	1,000	(1,023,000)
<i>Net loss before taxes for the period</i>	1,877,000	1,615,000	8,000	3,500,000
<i>Net loss for the period</i>	1,877,000	1,615,000	8,000	3,500,000
<i>Comprehensive loss for the period</i>	\$ 1,710,000	\$ 1,615,000	\$ 8,000	\$ 3,333,000
Period ended September 30, 2019				
Exploration and evaluation	\$ -	\$ 663,000	\$ -	\$ 663,000
General and administrative	321,000	6,000	-	327,000
Other (income) expense	(268,000)	1,000	-	(267,000)
<i>Net loss before taxes for the period</i>	53,000	670,000	-	723,000
<i>Net loss for the period</i>	53,000	670,000	-	723,000
<i>Comprehensive loss for the period</i>	\$ 53,000	\$ 670,000	\$ -	\$ 723,000

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17. EVENTS AFTER THE REPORTING PERIOD

- (a) On October 19, 2020, the Company announced the name change from Redstar Gold Corp. to Heliostar Metals Ltd. effective October 21, 2020 and began trading on the TSX-V under the symbol "HSTR".
- (b) On October 21, 2020, the Company consolidated its share capital on the basis of one post-consolidation common share for every fifteen pre-consolidation shares. All references to the number of shares and per share amounts in the Financial Statements have not been retroactively restated to reflect the share consolidation.