



REDSTAR GOLD CORP.
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED
JUNE 30, 2020

(Unaudited – Prepared by Management)

REDSTAR GOLD CORP.

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REDSTAR GOLD CORP.

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

The accompanying unaudited interim financial statements of Redstar Gold Corp. (the "Company") for the three months ended June 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 interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these 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.

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

	Note	June 30, 2020	March 31, 2020
Assets			
Current			
Cash and cash equivalents		\$ 58,923	\$ 53,992
Short-term investments	6	5,750	5,750
Marketable securities	7	1,633,291	1,106,569
Amounts receivable		3,502	1,863
Prepaid amounts and advances		73,559	86,414
		1,775,025	1,254,588
Non-current			
Reclamation bond	9	8,078	8,409
Exploration and evaluation assets	9	4,211,145	4,107,247
Intangible assets	10	1,611	1,742
Equipment	11	-	8,654
		4,220,834	4,126,052
		\$ 5,995,859	\$ 5,380,640
Liabilities			
Current			
Accounts payable and accrued liabilities		\$ 163,926	\$ 64,198
Due to related parties	14	53,067	85,281
		216,993	149,479
Shareholders' equity			
Share capital	13	32,419,456	32,419,456
Reserves		4,455,837	4,071,794
Deficit		(31,096,427)	(31,260,089)
		5,778,866	5,231,161
		\$ 5,995,859	\$ 5,380,640

Events after the reporting period (Note 16)

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

/s/ Jacques Vaillancourt
Director

/s/ Ken Booth
Director

REDSTAR GOLD CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(Presented in Canadian Dollars)
(Unaudited)

		Three months ended June 30	
	Note	2020	2019
Exploration and evaluation			
Resource property expense	9	\$ 35,564	\$ 83,001
General and administrative			
Depreciation		8,785	1,014
Director fees	14	19,500	19,500
Insurance		2,703	2,693
Investor relations		22,560	(7,166)
Management fees	14	80,625	80,625
Office operations		6,126	3,616
Professional fees		10,940	12,336
Regulatory fees		5,856	5,698
Rent		225	225
Share-based payments	13(b)	-	25,178
Transfer agent		1,098	832
Travel and promotion		28	546
(Loss) before the undernoted		(194,010)	(228,098)
Other income (expense)			
Foreign exchange loss		(5,119)	(2,392)
Interest (income)		-	18
Fair value gain on marketable securities	7	362,791	(61,059)
		357,672	(63,433)
Net income (loss) for the period		163,662	(291,531)
Other comprehensive income			
Unrealized gain on investment in NV Gold	8	384,043	-
Comprehensive income (loss) for the period		\$ 547,705	\$ (291,531)
Basic and diluted earnings (loss) per share		\$ 0.00	\$ (0.00)
Weighted average number of common shares outstanding		300,050,293	300,050,293

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

	Note	Share Capital		Reserves			Subtotal	Deficit	Total Shareholders' Equity
		Number of shares	Amount	Warrants	Options	Accumulated other comprehensive income (loss)			
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	13(b)	-	-	-	25,178	-	25,178	-	25,178
Realized loss on investment in NV Gold	8	-	-	-	-	-	-	(291,531)	(291,531)
Balance June 30, 2019 (Unaudited)		300,050,293	32,419,456	1,056,181	3,316,745	(51,119)	4,321,807	(29,957,458)	6,783,805
Share-based payments	13(b)	-	-	-	196,684	-	196,684	-	196,684
Unrealized loss on investment in NV Gold	8	-	-	-	-	(446,697)	(446,697)	-	(446,697)
Loss for the period		-	-	-	-	-	-	(1,302,631)	(1,302,631)
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
Unrealized gain on investment in NV Gold	8	-	-	-	-	384,043	384,043	-	384,043
Loss for the period		-	-	-	-	-	-	163,662	163,662
Balance, June 30, 2020 (Unaudited)		\$ 300,050,293	\$ 32,419,456	\$ 1,056,181	\$ 3,513,429	\$ (113,773)	\$ 4,455,837	\$ (31,096,427)	\$ 5,778,866

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

	Three months ended	
	June 30	
	2020	2019
Cash provided by (used in):		
Operating activities		
Income (loss) for the period	\$ 163,662	\$ (291,531)
Items not affecting cash:		
Depreciation	8,785	1,014
Share-based payments	-	25,178
Reclamation bond	331	164
Fair value (gain) loss on marketable securities	(384,042)	61,059
Net change in non-cash working capital		
Amounts receivable	(1,639)	1,140
Prepaid amounts and advances	12,855	19,528
Accounts payable and accrued liabilities	99,728	(73,724)
Due to related parties	(32,214)	(14,118)
	<u>(132,534)</u>	<u>(271,290)</u>
Investing activities		
Acquisition of evaluation and exploration assets	(103,898)	(8,087)
Proceeds from sale of marketable securities	241,363	-
	<u>137,465</u>	<u>(8,087)</u>
Change in cash and cash equivalents	4,931	(279,377)
Cash and cash equivalents, beginning of the period	53,992	1,434,481
Cash and cash equivalents, end of the period	\$ 58,923	\$ 1,155,104

1. NATURE OF OPERATIONS AND CONTINUANCE OF OPERATIONS

Redstar Gold Corp. (the “Company” or “Redstar”) 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 1710, 1177 West Hastings Street, Vancouver, BC, V6E 2L3. The Company is trading on the Toronto Venture Exchange (TSX-V) under the trading symbol “RGC”.

These 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. The Company’s activity in Alaska is currently being suspended due to the pandemic.

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	June 30, 2020	March 31, 2020
Working capital surplus	\$ 1,558,000	\$ 1,105,000
Accumulated (deficit)	\$ (31,096,000)	\$ (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 unaudited 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 policies set out were consistently applied to all the periods presented unless otherwise noted below. 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 June 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 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 are 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 June 30, 2020 and June 30, 2019, 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 and the United States; 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 interest in Alaska, USA makes it subject to foreign currency fluctuations which may adversely affect the Company's Consolidated Statements of Financial Position, Consolidated Statements of Comprehensive Loss and Consolidated Statements of Cash Flows. The Company is affected by changes in exchange rates between the Canadian Dollar and the US Dollar. The Company does not invest in foreign currency contracts to mitigate the risks. The Company has net monetary assets of approximately \$50,000 dominated in US dollars. A 1% change in the absolute rate of exchange in US dollars would affect its net loss by approximately \$700.

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 June 30, 2020, the Company had a cash balance of \$58,923 to settle current liabilities of \$216,993.

6. SHORT-TERM INVESTMENTS

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

REDSTAR GOLD CORP.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED JUNE 30, 2020 AND 2019
(Presented in Canadian Dollars)

7. MARKETABLE SECURITIES

June 30, 2020	Shares	Cost	Fair Value Adjustment on Marketable Securities	Total
True Grit Resources Ltd.	540,000	90,526	(87,826)	2,700
Sprott Phys Gold&Silv	17,000	249,156	139,974	389,130
Ishares Silver Trust (iii)	22,000	383,219	126,168	509,387
NV Gold Corporation (iv)	3,182,930	504,689	227,385	732,074
		\$ 1,227,590	\$ 405,702	\$ 1,633,291

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 8).
- (v) Formerly Confederation Minerals Ltd.

During the three months ended June 30, 2020, the Company recorded fair value gain on marketable securities of \$362,791 (2019 – fair value loss of \$61,059) on the Statement of Comprehensive Income (Loss).

8. 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.

REDSTAR GOLD CORP.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED JUNE 30, 2020 AND 2019
(Presented in Canadian Dollars)

8. 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 7).

9. EXPLORATION AND EVALUATION ASSETS

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

Property acquisition costs	March 31, 2020	Acquisition costs	June 30, 2020
Alaska			
Unga project	\$ 4,107,247	\$ 103,898	\$ 4,211,145

The Company incurred the following exploration expenditures during the three months ended June 30, 2020:

Exploration expenditures	Alaska Unga
Assaying	\$ 746
Camp	25,017
Geological	6,338
Transportation and surface access	3,463
Period ended June 30, 2020	\$ 35,564

Exploration expenditures	Alaska Unga
Camp	\$ 11,931
Fuel & transportation	7,540
Geological	51,558
Maps and reports	201
Supplies and materials	316
Transportation and surface access	11,259
Travel and accommodation	196
Period ended June 30, 2019	\$ 83,001

9. 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 Redstar's "Unga Project". The Agreement runs for a period of eight (8) years allowing Redstar to conduct sub-surface work.

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

	Cash ^(a) (US\$)	Exploration Expenditure on the Property ^(b) (US\$)
On the execution date of the agreement	\$75,000 ⁽ⁱ⁾	\$500,000 ⁽ⁱⁱ⁾
July 1, 2020	75,000 ^(iv)	525,000 ^(iv)
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

^(iv) Deferred due to the COVID-19 pandemic

On October 8, 2019, the Company signed a surface access agreement with The Shumagin Corporation ("TSC"). The agreement provides access to Redstar's mineral exploration license underlain by TSC's property which forms part of Redstar'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 Redstar conducts drilling or bulk sampling, before commencing that activity RedStar will pay an additional US\$22,500.

(b) Other, USA

As at June 30, 2020, the Company had a reclamation bond of US\$5,927 (\$8,078) (March 31, 2020 – US\$5,927 (\$8,409)) related to a property in Nevada that was sold to NV Gold.

9. 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.

10. 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		131
Balance - June 30, 2020	\$	9,375
Carrying amounts		
As at March 31, 2020	\$	1,742
As at June 30, 2020	\$	1,611

REDSTAR GOLD CORP.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED JUNE 30, 2020 AND 2019
(Presented in Canadian Dollars)

11. 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 - June 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 - June 30, 2020	\$	-	\$	4,200	\$	51,497	\$ 55,697
Carrying amounts							
As at March 31, 2020	\$	-	\$	2,053	\$	6,601	\$ 8,654
As at June 30, 2020	\$	-	\$	-	\$	-	\$ -

12. 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.

13. SHARE CAPITAL

(a) Authorized:

At June 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.

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13. SHARE CAPITAL (Continued)

(b) 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.

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

Expiry date	Exercise price	March 31, 2020	Granted	Expired / Cancelled	June 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 28, 2024	\$ 0.05	8,320,000	-	-	8,320,000
Options outstanding		17,970,000	-	(1,300,000)	16,670,000
Options exercisable		17,345,000	-	(1,300,000)	16,670,000
Weighted average exercise price	\$	0.06	Nil	\$ 0.06	\$ 0.06

As of June 30, 2020, the weighted average contractual remaining life is 3.11 years (March 31, 2020 – 3.13 years).

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:

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

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14. 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 ⁽ⁱⁱⁱ⁾ - management fees	2020	\$ 46,250	\$ -	\$ 15,417
	2019	\$ 46,250	\$ 25,178	\$ 7,708
Director and Chairman of the Board - management fees	2020	\$ 16,250	\$ -	\$ 5,417
	2019	\$ 16,250	\$ -	\$ 10,833
Pacific Opportunity Capital Ltd., a company controlled by the CFO - accounting fees	2020	\$ 18,125	\$ -	\$ 12,845
	2019	\$ 18,125	\$ -	\$ 6,288
Directors' fees ⁽ⁱⁱ⁾	2020	\$ 19,500	\$ -	\$ 19,388
	2019	\$ 19,500	\$ -	\$ 26,892
Total	2020	\$ 100,125	\$ -	\$ 53,067
	2019	\$ 100,125	\$ 25,178	\$ 51,721

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

(ii) Effective June 6, 2018, Peter Ball resigned from being a director of the Company and Susan J. Mitchell was appointed as a director. Effective September 25, 2019, Susan J. Mitchell resigned and Patrick Chidley was appointed as a director.

(iii) Effective March 15, 2019, John Gray was appointed as the President and a director.

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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15. 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	Total
June 30, 2020			
<i>Current assets</i>	\$ 1,708,000	\$ 67,000	\$ 1,775,000
<i>Non-current assets</i>			
Reclamation bond	-	8,000	8,000
Exploration and evaluation assets	-	4,211,000	4,211,000
Intangible assets	2,000	-	2,000
<i>Current liabilities</i>	\$ 217,000	\$ -	\$ 217,000
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	Total
Period ended June 30, 2020			
Exploration and evaluation	\$ -	\$ (36,000)	\$ (36,000)
General and administrative	(149,000)	(10,000)	(159,000)
Other income (expense)	363,000	(5,000)	358,000
<i>Net income before taxes for the period</i>	214,000	(50,000)	164,000
<i>Net income for the period</i>	214,000	(50,000)	164,000
<i>Comprehensive income for the period</i>	214,000	\$ (50,000)	\$ 164,000
Period ended June 30, 2019			
Exploration and evaluation	\$ -	\$ (83,000)	\$ (83,000)
General and administrative	(143,000)	(2,000)	(145,000)
Other income (expense)	(61,000)	(2,000)	(63,000)
<i>Net (loss) before taxes for the period</i>	(205,000)	(87,000)	(292,000)
<i>Net (loss) for the period</i>	(205,000)	(87,000)	(292,000)
<i>Comprehensive (loss) for the period</i>	\$ (205,000)	\$ (87,000)	\$ (292,000)

16. EVENTS AFTER THE REPORTING PERIOD

- a) On July 23, 2020 the Company announced that it has entered into a binding agreement to acquire 100% of the shares of Heliodor Metals Limited (“Heliodor”). As part of the condition to this share exchange agreement, Redstar has agreed to conduct a private placement offering of its common shares to raise a minimum of \$6-million (see Note 16(b)).

The share exchange agreement contemplates that Redstar will acquire all of the issued and outstanding share capital of Heliodor in exchange for an aggregate of 86,621,003 Redstar common shares at a deemed issue price of \$0.05 per Redstar common share. After adjusting for the Redstar shares issued at closing (but without adjusting for the Redstar shares to be issued in the proposed private placement referred to herein), the former shareholders of Heliodor would own an aggregate of approximately 22.4% of the total number of issued and outstanding Redstar shares (or, assuming the issuance of approximately 100 million additional Redstar shares in the proposed private placement, an aggregate of approximately 17.7%). Redstar shares issued to Charles Funk (the proposed Chief Executive Officer upon completion of this transaction) in the share exchange transaction will be subject to pooling restrictions (50% to be released after 12 months, thereafter 6.25% of the original holding will be released every quarter).

The agreement contemplates that Redstar will conduct a private placement offering of its common shares to raise at least \$6 million at a price per Redstar share to be agreed to by Redstar and Heliodor, and subject to TSX Venture Exchange (“TSX-V”) approval. Completion of this private placement is a condition to the parties' obligation to close the share exchange transaction. Other closing conditions include the appointment of Charles Funk as CEO of Redstar and TSX-V approval. Redstar intends to call a general meeting of its shareholders as soon as reasonably practical following closing of the share exchange transaction to approve these:

- a one-for-15 consolidation of the outstanding Redstar shares;
- a name change to change Redstar's name to Heliostar Metals Ltd.;
- Fix the number of Redstar directors at six; and
- Elect three Redstar nominees and three Heliodor nominees to the Redstar board of directors.

The Company obtained the conditional approval from the TSX-V on July 29, 2020.

- b) On August 4, 2020, the Company announced a commencement of non-brokered private placement offering (the “Offering”) of up to 87,500,000 common shares (each a “Share”) at \$0.08 per Share for aggregate gross proceeds of up to \$7,000,000. This financing will satisfy the condition of the share exchange agreement.