

**REDSTAR GOLD CORP.**  
**(AN EXPLORATION STATE COMPANY)**

**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE NINE AND THREE MONTHS ENDED 31 DECEMBER 2016**

**NOTICE OF NO AUDITOR REVIEW OF**  
**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

Stated In Canadian Funds

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 condensed interim consolidated financial statements in accordance with standards established by the Canadian Organization of Chartered Professional Accountants for a review of interim financial statements by an entity's auditor.

## TABLE OF CONTENTS

Management’s Responsibility .....	i
Condensed Interim Consolidated Statement of Financial Position .....	1
Condensed Interim Consolidated Statement of Comprehensive Loss .....	2
Condensed Interim Consolidated Statement of Changes in Equity.....	3
Condensed interim Consolidated Statement of Changes in Equity (continued) .....	4
Condensed Interim Consolidated Statement of Cash Flows .....	5
Notes to the Condensed Interim Consolidated Financial Statements.....	6
1) Nature of operations and going concern .....	6
2) Basis of preparation – Statement of Compliance .....	7
3) Summary of significant accounting policies .....	7
4) Critical accounting estimates and judgments .....	8
5) Change in accounting policy.....	8
6) Financial instruments and risk management .....	9
7) Short-term Investments .....	11
8) Marketable securities.....	11
9) Investment in NV Gold Corporation.....	11
10) Exploration and evaluation assets .....	13
11) Intangible assets.....	18
12) Equipment.....	19
13) Capital management .....	19
14) Share capital.....	19
15) Related party transactions .....	23
16) Segmented disclosure .....	24

## MANAGEMENT'S RESPONSIBILITY

To the Shareholders of Redstar Gold Corp:

Management is responsible for the preparation and presentation of the accompanying condensed interim consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with International Financial Reporting Standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors and the Audit Committee are composed primarily of directors who are neither management nor employees of the Company. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information presented. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and the external auditors. The Audit Committee has the responsibility of meeting with management, and the external auditors to discuss the internal controls over the financial reporting process, auditing matters and financial reporting issues. The Board is also responsible for recommending the appointment of the Company's external auditors.

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

We draw attention to Note 1 in the condensed interim consolidated financial statements which indicates the existence of a material uncertainty that may cast substantial doubt on the Company's ability to continue as a going concern.

15 February 2017

"Peter Ball"

---

Peter Ball, President and CEO

"Grant T. Smith"

---

Grant T. Smith, CFO

**CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

		As at	As at
		31 December	31 March
	Note	2016	2016
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents		\$ 394,283	\$ 101,892
Short-term investments	(7)	6,215,950	-
Amounts receivable		10,142	7,052
Marketable securities	(8)	35,917	30,232
Prepaid amounts and advances		39,361	19,767
		<b>6,695,653</b>	<b>158,943</b>
<b>Non-current Assets</b>			
Deposit		-	7,428
Investment in NV Gold	(9)	1,969,386	-
Reclamation bond		7,958	19,914
Intangible assets	(11)	5,621	7,253
Equipment	(12)	29,117	11,582
Exploration and evaluation assets	(10)	3,848,291	3,845,717
		<b>5,860,373</b>	<b>3,891,894</b>
		<b>\$ 12,556,026</b>	<b>\$ 4,050,837</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts payable and accrued liabilities	(15)	\$ 104,721	\$ 250,559
<b>EQUITY (STATEMENT 3)</b>			
Share capital	(14)	32,409,125	23,174,062
Contributed surplus - warrants		818,720	1,257,299
Contributed surplus - options		3,026,268	2,847,096
Accumulated other comprehensive income		2,338	(3,347)
Deficit		(23,805,146)	(23,474,832)
		<b>12,451,305</b>	<b>3,800,278</b>
		<b>\$ 12,556,026</b>	<b>\$ 4,050,837</b>
Nature of operations and going concern	(1)	Capital management	(13)
Basis of preparation - statement of compliance	(2)	Segmented disclosure	(16)
Change in accounting policy	(5)		
The consolidated financial statements were approved by the Board of Directors on 15 February 2017 and were signed on its behalf by:			
"Peter Ball"		"Robert McLeod"	
Peter Ball, Director		Robert McLeod, Director	

Canadian Funds  
(Unaudited)

### CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS

	Note	9 months ended 31 December 2016	9 months ended 31 December 2015 (Restated Note 5)	3 months ended 31 December 2016	3 months ended 31 December 2015 (Restated Note 5)
<b>CONTINUING OPERATIONS</b>					
<b>Exploration and Evaluation</b>					
Resource property expense	(10)	\$ 1,332,583	\$ 1,215,538	\$ 980,277	\$ 146,511
<b>General and Administrative</b>					
Investor relations		189,046	161,195	102,865	59,770
Management fees		206,250	177,590	61,602	28,375
Loss from investment in NV Gold	(9)	191,070	-	191,070	-
Share-based payments	(14)	179,172	69,702	178,056	4,312
Travel and promotion		59,479	28,001	33,859	5,878
Rent		54,029	18,000	40,697	4,500
Audit and legal		38,200	80,408	19,065	36,269
Director fees		32,000	-	32,000	-
Transfer agent		23,967	5,308	8,201	2,509
Regulatory fees		21,551	5,004	9,969	1,875
Insurance		20,887	26,437	7,087	7,850
Office operations		19,612	11,804	10,013	3,682
Amortization		6,493	6,171	3,283	2,056
		<b>1,041,756</b>	<b>589,620</b>	<b>697,767</b>	<b>157,076</b>
<b>Loss before the undernoted</b>		<b>2,374,339</b>	<b>1,805,158</b>	<b>1,678,044</b>	<b>303,587</b>
<b>Other (Income) Expense</b>					
(Income) loss on sale of exploration and evaluation assets		(2,031,214)	-	12,813	-
(Gain) loss on foreign exchange		(1,290)	(32,079)	23,381	(14,431)
Interest (income)		(11,521)	(584)	(11,519)	(1)
		<b>(2,044,025)</b>	<b>(32,663)</b>	<b>24,675</b>	<b>(14,432)</b>
<b>Other Comprehensive Loss</b>		<b>330,314</b>	<b>1,772,495</b>	<b>1,702,719</b>	<b>289,155</b>
Unrealized loss on available-for-sale securities		(5,685)	26,069	1,244	5,708
<b>Comprehensive Loss for the Period</b>		<b>\$ 324,629</b>	<b>\$ 1,798,564</b>	<b>\$ 1,703,963</b>	<b>\$ 294,863</b>
<b>Basic and Diluted Loss per Common Share</b>		<b>\$ 0.00</b>	<b>\$ 0.01</b>	<b>\$ 0.01</b>	<b>\$ 0.00</b>
<b>Weighted Average Number of Shares Outstanding</b>		<b>243,353,178</b>	<b>188,560,757</b>	<b>289,544,097</b>	<b>199,578,093</b>

Canadian Funds  
(Unaudited)

### CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Shares	Amount	Warrant	Options	Accumulated Other Comprehensive Income	Deficit	Shareholders' Equity
<b>BALANCE 01 APRIL 2015</b>	180,828,093	\$ 22,467,382	\$ 1,257,299	\$ 2,602,054	\$ (108,336)	\$ (21,148,750)	5,069,649
Unrealized loss on marketable securities	-	-	-	-	(4,211)	-	(4,211)
Share-based payments	-	-	-	57,631	-	-	57,631
Net loss for the period	-	-	-	-	-	(1,135,448)	(1,135,448)
<b>BALANCE 30 JUNE 2015</b>	180,828,093	\$ 22,467,382	\$ 1,257,299	\$ 2,659,685	\$ (112,547)	\$ (22,284,198)	3,987,621
Shares issued for cash	18,750,000	750,000	-	-	-	-	750,000
Share issuance costs	-	(9,720)	-	-	-	-	(9,720)
Unrealized loss on marketable securities	-	-	-	-	(16,150)	-	(16,150)
Share-based payments	-	-	-	7,759	-	-	7,759
Net loss for the period	-	-	-	-	-	(347,892)	(347,892)
<b>BALANCE 30 SEPTEMBER 2015</b>	199,578,093	\$ 23,207,662	\$ 1,257,299	\$ 2,667,444	\$ (128,697)	\$ (22,632,090)	4,371,618
Share issuance costs	-	(33,600)	-	-	-	-	(33,600)
Unrealized loss on marketable securities	-	-	-	-	(5,708)	-	(5,708)
Share-based payments	-	-	-	4,312	-	-	4,312
Net loss for the period	-	-	-	-	-	(289,155)	(289,155)
<b>BALANCE 31 DECEMBER 2015</b>	199,578,093	\$ 23,174,062	\$ 1,257,299	\$ 2,671,756	\$ (134,405)	\$ (22,921,245)	4,047,467
Share-based payments	-	-	-	175,340	-	-	175,340
Unrealized loss on marketable securities	-	-	-	-	131,058	-	131,058
Net loss for the period	-	-	-	-	-	(553,587)	(553,587)
<b>BALANCE 31 MARCH 2016</b>	199,578,093	\$ 23,174,062	\$ 1,257,299	\$ 2,847,096	\$ (3,347)	\$ (23,474,832)	3,800,278

Canadian Funds  
(Unaudited)

### CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

	Shares	Amount	Warrant	Options	Accumulated Other Comprehensive Income	Deficit	Shareholders' Equity
<b>BALANCE 01 APRIL 2016</b>	<b>199,578,093</b>	<b>\$ 23,174,062</b>	<b>\$ 1,257,299</b>	<b>\$ 2,847,096</b>	<b>\$(3,347)</b>	<b>\$(23,474,832)</b>	<b>\$ 3,800,278</b>
Units issued in private placement	19,085,200	930,543	214,539	-	-	-	1,145,082
Unit issuance costs	-	(25,097)	-	-	-	-	(25,097)
Share-based payments	-	-	-	970	-	-	970
Unrealized loss on marketable securities	-	-	-	-	6,572	-	6,572
Net (loss) for the period	-	-	-	-	-	(304,916)	(304,916)
<b>BALANCE 30 JUNE 2016</b>	<b>218,663,293</b>	<b>\$ 24,079,508</b>	<b>\$ 1,471,838</b>	<b>\$ 2,848,066</b>	<b>\$ 3,225</b>	<b>\$(23,779,748)</b>	<b>\$ 4,622,889</b>
Shares issued in private placement	41,000,000	4,100,000	-	-	-	-	4,100,000
Share issuance costs	-	(173,177)	-	-	-	-	(173,177)
Broker's warrants	-	(18,000)	18,000	-	-	-	-
Obligation to issue shares	-	50,000	-	-	-	-	50,000
Shares issued on exercise of warrants	3,615,000	361,500	-	-	-	-	361,500
Value of warrants exercised	-	66,186	(66,186)	-	-	-	-
Share-based payments	-	-	-	146	-	-	146
Unrealized loss on marketable securities	-	-	-	-	357	-	357
Net income for the period	-	-	-	-	-	1,677,321	1,677,321
<b>BALANCE 30 SEPTEMBER 2016</b>	<b>263,278,293</b>	<b>\$ 28,466,017</b>	<b>\$ 1,423,652</b>	<b>\$ 2,848,212</b>	<b>\$ 3,582</b>	<b>\$(22,102,427)</b>	<b>\$ 10,639,036</b>
Shares issued on exercise of warrants	33,672,000	3,395,000	-	-	-	-	3,395,000
Value of warrants exercised	-	604,932	(604,932)	-	-	-	-
Share-based payments	-	-	-	178,056	-	-	178,056
Share issuance costs	-	(6,824)	-	-	-	-	(6,824)
Obligation to issue shares	-	(50,000)	-	-	-	-	(50,000)
Unrealized loss on marketable securities	-	-	-	-	(1,244)	-	(1,244)
Net (loss) for the period	-	-	-	-	-	(1,702,719)	(1,702,719)
<b>BALANCE 31 DECEMBER 2016</b>	<b>296,950,293</b>	<b>\$ 32,409,125</b>	<b>\$ 818,720</b>	<b>\$ 3,026,268</b>	<b>\$ 2,338</b>	<b>\$(23,805,146)</b>	<b>\$ 12,451,305</b>

Canadian Funds  
(Unaudited)

### CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	9 months ended 31 December 2016	9 months ended 31 December 2015 (Restated Note 5)	3 months ended 31 December 2016	3 months ended 31 December 2015 (Restated Note 5)
<b>OPERATING ACTIVITIES</b>				
<b>Loss for the Period</b>	\$ (330,314)	\$ (1,722,495)	\$ (1702,719)	\$ (289,155)
<b>Items not Affecting Cash</b>				
Share-based payments (14)	179,172	69,702	178,056	4,312
Unrealized gain on foreign exchange	(46,710)	-	(12,589)	-
Reclamation bond	11,956	-	11,956	-
Amortization	6,493	6,171	3,283	2,056
Loss from investment in NV Gold (9)	191,070	-	191,070	-
Sale of exploration and evaluation assets	(2,031,214)	-	12,813	-
	<b>(2,019,547)</b>	<b>(1,696,622)</b>	<b>(1,318,130)</b>	<b>(282,787)</b>
<b>Net Change in Non-cash Working Capital</b>				
Amounts receivable	(3,090)	(216)	(950)	359
Prepays amounts and advances	(12,166)	(1,239)	48,124	(19,826)
Accounts payable and accrued liabilities	(54,187)	(31,672)	77,671	(12,395)
Due to related parties	(91,650)	(19,711)	(1,250)	(56,703)
Short-term investments	(6,215,950)	-	(6,215,950)	-
	<b>(6,377,043)</b>	<b>(52,838)</b>	<b>(6,092,355)</b>	<b>(88,565)</b>
	<b>(8,396,590)</b>	<b>(1,749,460)</b>	<b>(7,410,485)</b>	<b>(371,352)</b>
<b>INVESTING ACTIVITIES</b>				
Acquisition of intangible assets	(22,397)	-	(22,397)	-
Acquisition of exploration assets	(85,106)	(23,420)	-	(8,074)
	<b>(107,503)</b>	<b>(23,420)</b>	<b>(22,397)</b>	<b>(8,074)</b>
<b>FINANCING ACTIVITIES</b>				
Proceeds from share issuance	5,263,081	750,000	448,812	-
Proceeds from exercise of warrants	3,756,500	-	3,162,461	-
Share subscriptions receivable	-	-	(50,000)	-
Issuance of units, net of issuance costs	(223,097)	(43,320)	(223,097)	(33,600)
	<b>8,796,484</b>	<b>706,680</b>	<b>3,338,176</b>	<b>(33,600)</b>
<b>Increase in Cash and Cash Equivalents</b>	<b>292,391</b>	<b>(1,066,200)</b>	<b>(4,094,706)</b>	<b>(413,026)</b>
Cash position – beginning of period	101,892	1,311,090	4,488,989	657,916
<b>Cash Position – End of Period</b>	<b>\$ 394,283</b>	<b>\$ 244,890</b>	<b>\$ 394,283</b>	<b>\$ 244,890</b>
<b>Schedule of Non-cash Investing and Financing Transactions</b>				
Fair value transfer on exercise of warrants	\$ 671,118	\$ -	\$ 66,186	\$ -



## REDSTAR GOLD CORP.

Canadian Funds  
(Unaudited)

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE AND THREE MONTHS ENDED 31 DECEMBER 2016

#### 1) Nature of operations and going concern

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 1500 – 409 Granville Street, Vancouver, BC, V6C 1T2.

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 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.

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.

	<b>31 December</b>	31 March
<b>Rounded to 000's</b>	<b>2016</b>	2016
Working capital surplus (deficit)	\$ 6,590,000	\$ (92,000)
Accumulated (deficit)	\$ (23,805,000)	\$ (23,475,000)

## **REDSTAR GOLD CORP.**

Canadian Funds

(Unaudited)

### **NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE AND THREE MONTHS ENDED 31 DECEMBER 2016**

#### **2) Basis of preparation – Statement of Compliance**

These Financial Statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and in accordance with International Accounting Standards (“IAS”) 34, Interim Financial Reporting. 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 31 March 2016.

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 31 March 2016. The following Note was updated during the nine months ended 31 December, 2016.

##### **a) Basis of presentation**

###### **i) Subsidiaries**

These Financial Statements incorporate the financial statements of the Company and the entities controlled by the Company, which consist of:

- Redstar Gold USA Inc. (“Redstar USA”), which was incorporated in the State of Nevada, owned 100% by the Company.
- Redstar Gold (Alaska) Inc. (“Redstar Alaska”), which was incorporated in the State of Alaska, owned 100% by the Company.

Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. All significant intercompany transactions and balances have been eliminated.

## **REDSTAR GOLD CORP.**

Canadian Funds  
(Unaudited)

### **NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE AND THREE MONTHS ENDED 31 DECEMBER 2016**

Non-controlling interest in the net assets of consolidated subsidiaries are identified separately from the Company's equity. Non-controlling interest consists of the non-controlling interest at the date of the original business combination plus the non-controlling interest's share of changes in equity since the date of acquisition.

#### **ii) Investments in associates**

An associate is an entity over which the Company has significant influence, but not control, and is neither a subsidiary, nor an interest in a joint venture. Investments in which the Company has the ability to exercise significant influence are accounted for by the equity method. Under this method, the investment is initially recorded at cost and adjusted thereafter to record the Company's share of post-acquisition earnings or loss of the investee as if the investee had been consolidated. The carrying value of the investment is also increased or decreased to reflect the Company's share of capital transactions, including amounts recognized in other comprehensive income (OCI"), and for accounting changes that relate to periods subsequent to the date of acquisition. Where there is objective evidence that the investment in associates is impaired, the amount of impairment, calculated as the difference between the recoverable amount of the associate and its carrying value, is deducted from the carrying value and recognized as a loss in the statement of operations.

#### **iii) Short-term investments**

Short-term investments are investments that are transitional or current in nature, with an original maturity greater than three months, but less than twelve months.

### **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.

### **5) Change in accounting policy**

During the year ended 31 March 2016, the Company changed its accounting policy for exploration and evaluation costs. In prior years, the Company capitalized acquisition costs of mineral properties and deferred exploration and evaluation expenditures directly related to specific mineral properties, net of recoveries received. Under the new policy, property exploration costs incurred prior to the determination of the feasibility of mining operations and a decision to proceed with development are charged to operations as incurred. Exploration costs also include exploration license and maintenance fees which are paid on a yearly basis. Development expenditures incurred subsequent to a development decision, and to increase or to extend the life of existing production, are capitalized and will be amortized on the unit-of-production method based upon estimated proven and probable reserves. Management believes that this treatment provides a more accurate depiction of the asset base of the Company prior to establishing the economic feasibility of its resource base.

## REDSTAR GOLD CORP.

Canadian Funds  
(Unaudited)

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE AND THREE MONTHS ENDED 31 DECEMBER 2016

The Company has accounted for this change in accounting policy on a retrospective basis with a restatement of the opening deficit balance and the exploration and evaluation asset for the prior period presented as if the new accounting policy had always been applied. The impact of this change is as follows:

	31 December 2015		31 December 2015	
	As previously reported	Restatement	As restated	
<b>CONSOLIDATED STATEMENT OF FINANCIAL POSITION</b>				
Exploration and evaluation assets	\$ 9,255,077	\$ (5,417,669)	\$ 3,837,408	
<b>CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS</b>				
Exploration expenditures	\$ -	\$ 1,215,538	\$ 1,215,538	
Net loss for the period	\$ 556,957	\$ 1,215,538	\$ 1,772,495	
Comprehensive loss for the period	\$ 593,026	\$ 1,069,027	\$ 1,662,053	
<b>CONSOLIDATED STATEMENT OF CHANGES IN EQUITY</b>				
Deficit – beginning of period	\$ 16,946,619	\$ 4,202,131	\$ 21,148,750	
Deficit – end of period	\$ 17,503,576	\$ 5,417,669	\$ 22,921,245	
<b>CONSOLIDATED STATEMENT OF CASH FLOWS</b>				
Loss for the period	\$ 566,957	\$ 1,215,538	\$ 1,772,495	
Exploration asset expenditures	\$ (1,223,612)	\$ 1,223,612	\$ -	
Acquisition of exploration and evaluation assets	\$ -	\$ (8,074)	\$ (8,074)	

## 6) Financial instruments and risk management

### a) Financial instrument classification and measurement

Financial instruments of the Company carried on the Consolidated Statement of Financial Position are carried at amortized cost with the exception of marketable securities, which are carried at fair value. There are no significant differences between the carrying value of financial instruments and their estimated fair values as at 31 December 2016 and 31 March 2016.

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.

## REDSTAR GOLD CORP.

Canadian Funds  
(Unaudited)

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE AND THREE MONTHS ENDED 31 DECEMBER 2016

#### b) Fair values of financial assets and liabilities

The Company's financial instruments include cash and cash equivalents, short-term investments, marketable securities, amounts receivable, accounts payable and accrued liabilities, and due to related parties. As at 31 December 2016 and 31 March 2016, the carrying value of cash and cash equivalents is fair value. Marketable securities are marked to fair value at each financial statement reporting date. Amounts receivable, 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.

#### 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

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. To manage this risk the Company maintains only the minimum amount of foreign cash required to fund its on-going general and exploration expenditures. The Company is not exposed to significant foreign currency risk, as a 5% shift in foreign exchange rates would result in an impact of approximately \$6,466. At 31 December 2016, the Company held currency totalling the following:

Canadian (Dollars)	US (Dollars)
\$264,971	\$96,308

#### 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 31 December 2016, the Company had a cash balance of \$394,283 to settle current liabilities of \$104,721.

## REDSTAR GOLD CORP.

Canadian Funds  
(Unaudited)

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE AND THREE MONTHS ENDED 31 DECEMBER 2016

#### 7) Short-term Investments

As at 31 December 2016, the Company has short-term investments of \$6,215,950 including accrued interest of \$10,200. The short-term investments are held in a Guaranteed Investment Certificates ("GICs") and maturing on 29 September 2016 and 28 October 2016. The Company pledged \$5,750 as collateral for a credit card.

#### 8) Marketable securities

			Accumulated Unrealized	
<b>31 March 2016</b>	Shares	Cost	Loss	Total
Palisades Ventures Inc. <sup>(i)</sup>	5,555	\$ 30,000	\$ (29,694)	\$ 306
Confederation Minerals Ltd.	650,000	56,250	(27,000)	29,250
True Grit Resources Ltd.	40,000	70,400	(70,300)	100
Brocade Metals Corp.	320,000	4	-	4
American Potash Corp. <sup>(ii)</sup>	11,443	5,722	(5,150)	572
		\$ 162,376	\$ (132,144)	\$ 30,232

			Accumulated Unrealized	
<b>31 December 2016</b>	Shares	Cost	(Loss)	Total
Palisades Ventures Inc. <sup>(i)</sup>	5,555	\$ 30,000	\$ (29,667)	\$ 333
Confederation Minerals Ltd.	65,000	56,250	(21,800)	34,450
True Grit Resources Ltd.	20,000	70,400	(69,900)	500
Brocade Metals Corp.	320,000	4	-	4
American Potash Corp. <sup>(ii)</sup>	11,443	5,722	(5,092)	630
		\$ 162,376	\$ (126,459)	\$ 35,917

<sup>(i)</sup> Formerly, Uranium Standard Resources Ltd. On 27 November 2015, Palisades Ventures Inc. consolidated its shares on a basis of two existing shares for one new share. Units have been retrospectively restated to reflect the consolidation.

<sup>(ii)</sup> Formerly, Magna Resources Ltd. On 25 January 2016, American Potash Corp. consolidated its shares on a basis of five existing shares for one new share. Units have been retrospectively restated to reflect the consolidation.

For the year ended 31 March 2016, the Company has impaired \$129,544 of marketable securities and recorded in profit and loss due to prolonged significant decrease in fair value. As at year-end, the Company has \$nil of unrealized loss on marketable securities recorded in accumulated other comprehensive income.

#### 9) Investment in NV Gold Corporation

On 1 September 2016, the Company entered into a purchase and sale agreement with NV Gold Corporation and its subsidiary, NV Gold Corporation (USA) ("NV Gold"), 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 (see Note 10). On 28 September 2016, the Company completed the sale of Nevada Properties for consideration of 29.9% of the outstanding common shares of NV Gold.

## REDSTAR GOLD CORP.

Canadian Funds  
(Unaudited)

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE AND THREE MONTHS ENDED 31 DECEMBER 2016

The Company accounts for its investment in NV Gold using the equity method of accounting. Under the equity method of accounting, the investment in NV Gold, is initially recognized at cost and adjusted thereafter for the post-acquisition change in the net assets.

This transaction has resulted in a non-cash income on sale of exploration and evaluation of assets and calculated as follows:

Acquisition of 6,172,730 shares at cost	\$ 2,160,456
Less carrying value of exploration and evaluation assets	(82,532)
Proportionate share of net loss	(191,070)
<b>December 31, 2016</b>	<b>\$ 1,969,386</b>

The Company is 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.

The Company recorded an equity loss of \$191,070 for the three months ended December 31, 2016 which represents the proportionate share of NV Gold's net loss through three months ended November 30, 2016. NV Gold has an August fiscal year end and it is impractical to prepare financial statements to 31 December 2016 as NV Gold is a listed entity. It is expected that the difference in reporting dates is immaterial.

The following is a summary of the consolidated financial information of NV Gold on a 100% basis as at and for the year ended 31 August 2016, which is the most recent publicly available information for NV Gold. These amounts are presented in Canadian dollars.

	30 November 2016	31 August 2016
Total current assets	\$ 735,505	\$ 334,333
Total non-current assets	3,547,796	154,042
Total current liabilities	(75,985)	(85,138)
Total non-current liabilities	-	-
	<b>4,207,316</b>	<b>403,237</b>
Net loss	639,030	308,016
Other comprehensive (gain)	(787)	(261,656)
Total loss and comprehensive loss	<b>638,243</b>	<b>46,360</b>

The investment is reviewed regularly for indicators of impairment and no impairment was identified as of 31 December 2016.

**REDSTAR GOLD CORP.**

Canadian Funds  
(Unaudited)

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE NINE AND THREE MONTHS ENDED 31 DECEMBER 2016**

**10) Exploration and evaluation assets**

The Company has interests in mineral properties; the details of which follow for the period ended 31 December 2016 and the year ended 31 March 2016:

<b>PROPERTY ACQUISITION COSTS</b>	<b>31 March 2016</b>	<b>Acquisition (Disposition) costs</b>	<b>31 December 2016</b>
<b>Alaska</b>			
Unga Project	3,733,879	85,106	3,818,985
<b>Nevada</b>			
Seven Devils	139,648	(139,648)	-
Painted Hills	32,701	(32,701)	-
Larus	20,943	(20,943)	-
Long Island	17,866	(17,866)	-
Gold Cloud	7,545	(7,545)	-
Queens	2,110	(2,110)	-
Oasis	704	(704)	-
Baker Spring	(7,237)	7,237	-
Cooks Creek	(34,308)	34,308	-
Richmond Summit	(37,278)	37,278	-
Root Spring	(60,162)	60,162	-
	82,532	(82,532)	-
<b>Canada</b>			
Newman Todd	29,306	-	29,306
<b>Total</b>	<b>\$ 3,845,717</b>	<b>\$ 2,574</b>	<b>\$ 3,848,291</b>



**REDSTAR GOLD CORP.**Canadian Funds  
(Unaudited)**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE NINE AND THREE MONTHS ENDED 31 DECEMBER 2016**

<b>EXPLORATION EXPENDITURES</b>	Alaska	Nevada	Canada	Total
Drilling	380,641	-	-	380,641
Geological	280,181	-	-	280,181
Supplies and materials	138,453	-	-	138,453
Travel and accommodation	113,817	-	-	113,817
Equipment rental	59,628	-	-	59,628
Land tenure	-	54,681	-	54,681
Assaying	41,626	-	-	41,626
<b>Balance 31 December 2015</b>	<b>1,014,346</b>	<b>54,681</b>	<b>-</b>	<b>1,069,027</b>
Drilling	501,984	-	-	501,894
Geological	388,615	13,486	-	402,101
Supplies and materials	137,613	-	-	137,613
Admin and camp	121,389	-	-	121,389
Assaying	94,155	-	-	94,155
Travel and accommodation	23,301	-	9,477	32,778
Transport and surface access	16,282	-	-	16,282
Equipment rental	14,446	-	-	14,446
Maps and reports	9,956	-	-	9,956
Land tenure	1,335	633	-	1,969
<b>Balance 31 December 2016</b>	<b>\$ 1,309,988</b>	<b>\$ 14,119</b>	<b>\$ 9,477</b>	<b>\$ 1,332,583</b>

	<b>Nine months ended 31 December 2016</b>	Nine months ended 31 December 2015
<b>PROPERTY BY REGION</b>		
<b>Alaska</b>		
Unga/Popof	1,308,988	1,152,462
<b>Nevada</b>		
Nevada General	14,119	63,076
<b>Canada</b>		
Newman Todd	9,477	-
<b>Total</b>	<b>\$ 1,332,584</b>	<b>\$ 1,215,538</b>

## REDSTAR GOLD CORP.

Canadian Funds  
(Unaudited)

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE AND THREE MONTHS ENDED 31 DECEMBER 2016

#### 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.

On 19 May 2011, the Company entered into an option agreement with NGAS Production Co. (“NGAS”), a subsidiary of Magnum Hunter Resources Corp. (“Magnum”), to acquire, subject to underlying advance royalty payments of US\$2,000 per month to a maximum of US\$450,000, a 100% interest in patented land/claims in consideration for making the following payments:

	Cash (\$US)	Shares (\$US) <sup>(i)</sup>
19 May 2011	\$ 100,000 <sup>(ii)</sup>	\$ -
30 June 2011	-	250,000
15 July 2011	500,000 <sup>(ii)</sup>	-
01 January 2012	200,000 <sup>(ii)</sup>	250,000
	<u>\$ 800,000</u>	<u>\$ 500,000</u>

<sup>(i)</sup> The Company issued common shares the equivalent dollar-value as stated above.

<sup>(ii)</sup> Paid and/or issued

In addition, at the option of NGAS, a final option payment of US\$1,500,000 in cash (US\$1,000,000 on or before 1 September 2012 and US\$500,000 on or before 1 September 2013) or the number of common shares of the Company equivalent to US\$1,500,000 on or before 1 October 2012.

On 31 August 2012, NGAS elected to be paid US\$1,000,000 in cash on 1 September 2012 (paid) and US\$500,000 in cash on or before 1 September 2013 (collectively, the “Payments”). With respect to the US\$1,000,000 due 1 September 2012, NGAS granted the Company an extension of 180 days from and after 1 September 2012 to make the US\$1,000,000 payment due to NGAS, in consideration for making cash payment to NGAS of US\$100,000 on signing of the extension agreement (paid), and issuing in the aggregate 875,000 shares in stages, as to 125,000 shares on the TSX approval of the extension agreement (issued), and 125,000 shares each on the 30th, 60th, 90th, 120th, 150th and 180th days after 1 September 2012 (all issued).

In respect of the US\$1,000,000 originally due on 1 September 2012 and subsequently extended to February 28, 2013, NGAS granted the Company a second extension of 180 days to 1 September 2013, to make the US\$1,000,000 payment due to NGAS, in consideration for making cash payment to NGAS of US\$100,000 on signing of the extension agreement (paid) and share issuances to NGAS of 125,000 shares on the TSX approval of the extension agreement (issued), and additional staged share issuances to NGAS until such time as the Payments are made (625,000 shares issued). All commitments having been met, the Company now owns 100% of the Unga Property.

On 18 February 2014, the Company signed a Letter of Intent (“LOI”) with Full Metal Minerals Ltd (“FMM”), to take an assignment of FMM’s interest in its agreement with The Aleut Corporation (“TAC”) and to acquire a 100% interest in six Alaskan State Mineral claims. Under the terms of the LOI, the Company may acquire a 100% undivided interest in the property, upon issuance of 4,000,000 shares and payment of a total of US\$50,000 (US\$10,000 paid) to FMM, subject to regulatory approval, completion of a definitive agreement including the consent of TAC to the assignment, and satisfying the Underlying Agreements. The LOI supersedes all other agreements with FMM in respect of the TAC lands and the state claims.

## REDSTAR GOLD CORP.

Canadian Funds  
(Unaudited)

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE AND THREE MONTHS ENDED 31 DECEMBER 2016

On 8 September 2014, the Company announced that, together with FMM and TAC it has signed an Assignment and Novation Agreement in respect to the TAC lands, which replaces the LOI signed on 18 February 2014, whereby all rights and interests held previously by FMM are assigned to Redstar. Pursuant to the Agreement, Redstar is required to perform the following:

	Cash (\$CAD)	Cash (\$US)	Shares issued to Full Metal	Exploration Expenditure on the Property (\$US)
<b>On signing of the agreement</b>	\$ 125,000 <sup>(i)</sup>	\$ 50,000 <sup>(i)</sup>	750,000 <sup>(i)</sup>	\$ -
<b>1 January 2015</b>	-	55,000 <sup>(i)</sup>	-	400,000
<b>1 January 2016</b>	-	60,000	-	500,000
<b>1 January 2017</b>	-	60,000	-	500,000
<b>1 January 2018</b>	-	-	-	1,000,000
<b>1 January 2019</b>	-	-	-	1,000,000
	<u>\$ 125,000</u>	<u>\$ 225,000</u>	<u>750,000</u>	<u>\$ 3,400,000</u>

(i) Paid or issued

(ii) Incurred

#### b) Nevada Properties, USA

##### AngloGold-Ashanti Agreements

On 9 March 2005, the Company entered into a Data Base Purchase and Buy Back Agreement with AngloGold-Ashanti North America Inc. ("AngloGold") whereby the Company acquired the right to a 100% ownership of an exploration and geological database covering Nevada, Utah, Idaho and California ("Great Basin Database"), in consideration for the issuance of shares and making certain expenditures within the Great Basin. The agreement was subject to AngloGold retaining the right to back into projects for a 60% interest by making certain additional expenditures on specified properties. On 8 May 2008, the Company completed the purchase of the database, eliminating AngloGold's back-in option on various properties, and the agreement was terminated. Pursuant to a subsequent agreement, the back-in rights on properties acquired prior to May, 2008 (Eagle Basin, Richmond Summit, Cooks Creek, Root Spring and Oasis) were converted to royalties of 1% to 2%, depending on the price of gold.

On 1 September 2016, the Company entered into a purchase and sale agreement with NV Gold (see Note 10). Pursuant to this agreement, the Company sold its right to a 100% ownership of Great Basin Database, the Nevada properties and AngloGold royalties:

**REDSTAR GOLD CORP.**Canadian Funds  
(Unaudited)**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE NINE AND THREE MONTHS ENDED 31 DECEMBER 2016**Nevada Properties and AngloGold royalty

<b>Properties</b>	<b>Staked Claims (#)</b>	<b>AngloGold Royalty (%)</b>
Baker	22	-
Cooks Creek	66	1-2
Gold Cloud	20	-
Larus	7	-
Long Island	27	-
Oasis	10	1-2
Painted Hills	14	-
Queens	4	-
Richmond Summit	10	1-2
Root Springs	61	1-2
Seven Devils	54	-

**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 19 November 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.

Under the terms of the agreement, Confederation could earn an initial 50% interest in the project by funding \$5,000,000 in exploration and development work, issuing shares of Confederation and making payments to the Company as follows:

	Cash	Shares	Exploration Expenditures on Projects
<b>19 November 2010</b>	\$ 50,000 <sup>(i)</sup>	100,000 <sup>(i)</sup>	\$ -
<b>19 November 2011</b>	50,000 <sup>(i)</sup>	100,000 <sup>(i)</sup>	2,000,000
<b>19 November 2012</b>	75,000 <sup>(i)</sup>	150,000 <sup>(i)</sup>	1,500,000
<b>19 November 2013</b>	75,000 <sup>(i)</sup>	150,000 <sup>(i)</sup>	1,500,000
	<u>\$ 250,000</u>	<u>500,000</u>	<u>\$ 5,000,000</u>

<sup>(i)</sup> Received<sup>(ii)</sup> Incurred

## REDSTAR GOLD CORP.

Canadian Funds  
(Unaudited)

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE AND THREE MONTHS ENDED 31 DECEMBER 2016

Having earned an initial 50% interest in the project, Confederation could earn an additional 20% interest by providing a Preliminary Assessment of the property, at Confederation's cost, and issuing 500,000 shares of Confederation to the Company. In addition, to maintain the second option in good standing, Confederation would make minimum annual expenditures of \$250,000 commencing on the third anniversary and until the earlier of (a) the full exercise of the second option, and (b) the expiry of the second option.

On 24 March 2015, Confederation earned their additional 20% interest in the project by providing a Preliminary Assessment and issuing 500,000 shares to the Company.

On 14 April 2011, the Company acquired, under joint acquisition with Confederation, a 50% interest in 18 mineral claims adjacent to the Todd Properties ("Adjacent Property"). Of the 50% interest acquired by the parties from the vendor, Confederation acquired an undivided 35% interest in the Adjacent Property (being 70% of vendor's interest) and the Company acquired an undivided 15% interest in the Adjacent Property (being 30% of the vendor's interest) for the sum of \$70,000. The remaining 50% interest in the claims is held by Rubicon Minerals Corporation.

#### 11) Intangible assets

	Computer Software
<b>COST OR DEEMED COST</b>	
<b>Balance at 01 April 2016</b>	\$ 10,986
Additions	-
<b>Balance at 31 December 2016</b>	\$ 10,986
<b>ACCUMULATED DEPRECIATION</b>	
<b>Balance at 01 April 2016</b>	\$ 3,733
Depreciation for the period	1,632
<b>Balance at 31 December 2016</b>	\$ 5,365
<b>CARRYING AMOUNTS</b>	
At 31 March 2016	\$ 7,253
At 31 December 2016	\$ 5,621

## REDSTAR GOLD CORP.

Canadian Funds  
(Unaudited)

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE AND THREE MONTHS ENDED 31 DECEMBER 2016

#### 12) Equipment

	Computers	Equipment	Vehicles	Total
<b>COST OR DEEMED COST</b>				
Balance at 01 April 2016	\$ 77,911	\$ 27,016	\$ 29,100	\$ 134,027
Additions	-	-	22,397	22,397
Balance at 31 December 2016	\$ 77,911	\$ 27,016	\$ 51,497	\$ 156,424
<b>ACCUMULATED DEPRECIATION</b>				
Balance at 01 April 2015	\$ 70,161	\$ 22,472	\$ 24,691	\$ 117,324
Depreciation for the year	2,325	908	1,888	5,121
Balance at 31 March 2016	\$ 72,486	\$ 23,380	\$ 26,579	\$ 122,445
Depreciation for the period	1,221	546	3,095	4,862
Balance at 31 December 2016	\$ 73,707	\$ 23,926	\$ 29,674	\$ 127,307
<b>CARRYING AMOUNTS</b>				
At 31 March 2016	\$ 5,425	\$ 3,636	\$ 2,521	\$ 11,582
At 31 December 2016	\$ 4,204	\$ 3,090	\$ 21,823	\$ 29,117

#### 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

Unlimited common shares without par value.

##### b) Issued or allotted and fully paid:

During the nine months ended 31 December 2016:

The Company closed, on 29 April 2016, a non-brokered private placement of 19,085,200 units (the "Units") at a price of \$0.06 per Unit for gross proceeds of \$1,145,112. The Company recorded \$25,097 of share issuance cost. Each Unit consisted of one common share and one common share purchase warrant. Each whole Warrant can be exercised into one common share of the Company at a price of \$0.14 per share for a period of three years from the date of closing.

## REDSTAR GOLD CORP.

Canadian Funds  
(Unaudited)

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE AND THREE MONTHS ENDED 31 DECEMBER 2016

During the second quarter of fiscal 2017 the Company saw 3,615,000 shares issued on exercise of warrants (Note 14e).

On 13 September 2016, the Company closed a non-brokered private placement and issued 41,000,000 common shares at a price of \$0.10 per share for gross proceeds of \$4,100,000. The Company recorded \$191,177 of share issuance cost including an aggregate of issued 480,000 broker warrants. Each broker Warrant can be exercised into one common share of the Company at a price of \$0.20 per share for a period of two years from the date of closing.

During the third quarter of fiscal 2017 the Company saw 33,672,000 shares issued on exercise of warrants (Note 14e).

During the year ended 31 March 2016:

On 9 September 2015, the Company closed a non-brokered private placement and issued 18,750,000 common shares at a value of \$0.04 per share, raising gross proceeds of \$750,000. The Company recorded \$43,320 of share issuance cost.

#### c) Stock options

The Company has a 10% stock option plan for its directors, employees and consultants to acquire common shares of the Company at a price determined by the fair market value of the shares at the date of grant. The maximum term of the options is 5 years.

During the nine months ended 31 December 2016:

On 20 December 2016, the Company granted 3,000,000 incentive stock options to officers and directors of the Company. These options are exercisable at \$0.155 per share for a period of five years from the date of grant. These options vested immediately.

During the year ended 31 March 2016:

On 4 May 2015, Redstar announced that it has granted an aggregate of 2,700,000 incentive stock options to officers, directors, and consultants of the Company. 500,000 of these options are exercisable at \$0.09 per share for a period of two years from the date of grant with one quarter of the options vesting immediately, one quarter vesting after six months, one quarter vesting after nine months and one quarter vesting after twelve months. The remaining 2,200,000 options are exercisable at \$0.06 per share for a period of five years from the date of grant with all options vesting immediately.

On 4 May 2015 and 27 May 2015, the Company cancelled 4,705,000 and 880,000 incentive stock options, respectively.

On 25 January 2016, the Company granted 2,500,000 incentive stock options to an officer of the Company. These options are exercisable at \$0.05 per share for a period of five years from the date of grant with all options vesting immediately.

On 2 March 2016, the Company granted 5,400,000 incentive stock options to officers, directors, and consultants of the Company. 5,200,000 of these options are exercisable at \$0.05 per share for a period of five years from the date of grant, with all options vesting immediately. The remaining 200,000 options are exercisable at \$0.05 per share for a period of two years from the date of grant, with all options vesting immediately.

**REDSTAR GOLD CORP.**Canadian Funds  
(Unaudited)**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE NINE AND THREE MONTHS ENDED 31 DECEMBER 2016**

Stock option activity during the period is summarized as follows:

<b>STOCK OPTION ACTIVITY</b>	<b>31 December 2016</b>	<b>Weighted Average Exercise Price</b>	<b>31 March 2016</b>	<b>Weighted Average Exercise Price</b>
<b>Balance – Beginning of Period</b>	<b>13,590,000</b>	<b>\$ 0.06</b>	9,150,000	0.16
Granted	<b>3,000,000</b>	<b>0.16</b>	10,600,000	0.05
Expired	-	-	(575,000)	0.20
Cancelled	-	-	(5,585,000)	0.19
<b>Balance – End of Period</b>	<b>16,590,000</b>	<b>\$ 0.08</b>	13,590,000	\$ 0.06

Stock-based compensation for the options that vested during the year is as follows:

	<b>31 December 2016</b>	<b>31 March 2016</b>
Number of options vested	<b>6,588</b>	11,212,500
Compensation recognized	<b>\$ 56</b>	\$ 245,042

	<b>31 December 2016</b>	<b>31 March 2016</b>
The outstanding options have a weighted-average exercise price of:	<b>\$ 0.08</b>	\$ 0.06
The weighted average remaining life of the outstanding options is:	<b>3.67</b>	4.14

As at 31 December 2016 and 31 March 2016 the Company had the following stock options outstanding:

<b>Expiry date</b>	<b>Exercise Price</b>	<b>31 December 2016 Outstanding</b>	<b>31 December 2016 Exercisable</b>	<b>31 March 2016 Outstanding</b>
4 May 2017	<b>0.09</b>	<b>500,000</b>	<b>500,000</b>	500,000
18 May 2017	<b>0.29</b>	<b>200,000</b>	<b>200,000</b>	200,000
26 July 2017	<b>0.20</b>	<b>400,000</b>	<b>400,000</b>	400,000
30 September 2018	<b>0.10</b>	<b>540,000</b>	<b>540,000</b>	540,000
02 March 2018	<b>0.05</b>	<b>200,000</b>	<b>200,000</b>	200,000
30 April 2019	<b>0.06</b>	<b>450,000</b>	<b>450,000</b>	450,000
10 September 2019	<b>0.06</b>	<b>1,000,000</b>	<b>1,000,000</b>	1,000,000
29 October 2019	<b>0.06</b>	<b>400,000</b>	<b>400,000</b>	400,000
4 May 2020	<b>0.06</b>	<b>2,200,000</b>	<b>2,200,000</b>	2,200,000
25 January 2021	<b>0.05</b>	<b>2,500,000</b>	<b>2,500,000</b>	2,500,000
21 March 2021	<b>0.05</b>	<b>5,200,000</b>	<b>5,200,000</b>	5,200,000
20 December 2021	<b>0.16</b>	<b>3,000,000</b>	<b>3,000,000</b>	-
		<b>16,590,000</b>	<b>16,590,000</b>	13,590,000



## REDSTAR GOLD CORP.

Canadian Funds  
(Unaudited)

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE AND THREE MONTHS ENDED 31 DECEMBER 2016

#### d) Share-based payments

For the nine month period ended 31 December 2016 and the year ended 31 March 2016, the Company issued stock options to its directors, officers, employees, and consultants and recognized stock-based compensation as follows:

	31 December 2016	31 March 2016
<b>Total Options Granted</b>	<b>3,000,000</b>	3,800,000
Average exercise price	\$ <b>0.16</b>	\$ 0.06
Estimated fair value of compensation	\$ <b>178,000</b>	\$ 76,469
Estimated fair value per option	\$ <b>0.06</b>	\$ 0.01

The fair value of the stock-based compensation of options to be recognized in the accounts has been estimated using the Black-Scholes Model with the following weighted-average assumptions:

	31 December 2016	31 March 2016
Risk free interest rate	<b>1.06%</b>	0.60%
Expected dividend yield	<b>0.00%</b>	0.00%
Expected stock price volatility	<b>75.00%</b>	65-78%
Expected option life in years	<b>5.0</b>	2.0-3.5
Expected maturity rate	<b>100%</b>	70-100%

The Black-Scholes Option Pricing Model was created for use in estimating the fair value of freely tradable, fully transferable options. The Company's employee stock options have characteristics significantly different from those of traded options, and because changes in the highly subjective input assumptions can materially affect the calculated values, management believes that the accepted Black-Scholes model does not necessarily provide a reliable measure of the fair value of the Company's stock option awards.

#### e) Warrants

On 27 May 2015, the Company extended the expiration date of the 27,566,666 warrants issued on 27 May 2014 from 27 May 2015 to 27 August 2015. The exercise price will remain \$0.12.

On 14 October 2015, the Company extended the expiration date of 39,383,363 warrants issued on 21 August 2013 from 21 October 2015 to 21 October 2016. The exercise price will remain \$0.10.

On 14 October 2016, the Company announced 35,897,000 warrants with an exercise price of \$0.10 maturing on October 21, 2016, were exercised.

On 19 November 2016, 1,390,000 warrants with an exercise price of \$0.12 were exercised.

**REDSTAR GOLD CORP.**Canadian Funds  
(Unaudited)**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE NINE AND THREE MONTHS ENDED 31 DECEMBER 2016**

<b>WARRANT ACTIVITY</b>	<b>31 December 2016</b>	<b>Weighted Average Exercise Price</b>	<b>31 March 2016</b>	<b>Weighted Average Exercise Price</b>
<b>Balance – Beginning of Year</b>	<b>66,950,030</b>	<b>\$ 0.11</b>	94,516,696	\$ 0.11
Issued	<b>19,565,200</b>	<b>0.14</b>	-	-
Expired	<b>(29,663,030)</b>	-	-	-
Exercised	<b>(37,287,000)</b>	<b>0.10</b>	-	-
<b>Balance – End of Period</b>	<b>19,565,200</b>	<b>\$ 0.14</b>	(27,566,666)	\$ 0.25

<b>Date of Issuance</b>	<b>Date of Expiry</b>	<b>Exercise Price</b>	<b>31 December 2016 Outstanding</b>	<b>31 March 2016 Outstanding</b>
21 October 2014	21 October 2016	\$ 0.10	-	39,383,363
27 May 2014	27 November 2016	\$ 0.12	-	27,566,667
29 April 2016	29 April 2019	\$ 0.14	<b>19,085,200</b>	-
13 September 2016	13 September 2018	\$ 0.20	<b>480,000</b>	-
			<b>19,565,200</b>	66,950,030

**15) Related party transactions****RELATED PARTY DISCLOSURE**

<b>Name and Principal Position</b>	<b>Fiscal Period<sup>(i)</sup></b>	<b>Remuneration or Fees<sup>(ii)</sup></b>	<b>Amounts Payable</b>
Ariston Capital Corp., a company controlled by the CEO – management fees	<b>2016</b>	<b>\$ 120,000</b>	<b>\$ -</b>
	2015	\$ -	\$ -
Director and Chairman of the Board – management fees	<b>2016</b>	<b>\$ 37,500</b>	<b>\$ 10,927</b>
	2015	\$ 37,500	\$ -
Clearline Chartered Professional Accountants, a company of which the CFO is a director - management fees	<b>2016</b>	<b>\$ 36,000</b>	<b>\$ 5,775</b>
	2015	\$ 66,000	\$ 10,766
Clearline Chartered Professional Accountants, a company of which the CFO is a director – bookkeeping services fees	<b>2016</b>	<b>\$ 11,250</b>	<b>\$ 3,166</b>
	2015	\$ 6,250	\$ -

<sup>(i)</sup> For the nine month periods ended 31 December 2016 and 31 December 2015.<sup>(ii)</sup> Remuneration or fees were paid or accrued to the related party.

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.

**REDSTAR GOLD CORP.**Canadian Funds  
(Unaudited)**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE NINE AND THREE MONTHS ENDED 31 DECEMBER 2016****16) Segmented disclosure**

<b>Rounded to 000's</b>	<b>Canada</b>	<b>United States</b>	<b>Total</b>
<b>31 December 2016</b>			
Current assets	\$ 462,000	\$ 18,000	\$ 480,000
<b>Non-current Assets</b>			
Reclamation bond	-	8,000	8,000
Investment in NV Gold	1,969,000	-	1,969,000
Exploration and evaluation assets	29,000	3,819,000	3,848,000
Intangible assets	6,000	-	6,000
Equipment	7,000	1,000	8,000
<b>Liabilities</b>			
Current liabilities	105,000	-	105,000
<b>31 March 2016</b>			
Current assets	\$ 154,000	\$ 5,000	\$ 159,000
<b>Non-current Assets</b>			
Non-current deposit	7,000	-	7,000
Reclamation bond	-	20,000	20,000
Exploration and evaluation assets	29,000	3,816,000	3,846,000
Intangible assets	7,000	-	7,000
Equipment	9,000	3,000	12,000
<b>Liabilities</b>			
Current liabilities	251,000	-	251,000