



REDSTAR GOLD CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS – QUARTERLY HIGHLIGHTS
FOR THE THREE MONTHS ENDED JUNE 30, 2020

OVERVIEW AND INTRODUCTORY COMMENT

Redstar Gold Corp. (“Redstar” or the “Company”) is an exploration stage company 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 800-855 West Georgia Street, Vancouver, BC, V6C 3H1. The Company is focused on High-Grade Gold Projects in the Americas with low geo-political risk, and currently advancing the Unga Gold Project in Alaska, USA. The Company is listed on the TSX Venture Exchange under the symbol “RGC”.

This MD&A is dated August 12, 2020 and discloses specified information up to that date. Unless otherwise noted, all currency amounts are expressed in Canadian dollars. The following information should be read in conjunction with the unaudited condensed consolidated interim financial statements and the related notes for the three months ended June 30, 2020 and the Company’s audited consolidated financial statements for the year ended March 31, 2020 and the related notes thereto.

Additional information relevant to the Company and the Company’s activities can be found on SEDAR at www.sedar.com, and/or on the Company’s website at www.redstargold.com.

MAJOR INTERIM PERIOD OPERATING MILESTONES

Unga Project

On April 3, 2020, Redstar announced that it completed geophysical and geochemical studies over several areas of anomalous mineralization on Unga and Popof, focusing on the results of an exploration program across the Aquila Zone, located at the western end of the Shumagin Trend. On April 20, 2020, the Company announced that it completed geophysical and geochemical studies around the historic Sitka mine. And on June 16, 2020, Redstar announced that it completed geochemical studies at the Suzy-Rhodo Prospect located southeast of the previously drilled Centennial Zone on Popof.

On July 30, 2020, the Company announced that the National Instrument 43-101 technical report and resource estimate for the SH-1 gold and silver deposit, part of the Unga project, southwest Alaska, United States, of March, 26 2020, including the mineral resource estimate, should not be relied upon until a new (or amended) report correcting the deficiencies is filed. Redstar is working to address the deficient issues as quickly as possible.

Heliodor Metals Ltd.

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 “Private Placement” below).

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.

About Heliodor

Heliodor is a private company with a cash position, as of July 21, 2020 (unaudited), of \$1.5-million and no debt. The Heliodor mineral projects are within 50 kilometres of seven world-class gold-silver and copper mines, all of which are located in the northern portion of Mexico's Sonora state:

The Oso Negro project is an early-stage intermediate sulphidation epithermal vein system prospect within a 1,500-hectare concession. The project has very high grades, but has never been drilled. There are three major vein systems (El Sahuaro vein, Northern vein and Northsouth vein), all of which have surface sampling, which shows greater than double-digit gold equivalent grades, which have never been drilled.

The La Lola project is a large, 5,400-hectare land package with the prospect of a low-sulphidation epithermal system. The project contains the La Barra vein, which extends for five km and is as wide as 40 metres. Reconnaissance sampling of the vein has yielded samples of 58 grams per tonne Au taken from a historic dump and a 424 g/t silver sample taken from the hanging wall structure.

Cumaro is the down-thrown block of a large, low-sulphidation vein field. Historic production in the vein field indicates excellent widths and grades while next to no exploration has been undertaken on the eastern extension at Cumaro.

About Charles Funk

The agreement contemplates that Charles Funk will join Redstar as its CEO and a member of the board of directors. Mr. Funk is currently the vice-president of exploration for Vizsla Resources Corp. and the



CEO of Heliodor. Vizsla has recently announced some outstanding drill results at its Panuco project in Mexico. The market capitalization of Vizsla has recently increased fivefold to over \$200-million.

Mr. Funk has over 14 years of industry experience, most recently as the vice-president of new opportunities and exploration at Evrim Resources.

Previously, Mr. Funk worked as a geologist and geophysicist for Newcrest Mining and Oxiana/OZ Minerals with a focus on business development and early-stage exploration in North and South America, Australia, and Southeast Asia. Mr. Funk also has a wide range of experience in porphyry, epithermal and iron oxide copper gold (IOCG) deposits in both North and South America, and the Asia-Pacific region. Mr. Funk holds a degree in space science from La Trobe University and an honours degree in earth science from the University of Melbourne.

Exploration plans 2020

The Company is in the advanced stages of finalizing its 2020 exploration plans for the Unga project (Alaska), including 6,600 m to 10,000 m of diamond drilling with an exploration budget of \$3-million to \$5-million. The Company intends to focus on its four advanced targets:

- SH-1 infill and extension drilling to expand the high-grade SH-1 where mineralization is open at depth and along strike;
- Apollo mine: drilling the depth continuation underneath the historic Apollo mine;
- Centennial: drilling to test for high-grade feeder zones where Battle Mountain worked on a flat-lying outcropping mineralized area near the surface;
- Aquila: drill test an 850 m long zone of veining with multiple high-grade gold samples and excellent trench results from 1980s exploration program.
- In addition, later in 2020, the Company plans to commence an estimated \$1.2-million exploration program at Heliodor's Oso Negro and La Lola, including drilling at Oso Negro.

Private placement

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.

INTERIM PERIOD FINANCIAL CONDITION

Capital Resources

The Company plans to complete the private placement as announced. The Company's current treasury and the future cash flows from equity issuances and the potential exercise of warrants and options, along with the planned developments within the Company will allow its exploration to continue throughout fiscal 2021. If the market conditions prevail or improve, the Company will make adjustment to budgets accordingly.



Liquidity

As at June 30, 2020, the Company had working capital of \$1,558,032 (March 31, 2020 – \$1,105,109). As at June 30, 2020, cash totaled \$58,923, an increase of \$4,931 from \$53,992 as at March 31, 2020. The increase was due to \$241,363 proceeds from the sale of marketable securities while being offset by \$132,534 in operating expenses and \$103,898 in exploration and evaluation assets expenditures.

Operations

For the three months ended June 30, 2020 compared with the three months ended June 30, 2019:

During the three months ended June 30, 2020, the Company incurred only \$35,654 (2019 - \$83,001) in resources property expense.

Excluding the non-cash depreciation of \$8,785 (2019 - \$1,014) and share-based compensation of \$Nil (2019 - \$25,178), the Company's general and administrative expenses amounted to \$149,661 (2019 - \$118,905), an increase of \$30,756. The change in the expenses was mainly due to increases in: (a) investor relations (2020- \$22,560; 2019 – (\$7,166)); and (b) office expenses (2020 - \$6,126; 2019 - \$3,616). All such increases are a result of supporting the Company's exploration program and ongoing corporate activities. All such increases were offset by decreases in professional fees (2020 - \$10,940; 2019 - \$12,336).

The Company recognized a fair value gain on marketable securities of \$362,791 (2019 – a fair value loss of \$61,059).

During the three months ended June 30, 2020, the Company reported a net income of \$163,662 (2019 – a net loss of \$291,531), an increase of \$455,193 from 2019.

The Company also recognized an unrealized gain on investment in NV Gold of \$384,043 in the other comprehensive income (2019 – \$nil), resulting in the Company reporting a comprehensive income of \$547,705 during the three months ended June 30, 2020 (2019 – a comprehensive loss of \$291,531).

SIGNIFICANT RELATED PARTY TRANSACTIONS

During the quarter, there were no significant transactions with related parties.

COMMITMENTS, EXPECTED OR UNEXPECTED, OR UNCERTAINTIES

As of the date of the MD&A, the Company had no outstanding commitments.

Other than disclosed in this MD&A – Quarterly Highlights, the Company does not have any commitments, expected or unexpected, or uncertainties.

RISK FACTORS

In our MD&A filed on SEDAR June 26, 2020 in connection with our annual financial statements (the "Annual MD&A"), we set out our discussion of the risk factors which we believe are the most significant risks faced by Redstar. An adverse development in any one risk factor or any combination of risk factors could result in material adverse outcomes to the Company's undertakings and to the interests of



stakeholders in the Company including its investors. Readers are cautioned to take into account the risk factors to which the Company and its operations are exposed. To the date of this document, there have been no significant changes to the risk factors set out in our Annual MD&A.

DISCLOSURE OF OUTSTANDING SHARE DATA

The authorized share capital of the Company consists of an unlimited number of common shares without par value. The following is a summary of the Company's outstanding share data:

	Issued and Outstanding	
	June 30, 2020	August 12, 2020
Common shares outstanding	300,050,293	300,050,293
Stock options	17,970,000	17,970,000
Fully diluted common shares outstanding	318,020,293	318,020,293

QUALIFIED PERSON

William J. Burnett, MSc, CPG-11263, is the Company's qualified person, and has reviewed the exploration projects described throughout the MD&A and is responsible for the design and conduct of the exploration programs and the verification and quality assurance of analytical results.

Cautionary Statements

This document contains "forward-looking statements" within the meaning of applicable Canadian securities regulations. All statements other than statements of historical fact herein, including, without limitation, statements regarding exploration results and plans, and our other future plans and objectives, are forward-looking statements that involve various risks and uncertainties. Such forward-looking statements include, without limitation, our estimates of exploration investment, the scope of our exploration programs, and our expectations of ongoing administrative costs. There can be no assurance that such statements will prove to be accurate, and future events and actual results could differ materially from those anticipated in such statements. Important factors that could cause actual results to differ materially from our expectations are disclosed in the Company's documents filed from time to time via SEDAR with the Canadian regulatory agencies to whose policies we are bound. Forward-looking statements are based on the estimates and opinions of management on the date the statements are made, and we do not undertake any obligation to update forward-looking statements should conditions or our estimates or opinions change, except as required by law. Forward-looking statements are subject to risks, uncertainties and other factors, including risks associated with mineral exploration, price volatility in the mineral commodities we seek, and operational and political risks. Readers are cautioned not to place undue reliance on forward-looking statements.