



REDSTAR GOLD CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS – QUARTERLY HIGHLIGHTS FOR THE NINE MONTHS ENDED DECEMBER 31, 2018

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 1177 West Hastings Street, Suite 1710 Vancouver, BC, V6E 2L3. 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 February 13, 2019 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 nine months ended December 31, 2018 and the Company's audited consolidated financial statements for the year ended March 31, 2018 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 Gold Project

An important milestone for the Company was achieved in 2018 with the completion and publication of the Mine Development Associates (“MDA”) National Instrument 43-101 technical report on the Unga project. The report provides a highly useful summary and review of the whole of the Unga project. It brings together much of the historical exploration programs completed by predecessor exploration teams and integrates them with the recent exploration work completed by Redstar. Most importantly, it has helped Redstar bring into focus how best to advance the project.

The technical report highlighted a larger number (32 distinct areas over the 240 square kilometres) of viable stand-alone prospects than the Company had expected. Additionally, the report urged that more attention be brought to other prospects, such as Zachary Bay and Centennial. Furthermore, the report also states that the Shumagin zone remains open at depth and along strike, and recommended more drilling as a priority.

The report confirmed the Company's belief in the size, scale and scope of Unga's potential. The result is that the Company is taking a little time to step back and refocus to determine the best approach to advance Unga. Redstar believes that the Company requires a better understanding of the overall system. The Company believes this will improve the productivity of its future exploration activity. To achieve this, the Company engaged MDA to complete a study to consolidate all of the known data for the whole of the district. The purpose of the analysis is to better understand the system as a whole, its scale, its nature and its structural controls.



Although the Company's financial position remains relatively strong, it nevertheless requires it to be either highly selective in its exploration activity, seek partnerships or find a balance which would combine the two approaches that would allow Redstar to continue exploring in some areas while partnering elsewhere on the project.

The size and variety of the geologic targets offered within the Unga project have warranted entering into a variety of discussions with possible partners to work with Redstar to widen the scope of exploration activities to provide the best returns for the shareholders. Several majors have signed confidentiality agreements on the project and the Company is working with them to determine how the best possible fit might exist. Additionally, the Company is beginning to reach out to non-precious metal producers as well since the project hosts some prospects (for example, Zachary Bay) that appear to be copper/gold porphyries.

The Company will finalize its 2019 exploration plans after it has completed the system-wide database compilation and review. Additionally, the Company has begun a systematic process of seeking and discussing with the best possible partner(s) to work with the Company to advance the Unga project.

The Company has reached another surface access agreement ("SAA") with Unga Village Corp. The negotiations were a little lengthier, but the outcome is the Company's longest SAA to date. Redstar has also initiated the process leading to negotiations extending its subsurface agreement with the Aleut Corp. This will renew and extend the Company's subsurface agreement for the lands outside of its patented and state claims, where the Shumagin and Apollo-Sitka zones are located.

Newman Todd Project

The Company has had some recent discussions with partners on the Newman Todd Project which is 30% owned by the Company, located 22 km west of the prolific Red Lake Mine. The Red Lake area is located in "elephant country" for gold exploration. The Company remains eager and motivated to find a way help advance this project. Newman Todd is a highly prospective project with 166 holes drilled to date, 92% of these holes have intersected 3 g/t, or better. While 42% of these holes have intersected grades of 20 g/t, or better.

Other Corporate Update

Redstar Gold defines itself as a high-grade precious metal North American exploration and development company. The Unga project is a highly attractive exploration portfolio. Any additions to Redstar's portfolio should meet the dual requirements of diversifying its portfolio, while also in some way either complementing or enhancing its ability to advance Unga. The Company has reviewed several later-stage projects that could be cash-generative. To date, all of the opportunities the Company has reviewed have failed in some way to meet its risk/return criteria. The Company continues to vigilantly be on the lookout for possible asset acquisitions that would complement and strengthen the portfolio. Currently Redstar does not see any imminent investment opportunities for Redstar.

On October 30, 2018, William J. Burnett, B.Sc. MSc, was appointed as the Company's new manager of exploration (Alaska).

The Company continues to seek a full-time chief executive officer and believes it is getting closer to securing the right person.

Capital Resources

During the nine months ended December 31, 2018, 7,790,000 options were cancelled or expired while another 480,000 warrants expired unexercised.

The Company is aware of the current conditions in the financial markets and has planned accordingly. 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 efforts to continue throughout fiscal 2019. If the market conditions prevail or improve, the Company will make adjustment to budgets accordingly.

Liquidity

As at December 31, 2018, the Company had working capital of \$2,591,045 (March 31, 2018 – \$2,002,370). As at December 31, 2018, cash totaled \$1,591,365, a decrease of \$540,988 from \$2,132,353 as at March 31, 2018. The decrease was mainly due to (a) operating activities of \$618,391 including exploration expense of \$154,529 and (b) investment in marketable securities of \$883,844, while being offset by the proceeds of \$984,231 from selling 1,098,300 shares of NV Gold.

Operations

For the nine months ended December 31, 2018 compared with the nine months ended December 31, 2017:

During the nine months ended December 31, 2018, the Company incurred \$154,529 (2017 - \$3,332,659) in resources property expense as the Company had an active drill program in fiscal 2017.

Excluding the non-cash depreciation of \$4,277 (2017 - \$8,378), loss from investment in NV Gold of \$Nil (2017 - \$91,153) and share-based compensation of \$Nil (2017 - \$321,284), the Company's general and administrative expenses amounted to \$323,684 (2017 - \$690,270), a decrease of \$366,586. The change in the expenses was mainly due to decreases in: (a) investor relations (2018 - \$68,230; 2017 - \$192,819); (b) management fees (2018 - \$93,750; 2017 - \$228,750) and (c) professional fees (2018 - \$32,692; 2017 - \$79,348). All such decreases are a result of the Company's continued efforts to curtail expenses and conserve cash. The other general and administrative expenses varied over the periods but the overall effect of these variances was not material.

During the nine months ended December 31, 2018, the Company reported a loss of \$480,795 (2017 – \$4,502,978), a decrease of \$4,022,183, as the Company had an active drill program in fiscal 2017.

For the three months ended December 31, 2018 compared with the three months ended December 31, 2017:

During the three months ended December 31, 2018, the Company incurred only \$46,180 (2017 - \$1,331,867) in resources property expense which was a reduction from 2017 levels, during which an active drill program was underway.

Excluding the non-cash depreciation of \$1,426 (2017 - \$2,581), the Company's general and administrative expenses amounted to \$105,061 (2017 - \$200,281), a decrease of \$95,220. The change in the expenses was mainly due to decreases in: management fees (2018 - \$31,250; 2017 – \$76,250), investor relations (2018 - \$17,110; 2017 - \$41,220) and professional fees (2018 - \$11,058; 2017 - \$21,491). All such decreases are a result of the Company's continued efforts to curtail expenses and



conserve cash. The other general and administrative expenses varied over the periods but the overall effect of these variances was not material.

During the three months ended December 31, 2018, the Company reported a loss of \$145,370 (2017 – \$1,575,250), a decrease of \$1,429,880 from 2017, as the Company had an active drill program in fiscal 2017.

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 28, 2018 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	
	December 31, 2018	February 13, 2019
Common shares outstanding	300,050,293	300,050,293
Stock options	8,000,000	8,000,000
Warrants	19,085,200	19,085,200
Fully diluted common shares outstanding	<u>327,135,493</u>	<u>327,135,493</u>

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.