

# **REDSTAR GOLD CORP.**

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **OF THE FINANCIAL POSITION AND RESULTS OF OPERATIONS**

#### **FOR THE THREE MONTHS ENDED 30 JUNE 2016**

Stated in Canadian Funds

Dated: 18 August 2016

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## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **TO OUR SHAREHOLDERS**

This Management Discussion and Analysis (“MD&A”) supplements, but does not form part of, the Condensed Interim Consolidated Financial Statements (the “Financial Statements”) for the three month ended 30 June 2016. Consequently, the following discussion and analysis of the financial condition and results of operations for Redstar Gold Corp. (“Redstar” or the “Company”), should be read in conjunction with the audited Financial Statements for year ended 31 March 2016, which have been prepared in accordance with International Financial Reporting Standards (“IFRS”), consistently applied.

Discussion of the Company, its operations and associated risks are further described in the Company’s filings, available for viewing at [www.sedar.com](http://www.sedar.com). A copy of this MD&A will be provided to any applicant upon request.

### **FORWARD-LOOKING STATEMENTS**

Certain statements contained in the following MD&A and elsewhere constitute forward-looking statements. Such forward-looking statements involve a number of known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statements were made, and readers are advised to consider such forward-looking statements in light of the risks set forth in the Company’s filings and herein. Additional information regarding the Company, including copies of the Company’s continuous disclosure materials is available through the SEDAR website at [www.sedar.com](http://www.sedar.com).

The table below sets forth the significant forward-looking information included in this MD&A:

<b>Forward-Looking Information</b>	<b>Key Assumptions</b>	<b>Most Relevant Risk Factors</b>
Future funding for ongoing operations.	The Company will be able to raise these funds.	The Company has disclosed that this may be difficult and failure to raise these funds will materially impact the Company’s ability to continue as a going concern.
Continued exploration of mineral properties.	The exploration and drilling will reveal mineral resources increasing the value of the properties.	There is no certainty that the exploration projects will result in an increase in the existing resource.

### **QUALIFIED PERSON**

The Company’s disclosure of a technical or scientific nature has been reviewed and approved Jesse C. Grady, MSc, CPG-11592, a Qualified Person under the definition of National Instrument 43-101.

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### MANAGEMENT DISCUSSION AND ANALYSIS

#### OVERALL PERFORMANCE

The Company is engaged in the exploration and subsequent development of prospective mineral targets in Alaska and Nevada, USA and in the Red Lake region of north-western Ontario, Canada.

Activity of the Company is generally dependent on the sources of capital and access to funding in the capital markets. The Company successfully maintains its business model as a gold explorer with active programs on its properties. A more detailed review of activities on the individual properties is covered under Mineral Properties of the Company in this MD&A.

#### CONVERSION TABLES

For ease of reference, the following information is provided ([www.onlineconversion.com](http://www.onlineconversion.com)):

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<b>Imperial</b>		<b>Metric</b>	
1 Acre	=	0.404686	Hectares
1 Foot	=	0.304800	Metres
1 Mile	=	1.609344	Kilometres
1 Ton	=	0.907185	Tonnes
1 Ounce (troy)/ton	=	34.285700	Grams/Tonne

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#### Precious metal units and conversion factors

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ppb – Part per billion	1 ppb	=	0.0010 ppm	=	0.000030 oz/t
ppm – Part per million	100 ppb	=	0.1000 ppm	=	0.002920 ot/t
oz – ounce (troy)	10,000 ppb	=	10.0000 ppm	=	0.291670 oz/t
oz/t – ounce per ton (addp.)	1 ppm	=	1.0000 ug/g	=	1.000000 g/tonne
g – gram					
g/tonne – gram per metric ton	1 oz/t	=	34.2857 ppm		
mg - milligram	1 carat	=	41.6660 mg/g		
kg – kilogram	1 ton (avdp.)	=	907.1848 kg		
ug - microgram	1 oz (troy)	=	31.1035 g		

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### MANAGEMENT DISCUSSION AND ANALYSIS

#### EXPLORATION RESULTS

##### Unga Project

##### Company's Plans and General Comments

The Company controls an entire underexplored epithermal district with multiple high-grade vein fields and disseminated mineralized systems capable of producing significant underground mineralization. The Unga Project is on Unga and Popof Islands located in the Shumagin Islands approximately 900 kilometres southwest of Anchorage, Alaska. Unga Island hosts the past producing high grade Apollo-Sitka gold mine which was the first underground gold mine in Alaska. Also on Unga Island is the Shumagin Prospect. High-grade gold systems are extremely attractive targets because they tend to have lower operating costs per ounce and smaller environmental footprints.

##### 2015 Drill Program

In April and May the Company successfully completed a 1,500 metre, eight hole diamond drill program at the Shumagin Prospect on Unga Island. Redstar also completed a ten hole diamond drill program at the Shumagin prospect in 2011.

The 2015 program was designed to target various structural elevations of the Shumagin vein system while systematically:

- testing for continuity of mineralization and obtaining geological constraint within areas of existing known high-grade mineralization through infill drill holes (15SH011-through-15SH014); and
- exploratory step-out drilling of the vein system at depth and along strike to the northeast by approximately 100 metres through four step-out drill holes (15SH015-through-15SH018) (see table below for results of all eight holes).

##### Highlights of the Infill Drilling:

- First hole, 15SH011 hit 12.9 metres of mineralization from 60m, beginning with **1.9m containing 202g/t of gold and 82 g/t of silver**.
- Second hole, 15SH012, intersected two mineralized zones. The first zone of **7.3 metres averaging 11.8 g/t gold and 72.7 g/t silver**, and the second, **11.85 metres averaging 13.4 g/t gold 85.5 g/t silver**.
- Second hole includes **2m grading 35.25 g/t gold and 209 g/t silver from 64m** and **3.0m grading 16.95 g/t gold and 183 g/t silver from 82m**.
- High-grade gold/silver mineralization encountered in drill hole 15SH013, the third hole, for **4.0 metres grading 11.62 g/t gold and 95.6 g/t silver**, including **1.0 metre grading 20.9 g/t gold and 232 g/t silver** and **1.0 metre grading 17.45 g/t gold and 122 g/t silver**.
- Drill hole 15SH014, hole four, intercepted **3.0 metres grading 9.86 g/t gold and 8.0 g/t silver**, including **1.0 metre grading 19.9 g/t gold and 16.0 g/t silver**.

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### Highlights of Step Out Drilling:

- High-grade gold/silver mineralization occurs in drill hole 15SH018 – intersecting **5 metres** grading **9.35 g/t gold and 27.62 g/t silver**; including **1.0 metre** grading **41.2 g/t gold and 130.0 g/t silver**.
- The high-grade intercept in 15SH018 occurs 100 metres to the northeast of Redstar’s 2011 drill hole 11SH010 (**0.55m of 738g/t gold and 408 g/t silver**) and 100 meters above historic drill hole BMS-01 (**5.49m of 24.02 g/t gold and 19.4 g/t silver**).
- Discovery of an older, Ginguro-style (crustiform-colloform pyrite +/- marcasite) epithermal breccia vein system in the footwall below younger Shumagin-style quartz veining in every step out drill hole. This new vein system is anomalous in gold and silver (1-4 g/t gold) where Ginguro-sulfides are encountered (both veins and clasts) and exhibits contrasting epithermal geochemical signatures to Shumagin-style breccia veins with distinctly higher levels of Arsenic (As), Antimony (Sb) and Mercury (Hg).

Overall the precious metal-bearing Shumagin vein system has a strike extent of over 1.2 kilometres and a depth of at least 330 metres as outlined by drilling and surface trenching. Recent and historic drilling has outlined an area of high-grade gold mineralization for approximately 500 metres along strike and for approximately 330 metres of dip extent and remains open at depth and along strike.

The Shumagin Prospect is only one of several noteworthy gold-silver structures found on Redstar’s Unga Project and is a high-priority exploration target.

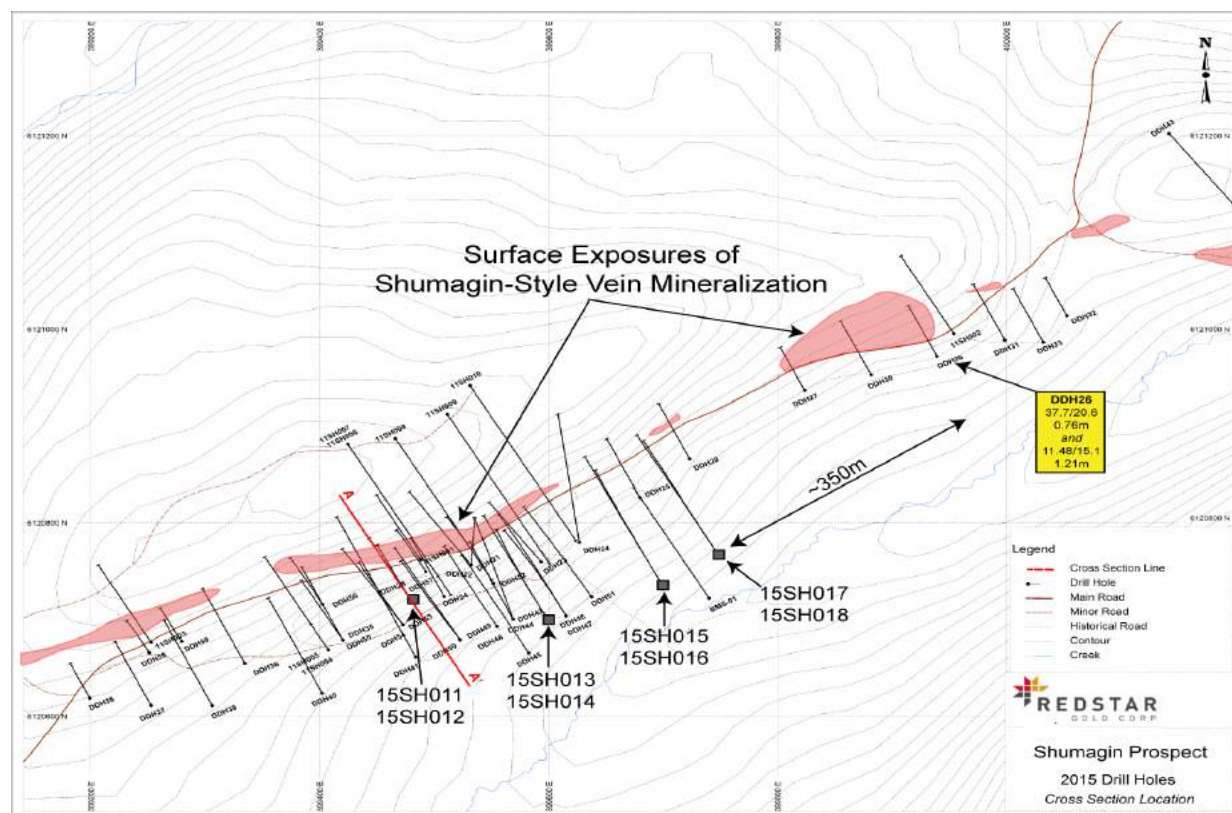
### Mineralized Intervals from Drill holes 15SH011 through 15SH018

Drill Hole ID	From-To (metres)	Core length* (metres)	Gold (g/t)	Silver (g/t)
<b>15SH011</b>	60.1 – 62.0	1.9	<b>202</b>	82
<i>and</i>	64.0-73.0	9.0	2.1	7.1
<b>15SH012</b>	64.0-71.3	7.3	11.8	72.7
<i>Incl.</i>	64.0 – 66.0	2.0	<b>35.3</b>	<b>209</b>
<i>and</i>	79.65-86.0	6.35	9.45	103
<i>Incl.</i>	82 - 85	3.0	<b>16.95</b>	183
<i>and</i>	89 – 89.7	0.7	<b>133</b>	<b>422</b>
<b>15SH013</b>	143-147	4.0	11.62	95.6
<i>Incl.</i>	144-145	1.0	<b>17.45</b>	<b>122.0</b>
<i>Incl.</i>	146-147	1.0	<b>20.90</b>	<b>232.0</b>
<i>and</i>	153-154	1.0	4.67	1.9
<b>15SH014</b>	185-188	3.0	9.86	8.0
<i>Incl.</i>	187-188	1.0	<b>19.9</b>	16.0
<b>15SH015</b>	181.7-185.9	4.2	0.74	3.59
<b>15SH016</b>	216.3–219.7	3.4	1.28	1.75
<b>15SH017</b>	189-195.1	6.1	0.35	0.32
<b>15SH018</b>	196-201	5.0	9.35	27.62
<i>Incl.</i>	196-197	1.0	<b>41.2</b>	<b>130</b>
<i>and</i>	211-212.8	1.8	2.64	6.5

*\*True widths of the mineralized intervals are close to 70-80% of Core length.*

**MANAGEMENT DISCUSSION AND ANALYSIS**

**Plan map of the Shumagin Prospect showing locations of 2015 drill holes (15SH011 through 15SH018)**



**Unga Project: Future Outlook**

Redstar’s plans include further drilling focussing initially on the Shumagin Prospect. Future drilling at Shumagin will be step out holes to the northeast of the drilling done by the Company this year but the drilling might also include holes to the southwest. The Company will also begin work on compiling all historical data and data from the Company’s most recent drilling at Shumagin.

Additionally, property-scale exploration of target areas along both the Shumagin and Apollo-Sitka Trends is anticipated, where significant precious metal mineralization has been identified along both of the sub-parallel structures covering a total of approximately 18 km of strike length. This additional work may include mapping, geophysics and rock and soil sampling. The surface work should provide the Company with additional drill targets.

On 11 July 2016, Redstar completed an exploration program at its 100% controlled high-grade Unga Gold Project, Alaska. Approximately 600 samples were taken to cover exposed bodies of solidification at Orange Mountain, silicified and mineralized structures located between Orange Mountain and Shumagin, and exposures of multi-phase breccia and additional structures at the Shumagin Prospect. Assay results are pending.

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#### MINERAL PROPERTIES OF THE COMPANY

The Company has a number of projects at various stages of exploration and partnership or joint venture participation. The discussion below provides summary information in respect of the Company's mineral properties and their activity thereon. Refer to the Company's news releases filed on [www.sedar.com](http://www.sedar.com), for additional exploration results. The discussion on the properties in this document covers the period to date since the previous year-end of 31 March 2016. MD&As previously filed on SEDAR cover prior periods and fiscal year-ends. The commitments in respect of consideration to be paid or received on acquisition or disposition of the Company's properties, respectively, are detailed in the Company's Financial Statements, including the notes thereto. Details of mineral properties follow:

	31 March 2016	Acquisition costs	30 June 2016
<b>PROPERTY ACQUISITION COSTS</b>			
<b>Alaska</b>			
Unga/Popof	\$ 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>\$ 85,106</b>	<b>\$ 3,930,823</b>



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<b>EXPLORATION EXPENDITURES</b>	<b>Alaska</b>	<b>Nevada</b>	<b>Canada</b>	<b>Total</b>
Drilling	\$ 368,647	\$ -	\$ -	\$ 368,647
Geological	233,611	-	-	233,611
Supplies and materials	132,505	-	-	132,505
Travel and accommodation	89,058	-	-	89,058
Equipment rental	57,749	-	-	57,749
Assaying	35,115	-	-	35,115
<b>Three months ended 30 June 2015</b>	<b>\$ 916,685</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 916,685</b>
Geological	<b>\$ 60,910</b>	<b>\$ 1,289</b>	<b>\$ -</b>	<b>\$ 62,198</b>
Drilling	<b>56,005</b>	-	-	<b>56,005</b>
Admin and camp	<b>53,268</b>	-	-	<b>53,268</b>
Travel and accommodation	<b>16,026</b>	-	-	<b>16,026</b>
<b>Three months ended 30 June 2016</b>	<b>\$ 186,209</b>	<b>\$ 1,289</b>	<b>\$ -</b>	<b>\$ 187,498</b>

	<b>Three months ended</b>	<b>Three months ended</b>
	<b>30 June 2016</b>	<b>30 June 2015</b>
<b>PROPERTY BY REGION</b>		
<b>Alaska</b>		
Unga/Popof	\$ 186,209	\$ 916,685
<b>Nevada</b>		
Nevada General	1,289	-
<b>Canada</b>		
Newman Todd	-	-
<b>Total</b>	<b>\$ 187,498</b>	<b>\$ 916,685</b>

**MANAGEMENT DISCUSSION AND ANALYSIS**

**a) Unga Project, Alaska, USA**

The Unga Project covers portions of Unga and Popof Islands, located approximately 900 km southwest of Anchorage Alaska, near the town of Sand Point, which has a commercial airport and port facilities. The Unga Project is a consolidated land package of approximately 250 km<sup>2</sup>. The majority of the land package has been optioned to the Company by the Aleut Corporation, an Alaska Native Regional Corporation, (“TAC Lands”). In addition to the TAC Lands on Unga Island, Redstar owns sixteen (16) patented mining claims which cover the past producing Apollo-Sitka gold mine and has six (6) State of Alaska mining claims which covers the Shumigan Prospect which hosts a non-43-101 compliant gold-silver resource.

On 8 September 2014, the Company announced it signed an Assignment and Novation Agreement in respect to the TAC Lands which replaces all previous agreements between Full Metal Minerals Ltd. (“FMM”), the Aleut Corporation and Redstar. Under the new Agreement all rights and interests held previously by FMM are assigned to Redstar such that Redstar has the right to explore for and extract minerals from the TAC Lands pursuant to the following:

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

<sup>(i)</sup> 8 September 2014

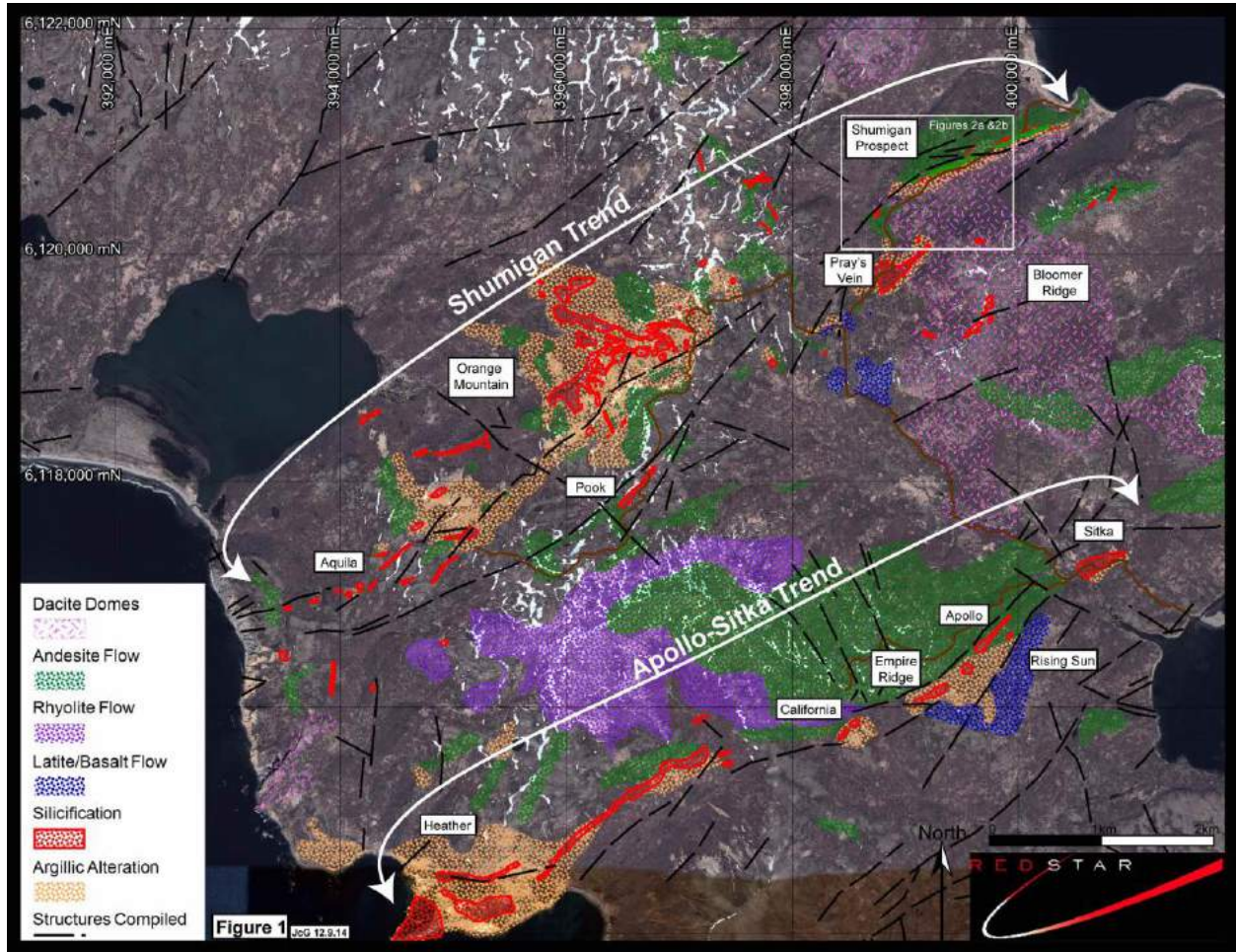
<sup>(ii)</sup> Paid or issued

<sup>(iii)</sup> Incurred

Redstar is the first exploration company to consolidate the land of the Unga Project, allowing for comprehensive district-scale exploration. The Unga Project is comprised of numerous precious and base metal mineral occurrences, at various stages of exploration, that occur as high-grade epithermal gold-silver vein systems, disseminated volcanic-hosted gold mineralization, silver-lead-zinc base metal vein occurrences and copper-gold prospects that are all associated with Late Eocene island-arc volcanic rocks. On Unga Island there are two trends, Shumigan and Apollo Sitka, each approximately nine kilometres long. The Shumigan Prospect, at the northeast end of the Shumigan Trend host a non- 43-101 compliant resource of 250,000 tonnes of material grading 27.4 g/t gold and 127 g/t silver (SRK Consulting, 2000). Note that a qualified person has not done sufficient work to classify the historical estimate as current mineral resources or mineral reserves that is compliant with NI 43-101. The Company is not treating the historical estimate as current mineral resources or mineral reserves and the historical estimate should not be relied upon or understood to indicate the existence of reserves or resources.

Redstar completed two drill programs on the Shumigan Prospect, ten holes in 2011 and eight holes in May, 2015.

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**MANAGEMENT DISCUSSION AND ANALYSIS**

**Unga Gold Project Area and known gold prospects, SE portion of Unga Island, Alaska**

The Apollo-Sitka Trend lies approximately three kilometres south of the Shumagin Trend and hosts the past producing Apollo Sitka mine. The Apollo Sitka mine was Alaska’s first underground mine and historical reports put the gold production at approximately 150,000 at an average grade of 10 g/t. The mine ceased production in 1922.

In addition to the two prospective trends on Unga Island Redstar has the Centennial Prospect on adjacent Popoff Island. The Prospect is a shallow, bulk tonnage gold system that was drilled in the late 1980's by Battle Mountain Gold Corp. Battle Mountain completed 59 drill holes and defined a non-compliant estimate<sup>(1)</sup> of 4.8 million tons with an average grade of 0.042 ounces per ton gold to a depth of 50m (Battle Mountain Gold, 1989). The disseminated replacement-style low-grade gold mineralization contains local high-grade zones/structures that have yet to be fully explored. Historic drill holes were very shallow (94m average length) and steep. Analysis of the historic results indicates that the disseminated mineralization is open for expansion and that there is potential to delineate high-grade mineralized feeder structures with further drilling.

(1) Note that a qualified person has not done sufficient work to classify the historical estimate as current mineral resources or mineral reserves that is compliant with NI 43-101. The Company is not treating the historical estimate as current mineral resources or mineral reserves and the historical estimate should not be relied upon or understood to indicate the existence of reserves or resources.

**b) Nevada, USA**

The Company owns eleven properties in Nevada.

**24 January 2014 Agreement – Nevada Projects**

On 24 January 2014, the Company entered into an option-to-purchase agreement (the “24 January 2014 Agreement”) with True Grit, pursuant to which True Grit can acquire 100% of ten of the Company’s properties in Nevada, (the “Project”). as well as the AngloGold-Ashanti database (the “Database”) owned by the Company, in consideration for making the following staged cash payments and share issuances, and incurring in stages the following exploration expenditures:

	Cash	Shares	Exploration expenditure on projects
Within five business days of the effective date <sup>(i)</sup>	\$ 50,000 <sup>(ii)</sup>	500,000 <sup>(ii)</sup>	\$ -
On or before 20 February 2015	50,000	500,000	250,000
On or before 20 February 2016	50,000	500,000	250,000
On or before 20 February 2017	50,000	1,000,000	250,000
	<u>\$ 200,000</u>	<u>2,500,000</u>	<u>\$ 750,000</u>

<sup>(i)</sup> Effective date: 20 February 2014

<sup>(ii)</sup> Received

The agreement also provides for additional cash and shares to be received on completion of any bankable feasibility in connection with the Projects, as well as a net smelter royalty ranging from 1% to 2.5%, of which True Grit can purchase 50% for \$1,000,000 for a period of up to two years after the commencement of commercial production. The Agreement supersedes the prior option agreement in respect of the Cooks Creek Property but does not include the Root Springs property.

**21 December 2015 True Grit Agreement – Nevada Projects**

On 21 December 2015, True Grit agreed to the termination of the Agreement. In connection with the termination, True Grit also transferred to Redstar ownership of the reclamation bond on the Cooks Creek Property in the amount of USD \$15,353.

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#### 24 February 2014 Agreement – Digital Copy of Database

On 24 February 2014, the Company entered into a purchase agreement with Renaissance Gold Inc., to sell a digital copy of the Database, in consideration for \$60,000 (received). During the year True Grit did not do exploration on the Project and in May 2015 Redstar announced that it notified True Grit that Redstar is seeking arbitration as True Grit did not complete \$250,000 of expenditures.

#### **c) Newman Todd Property , Red Lake, Ontario, Canada**

In 2007, the Company acquired a 100% interest in the Newman Todd area properties. On 19 November 2010, the Company entered into an option agreement with Confederation Minerals Ltd. (“Confederation”) whereby Confederation could earn an initial 50% interest in the property by making cash payments to the Company, issuing shares in the capital of Confederation to the Company, and expending \$5,000,000 on the property and could increase its interest in the property from 50% to 70% by completing a Preliminary Economic Assessment (“PEA”) by November 2016 and issuing 500,000 common shares in the capital of Confederation to Redstar. All consideration having been received by the Company, all expenditures made and the PEA completed, Confederation now holds a 70% undivided legal and beneficial interest in and to the Newman Todd property. In April, 2011 and on joint acquisition with Confederation, the Company acquired a 50% interest in 18 mineral claims adjacent to the Newman Todd project (the “Todd Property”), such that Confederation acquired an undivided 35% interest in the Todd Property (being 70% of vendor’s interest) and the Company acquired an undivided 15% interest in the Todd Property (being 30% of the vendor’s interest). Rubicon Minerals Corporation has retained the remaining 50% interest in the Todd Property.

Gold mineralization at the property is focused in the Newman Todd Structure (“NTS”), which extends for over two kilometres across the property hosting broad zones of quartz veining and silica/sulphide/magnetite replacements within the widespread iron-carbonate alteration. These zones are interpreted as near vertical to steeply plunging structurally controlled amoeba shaped bodies which extend from surface to at least 900 metres in depth. The zone remains open along strike and at depth.

### HIGHLIGHTS, SIGNIFICANT EVENTS AND TRANSACTIONS

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. 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.

### SIGNIFICANT EVENTS AND TRANSACTIONS SUBSEQUENT TO THE PERIOD

On 2 August 2016, the Company announced that it has entered into a Letter of Intent (“LOI”) with NV Gold Corporation (“NVX”) setting forth the terms under which NVX intends to acquire 100% of Redstar’s exploration assets in Nevada, subject to completion of due diligence, the finalization of a definitive agreement governing the acquisition, and receipt of all necessary regulatory approval. These assets consist of a 100% interest (less existing net smelter royalties) in eleven exploration projects in Nevada (the “Projects”), as well as the AngloGold-Ashanti database (the “Database”) purchased by Redstar in 2008.

Under the terms of the LOI, Redstar and NVX propose to enter into a definitive acquisition agreement under which NVX will acquire the Projects and the Database in consideration of NVX issuing Redstar 6,000,000 common shares of NVX and Redstar having the right to name two of a proposed six member board of NVX. Under the definitive agreement, NVX will also be required to raise \$350,000 within 90 days of completion of the definitive agreement or else NVX must return the Projects and Database to Redstar in exchange for Redstar returning 95% of the shares of NVX it receives under the acquisition. If, after NVX raises the \$350,000, Redstar owns less than 29.9% of the

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outstanding shares of NVX, NVX would be required to issue Redstar additional shares of NVX to increase Redstar's shares ownership of NVX to 29.9%.

### SUMMARY OF QUARTERLY RESULTS

The comprehensive loss for the three months ended 30 June 2016 was \$311,488 compared to \$1,139,659 in the comparative period. The main fluctuations in costs are as follows:

<b>Resource property expense</b> (rounded to the nearest '000)	<b>3 months</b> <b>2016</b>	<b>3 months</b> <b>2015</b>
	\$ 187,000	\$ 917,000
Variance (decrease)	\$ (730,000)	

During the three month period ended 30 June 2015, the Company undertook a drill program on the Unga property incurring \$917,000 in geological, drilling, and related expenditures. The decline in resource property expenditures during the current period is consistent with management's expectations and published activities.

<b>Investor relations</b> (rounded to the nearest '000)	<b>3 months</b> <b>2016</b>	<b>3 months</b> <b>2015</b>
	\$ 13,000	\$ 64,000
Variance (decrease)	\$ (51,000)	

In connection with the drill program during the three month period ended 30 June 2015, the Company retained the services of several investor relations consultants to share the results of the program. The reduced investor relations expenses recognized in the current period are expected to remain stable for the remainder of the current fiscal year.

<b>Consulting</b> (rounded to the nearest '000)	<b>3 months</b> <b>2016</b>	<b>3 months</b> <b>2015</b>
	\$ 68,000	\$ 46,000
Variance increase	\$ 22,000	

In an effort to advance the Unga project, the Company replaced consulting personnel which has resulted in an increase in consulting fees. Management expects consulting fees to remain constant for the balance of fiscal 2017.

<b>Share-based payments</b> (rounded to the nearest '000)	<b>3 months</b> <b>2016</b>	<b>3 months</b> <b>2015</b>
	\$ 1,000	\$ 58,000
Variance (decrease)	\$ (57,000)	

The recognition of share-based payments is the result of several market factors, including share value, volatility, interest rates, and vesting terms. In addition to changes in the above factors, fewer options vested in the current period resulting in a lower share-based expense for the three month period ended 30 June 2016.

<b>Rent</b> (rounded to the nearest '000)	<b>3 months</b> <b>2016</b>	<b>3 months</b> <b>2015</b>
	\$ 5,000	\$ -
Variance increase	\$ 5,000	

During the Fall of 2015, management negotiated a new rate of rent for the Company's head office premises. Rental expense is expected to continue at a rate of \$1,500 per month for the foreseeable future.

## REDSTAR GOLD CORP.

Canadian Funds

### MANAGEMENT DISCUSSION AND ANALYSIS

#### FINANCIAL DATA FOR LAST EIGHT QUARTERS

The following table sets out selected unaudited quarterly financial information of the Company and is derived from the unaudited condensed interim consolidated financial statements prepared by management. The Company's interim financial statements are prepared in accordance with International Financial Reporting Standards and are expressed in Canadian dollars.

Three Months Ended	Jun-16	Mar-16	Dec-15	Sep-15	Jun-15	Mar-15	Dec-14	Sep-14
	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS
Total revenues	-	-	-	-	-	-	-	-
Loss for the period	304,916	553,588	289,155	347,892	1,135,488	397,383	384,489	766,483
Comprehensive loss	311,488	422,530	294,863	364,042	1,139,659	403,753	387,908	773,638
Loss per share (basic and diluted)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Total assets	4,681,179	4,050,837	4,181,715	4,583,038	4,141,877	5,246,971	5,339,802	5,908,924
Working capital	647,434	(91,616)	181,738	511,907	133,766	1,221,169	1,615,193	2,223,149

The loss reported for the three month periods ended 30 June 2016 and 31 December 2016 has declined when compared to recent quarters. The decline results from the Company's current focus on preserving cash for future use on exploration programs.

The increased expense reported during the three month period ended 30 June 2015 results from the completion of a drill program on the Unga project in Alaska that occurred during the quarter.

#### OUTSTANDING SHARES

As at 30 June 2016 and the date of this report, the Company had 218,663,293 common shares issued and outstanding. As at 30 June 2016 and the date of this report, the fully diluted amount of 317,938,523 includes options of 13,240,000 and warrants of 86,035,230.

## **REDSTAR GOLD CORP.**

Canadian Funds

### **MANAGEMENT DISCUSSION AND ANALYSIS**

#### **LIQUIDITY AND FINANCIAL CONDITION OF THE COMPANY**

The Company's working capital surplus at 30 June 2016 was \$647,434 compared with a deficiency of \$(91,616) at 31 March 2016.

Cash used in operating activities during the three months ended 30 June 2016 totalled \$501,062 (30 June 2015 - \$1,119,757).

Cash used in investing activities during the three months ended 30 June 2016 totalled \$85,106 (30 June 2015 - \$7,432).

Cash raised in financing activities during the three months ended 30 June 2016 was \$1,119,985 (30 June 2015 - \$nil).

Actual future funding requirements may vary from those planned due to a number of factors, including the progress of exploration and development activity and foreign exchange fluctuations.

Management believes it will be able to raise equity capital as required in the long-term, but recognizes the risks attached thereto. Historically the capital requirements of the Company have been met by equity subscriptions. Although the Company has been successful in the past in obtaining financing, there can be no assurance that it will be able to obtain adequate financing in the future or that the terms of such financing may be favourable.

#### **CAPITAL RESOURCES**

The Company's primary capital assets are mineral property interests. The company capitalizes all costs related to the mineral properties. The Board of Directors is responsible for a quarterly review of the properties and any decisions toward impairment. If the property is considered impaired, accumulated costs are expensed at that time.

#### **OFF BALANCE SHEET TRANSACTIONS**

The Company has no off-balance sheet arrangements.



## REDSTAR GOLD CORP.

Canadian Funds

### MANAGEMENT DISCUSSION AND ANALYSIS

#### TRANSACTIONS WITH RELATED PARTIES

Name and Principal Position	Fiscal Period <sup>(i)</sup>	Remuneration or Fees <sup>(ii)</sup>	Amounts Payable
Ariston Capital Corp., a company controlled by the CEO – consulting fees	2016	\$ 40,000	\$ -
	2015	\$ -	\$ -
Clearline, a company of which the CFO is a director CFO – consulting fees	2016	\$ 15,750	\$ 6,806
	2015	\$ 15,000	\$ 9,500
Director and Chairman of the Board	2016	\$ 12,500	\$ 8,333
	2015	\$ 12,500	\$ 8,333

<sup>(i)</sup> For the periods ended 30 June 2016 and 30 June 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.

#### PROPOSED TRANSACTIONS

The Company does not have any proposed transactions that have been approved by the board of directors. It continues to review and evaluate potential exploration properties.

#### DISCLOSURE CONTROLS AND PROCEDURES

Current securities policies in Canada require that management of the Company certify that it has assessed the effectiveness of the Company's disclosure controls and procedures at year ends. Management has concluded that the disclosure controls as at the end of the period were effective in ensuring that all material information required to be filed has been provided to it in a timely manner, and that the information was recorded, processed and reported within the time year necessary to prepare the filings.

#### RISKS RELATED TO THE COMPANY'S BUSINESS

Resource exploration is a speculative business and involves a high degree of risk. There is a significant probability that the expenditures made by the Company in exploring its properties will not result in discoveries of commercial quantities of minerals. A high level of ongoing expenditures is required to locate and estimate ore reserves, which are the basis for further development of a property. Capital expenditures to attain commercial production stage are also very substantial. The following sets out the principal risks faced by the Company.

##### a) Exploration

The Company is seeking mineral deposits on exploration projects where there are not yet established commercial quantities. There can be no assurance that economic concentrations of minerals will be determined to exist on the Company's property holdings within existing investors' investment horizons or at all. The failure to establish such economic concentrations could have a material adverse outcome on the Company and its securities. The Company's planned programs and budgets for exploration work are subject to revision at any time to take into account results to date. The revision, reduction or curtailment of exploration programs and budgets could have a material adverse outcome on the Company and its securities.

### MANAGEMENT DISCUSSION AND ANALYSIS

#### b) Market

The Company's securities trade on public markets and the trading value thereof is determined by the evaluations, perceptions and sentiments of both individual investors and the investment community taken as a whole. Such evaluations, perceptions and sentiments are subject to change, both in short term time horizons and longer term time horizons. An adverse change in investor evaluations, perceptions and sentiments could have a material adverse outcome on the Company and its securities.

#### c) Commodity price

The Company's exploration projects are primarily related to exploration for gold and other precious metals in Canada and the USA. While these minerals have recently been the subject of significant price increases from levels prevalent earlier in the past, there can be no assurance that such price levels will continue, or that investors' evaluations, perceptions, beliefs and sentiments will continue to favour these target commodities. An adverse change in these commodities' prices, or in investors' beliefs about trends in those prices, could have a material adverse outcome on the Company and its securities.

#### d) Title

Although the Company has exercised the usual due diligence with respect to title to properties in which it has interests, there is no guarantee that title to the properties will not be challenged or impugned. The Company's mineral property interests may be subject to prior unregistered agreements or transfers or land claims, and title may be affected by undetected defects. In addition, certain of the mining claims in which the Company has an interest are not recorded in the name of the Company and cannot be recorded until certain steps are taken by other parties. Before a number of claims under option can be recorded in the Company's name, the underlying title holder must assign title to the Company once the Company satisfies its option agreement obligations. There are no assurances that the underlying title holder will assign title.

#### e) Aboriginal land claims

Canadian and US Aboriginal rights may be claimed on properties or other types of tenure with respect to which mining rights have been conferred. The Company is aware of the mutual benefits afforded by cooperative relationships with indigenous people in conducting exploration activity and is generally supportive of measures established to achieve such cooperation. The risk of unforeseen aboriginal title claims also could affect existing exploration activities as well as potential development projects and possible future acquisitions and transfer of properties. While there is, to the Company's knowledge, no existing claim in respect of any of its properties, the advent of any future aboriginal land claims and the outcome of any aboriginal land claims negotiations cannot be predicted.

#### f) Financing

Exploration and development of mineral deposits is an expensive process, and frequently the greater the level of interim stage success the more expensive it can become. The Company has no producing properties and generates no operating revenues; therefore, for the foreseeable future, it will be dependent upon selling equity in the capital markets to provide financing for its continuing substantial exploration budgets. While the Company has been successful in obtaining financing from the capital markets for its projects in recent years, there can be no assurance that the capital markets will remain favourable in the future, and/or that the Company will be able to raise the financing needed to continue its exploration programs on favourable terms, or at all. Restrictions on the Company's ability to finance could have a material adverse outcome on the Company and its securities.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **g) Share price volatility and price fluctuations**

In recent years, the securities markets in Canada have experienced a high level of price and volume volatility, and the market prices of securities of many companies, particularly junior mineral exploration companies like the Company, have experienced wide fluctuations which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that these price fluctuations and volatility will not continue to occur.

### **h) Key personnel**

The Company's exploration efforts are dependent to a large degree on the skills and experience of certain of its key personnel. The Company does not maintain "key man" insurance policies on these individuals. Should the availability of these persons' skills and experience be in any way reduced or curtailed, this could have a material adverse outcome on the Company and its securities.

### **i) Competition**

Significant and increasing competition exists for the limited number of mineral property acquisition opportunities available. As a result of this competition, some of which is with large established mining companies with substantial capabilities and greater financial and technical resources than the Company, the Company may be unable to acquire additional attractive mineral properties on terms it considers acceptable.

### **j) Foreign countries and regulatory requirements**

Currently, the Company's only non-Canadian properties are located in the United States. Consequently, the Company is subject to certain risks associated with foreign ownership, including currency fluctuations, inflation, and political risk. Mineral exploration and mining activities and production activities in foreign countries may be affected in varying degrees by political stability and government regulations relating to the mining industry. Any changes in regulations or shifts in political conditions are beyond the control of the Company and may adversely affect its business. Operations may be affected in varying degrees by government regulations with respect to community rights, restrictions on production, price controls, export controls, restriction of earnings, taxation laws, expropriation of property, environmental

### **k) Environmental and other regulatory requirements**

The current or future operations of the Company, including development activities and commencement of production on its properties, require permits from various governmental authorities and such operations are and will be subject to laws and regulations governing prospecting, development, mining, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, safety and other matters. Companies engaged in the development and operation of mines and related facilities generally experience increased costs, and delays in production and other schedules as a result of the need to comply with applicable laws, regulations and permits. There can be no assurance that approvals and permits required to commence production on its properties will be obtained on a timely basis, or at all. Additional permits and studies, which may include environmental impact studies conducted before permits can be obtained, may be necessary prior to operation of the properties in which the Company has interests and there can be no assurance that the Company will be able to obtain or maintain all necessary permits that may be required to commence construction, development or operation of mining facilities at these properties on terms which enable operations to be conducted at economically justifiable costs. Failure to comply with applicable laws, regulations, and permitting requirements may result in enforcement actions there under, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations or extraction operations may be required to compensate those suffering loss or damage by reason of such activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

### MANAGEMENT DISCUSSION AND ANALYSIS

Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in capital expenditures or production costs or reduction in levels of production at producing properties or abandonment or delays in development of new mineral exploration properties. To the best of the Company's knowledge, it is currently operating in compliance with all applicable environmental regulations.

#### **l) History of net losses; accumulated deficit; lack of revenue from operations**

The Company has incurred net losses to date. The Company has not yet had any revenue from the exploration activities on its properties, nor has the Company yet determined that commercial development is warranted on any of its properties. Even if the Company commences development of certain of its properties, the Company may continue to incur losses. There is no certainty that the Company will produce revenue, operate profitably or provide a return on investment in the future.

#### **m) Uninsurable**

The Company and its subsidiaries may become subject to liability for pollution, fire, explosion and other risks against which it cannot insure or against which it may elect not to insure. Such events could result in substantial damage to property and personal injury. The payment of any such liabilities may have a material, adverse effect on the Company's financial position.

#### **n) Critical accounting estimates**

In the preparation of financial information, management makes judgments, estimates and assumptions that affect, amongst other things, the carrying value of its mineral property assets. All deferred mineral property expenditures are reviewed, on a property-by-property basis, to consider whether there are any conditions that may indicate impairment. When the carrying value of a property exceeds its net recoverable amount that may be estimated by quantifiable evidence of an economic geological resource or reserve, joint venture expenditure commitments or the Company's assessment of its ability to sell the property for an amount exceeding the deferred costs, a provision is made for the impairment in value. Management's estimates of exploration, operating, capital and reclamation costs, if any, are subject to certain risks and uncertainties which may affect the recoverability of mineral property costs. Although management has made its best estimate of these factors, it is possible that changes could occur in the near term that could adversely affect management's estimate of the net cash flow to be generated from its properties. The Company also uses the Black-Scholes Option Pricing Model in relation to share based payments. Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options granted/vested during the year.

#### **o) Legal proceedings**

As at the year-end and the Report Date, there were no legal proceedings against or by the Company.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

Financial instruments of the Company carried on the 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 30 June 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.

#### **a) Fair values of financial assets and liabilities**

The Company's financial instruments include cash and cash equivalents, marketable securities, amounts receivable, accounts payable and accrued liabilities, and due to related parties. As at 30 June 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.

#### **b) 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.

#### **c) 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.

#### **d) 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.

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### MANAGEMENT DISCUSSION AND ANALYSIS

#### e) 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 CAD\$ \$7,000. At 30 June 2016, the Company held currency totalling the following:

Canadian (Dollars)	US (Dollars)
\$531,000	\$80,000

#### f) 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 30 June 2016, the Company had a cash balance of \$635,709 to settle current liabilities of \$58,290.

### DISCLOSURE BY VENTURE ISSUER WITHOUT SIGNIFICANT REVENUE

Consistent with other companies in the mineral exploration industry, Redstar has no source of operating revenue. The Company's 30 June 2016 condensed interim consolidated financial statements provide a breakdown of the general and administrative expenses for the year under review and an analysis of the exploration and development costs incurred on its mineral properties.

### INVESTOR RELATIONS ACTIVITIES

With respect to investor and public relations, the Company provides information from its corporate offices to investors and brokers directly, via a third party.

### APPROVAL

The Board of Directors of Redstar has approved the disclosure contained in this MD&A. A copy of this MD&A will be provided to anyone who requests it.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **A CAUTIONARY NOTE**

This document contains “forward-looking information” which may include, but is not limited to, statements with respect to the future financial or operating performance of the Corporation, its subsidiaries and its projects, the future supply, demand, inventory, production and price of minerals, the estimation of reserves and resources, the realization of reserve estimates, the timing and amount of estimated future production, costs of production, capital, operating and exploration expenditures, costs and timing of the development of new deposits, costs and timing of future exploration, requirements for additional capital, government regulation operations, environmental risks, reclamation expenses, title disputes or claims, limitations of insurance coverage and the timing and possible outcome of pending litigation and regulatory matters.

Often, but not always, forward-looking statements can be identified by the use of words such as “plans”, “expects”, “is expected”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates”, or “believes” or variations (including negative variations) of such words and phrases, or state that certain actions, events or results “may”, “could”, “would”, “might” or “will” be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Corporation and/or its subsidiaries to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others, general business, economic, competitive, political and social uncertainties; the actual results of current exploration activities; actual results of reclamation activities; conclusions of economic evaluations; changes in project parameters as plans continue to be refined; future prices of resources; possible variations of ore grade or recovery rates; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes and other risks of the resource industry; political instability, insurrection or war; delays in obtaining governmental approvals or financing or in the completion of development or construction activities. Although the Corporation has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

Respectfully submitted

On Behalf of the Board,  
**REDSTAR GOLD CORP.**

*“Peter Ball”*

Peter Ball, President and CEO