



HELIOSTAR METALS LTD.
(FORMERLY REDSTAR GOLD CORP.)

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED
DECEMBER 31, 2020

(Unaudited – Prepared by Management)

HELIOSTAR METALS LTD.

(FORMERLY REDSTAR GOLD CORP.)

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HELIOSTAR METALS LTD.
(FORMERLY REDSTAR GOLD CORP.)

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

The accompanying unaudited condensed interim consolidation financial statements of Heliostar Metals Ltd. (formerly Redstar Gold Corp.; the "Company"; "Heliostar") for the nine months ended December 31, 2020, have been prepared by and are the responsibility of the Company's management.

Under National Instruments 51-102, Part 4, subsection 4.3 (3) (a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that an auditor has not reviewed the financial statements.

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

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

	Note	December 31, 2020	March 31, 2020
		(Unaudited)	(Audited)
Assets			
Current			
Cash and cash equivalents		\$ 3,534,782	\$ 53,992
Short-term investments	8	28,750	5,750
Marketable securities	9	2,674,614	1,106,569
Amounts receivable		24,266	1,863
Prepaid amounts and advances		729,726	86,414
		6,992,138	1,254,588
Non-current			
Reclamation bond	11	7,547	8,409
Exploration and evaluation assets	11	7,216,957	4,107,247
Intangible assets	12	27,591	1,742
Equipment	13	2,680	8,654
		7,254,775	4,126,052
		\$ 14,246,913	\$ 5,380,640
Liabilities			
Current			
Accounts payable and accrued liabilities		\$ 1,665,147	\$ 64,198
Due to related parties	16	49,350	85,281
		1,714,497	149,479
Shareholders' equity			
Share capital	15	42,993,262	32,419,456
Reserves		7,145,455	4,071,794
Deficit		(37,606,301)	(31,260,089)
		12,532,416	5,231,161
		\$ 14,246,913	\$ 5,380,640

Events after the reporting period (Note 18)

These condensed interim consolidated financial statements are authorized for issue by the Board of Directors on February 18, 2020. They are signed on the Company's behalf by:

/s/ Jacques Vaillancourt
Director

/s/ Ken Booth
Director

HELIOSTAR METALS LTD.
(FORMERLY REDSTAR GOLD CORP.)
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Presented in Canadian Dollars)
(Unaudited)

	Note	Three months ended December 31		Nine months ended December 31	
		2020	2019	2020	2019
Exploration and evaluation					
Resource property expense	11	\$ 3,942,939	\$ 261,615	\$ 5,571,413	\$ 924,571
Sale of resource property interest	7	(1,475,000)	-	(1,475,000)	-
		2,467,939	261,615	4,096,413	924,571
General and administrative					
Depreciation		6,541	1,014	15,456	3,042
Director fees	16	20,375	20,018	60,250	59,039
Insurance		12,586	2,684	17,966	8,066
Investor relations		26,335	2,213	72,258	813
Management fees	16	84,753	80,625	261,344	240,375
Office operations		52,522	4,721	69,468	13,155
Professional fees		253,815	6,270	382,848	55,892
Regulatory fees		11,165	4,277	91,791	14,545
Rent		2,302	225	2,752	675
Share-based payments	15(b)	-	183,376	2,383,950	221,862
Transfer agent		15,697	4,086	21,743	5,885
Travel and promotion		17,479	394	17,507	13,177
		503,570	309,903	3,397,333	636,526
Loss before the undernoted		(2,971,509)	(571,518)	(7,493,746)	(1,561,097)
Other income (expense)					
Foreign exchange gain/(loss)		35,727	(7,614)	38,728	(8,902)
Interest income		-	12	-	48
Fair value gain on marketable securities	9	89,235	(163,085)	1,108,806	104,923
		124,962	(170,687)	1,147,534	96,069
Net loss for the period		(2,846,547)	(742,205)	(6,346,212)	(1,465,028)
Other comprehensive income (loss)					
Unrealized gain on investment in marketable securities		57,405	-	224,191	-
Comprehensive loss for the period		\$ (2,789,142)	\$ (742,205)	\$ (6,122,021)	\$ (1,465,028)
Basic and diluted loss per share		\$ (0.09)	\$ (0.00)	\$ (0.25)	\$ (0.00)
Weighted average number of common shares outstanding		31,646,986	300,050,293	25,591,909	300,050,293

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

	Share Capital			Reserves					Total Shareholders' Equity
	Number of shares	Amount	Warrants	Finders Warrants	Options	Accumulated other comprehensive income (loss)	Subtotal	Deficit	
Balance, March 31, 2019 (Audited)	300,050,293	\$ 32,419,456	\$ 1,056,181	\$ -	\$ 3,291,567	\$ (51,119)	\$ 4,296,629	\$ (29,665,927)	\$ 7,050,158
Share-based payments	-	-	-	-	221,862	-	221,862	-	221,862
Realized loss on investment in NV Gold	-	-	-	-	-	-	-	(1,465,028)	(1,465,028)
Balance December 31, 2019 (Unaudited)	300,050,293	32,419,456	1,056,181	-	3,513,429	(51,119)	4,518,491	(31,130,955)	5,806,992
Share-based payments	-	-	-	-	-	-	-	-	-
Unrealized loss on marketable securities	-	-	-	-	-	(446,697)	(446,697)	-	(446,697)
Loss for the period	-	-	-	-	-	-	-	(129,134)	(129,134)
Balance, March 31, 2020 (Audited)	300,050,293	32,419,456	1,056,181	-	3,513,429	(497,816)	4,071,794	(31,260,089)	5,231,161
Private placement	87,633,332	7,010,667	-	-	-	-	-	-	7,010,667
Share issuance costs	-	(796,391)	-	474,000	-	-	474,000	-	(322,391)
Exercise of options	400,000	28,480	-	-	(8,480)	-	(8,480)	-	20,000
Acquisition of Heliodor	86,621,003	4,331,050	-	-	-	-	-	-	4,331,050
Share-based payments	-	-	-	-	2,383,950	-	2,383,950	-	2,383,950
Unrealized loss on marketable securities	-	-	-	-	-	224,191	224,191	-	224,191
Share consolidation (15:1)	(443,057,642)	-	-	-	-	-	-	-	-
Loss for the period	-	-	-	-	-	-	-	(6,346,212)	(6,346,212)
Balance, December 31, 2020 (Unaudited)	31,646,986	\$ 42,993,262	\$ 1,056,181	\$ 474,000	\$ 5,888,899	\$ (273,625)	\$ 7,145,455	\$ (37,606,301)	\$ 12,532,416

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

	Nine months ended	
	December 31	
	2020	2019
Cash provided by (used in):		
Operating activities		
Loss for the period	\$ (6,346,212)	\$ (1,465,028)
Items not affecting cash:		
Depreciation	15,456	3,042
Share-based payments	2,383,950	221,862
Reclamation bond	862	222
Fair value gain on marketable securities	(1,098,831)	(104,923)
Sale of mineral property interest	(975,000)	-
<i>Net change in non-cash working capital</i>		
Amounts receivable	(14,590)	(769)
Prepaid amounts and advances	(643,312)	(41,157)
Accounts payable and accrued liabilities	1,582,694	76,252
Due to related parties	(35,931)	8,037
Short term investments	(23,000)	-
	(5,153,914)	(1,302,462)
Investing activities		
Acquisition of evaluation and exploration assets	(228,011)	(122,938)
Cash acquired from the acquisition of Heliodor	1,459,792	-
Acquisition of intangible assets	(31,979)	-
Acquisition of equipment	(3,362)	-
Proceeds from sale of marketable securities	729,987	247,682
	1,926,428	124,744
Financing activities		
Shares issued for cash, net	6,708,276	-
	6,708,276	-
Change in cash and cash equivalents	3,480,790	(1,177,718)
Cash and cash equivalents, beginning of the period	53,992	1,434,481
Cash and cash equivalents, end of the period	\$ 3,534,782	\$ 256,763
Schedule of Non-cash Investing and Financing Transactions		
Fair value transfer on exercise of options	\$ 8,480	\$ -
Fair value of broker's warrants	\$ 474,000	\$ -

HELIOSTAR METALS LTD.
(FORMERLY REDSTAR GOLD CORP.)
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED DECEMBER 31, 2020 AND 2019
(Presented in Canadian Dollars)

1. NATURE OF OPERATIONS AND CONTINUANCE OF OPERATIONS

Heliostar Metals Ltd. is engaged in the acquisition, exploration, and development of mineral properties in North America. The Company is incorporated and domiciled in Canada under the Business Corporations Act (British Columbia), and its registered office is Suite 900, 885 West Georgia Street, Vancouver, BC, V6C 3H1. The Company is trading on the TSX Venture Exchange (TSX-V) under the trading symbol "HSTR".

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.

The business of mining and exploration involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The recoverability of exploration and evaluation expenditures is dependent upon several factors. These include the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development of these properties, and future profitable production or proceeds from disposition of mineral properties.

Consistent with other companies in the sector of mineral exploration, the Company has incurred operating losses since inception, has limited sources of revenue, is unable to self-finance operations and has significant cash requirements to meet its overhead and maintain its mineral interests.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or ability to raise funds.

For the Company to continue to operate as a going concern it must continue to obtain additional financing to maintain operations; although the Company has been successful in the past at raising funds, there can be no assurance that this will continue in the future.

If the going concern assumption were not appropriate for these Financial Statements then adjustments would be necessary to the carrying value of assets and liabilities, the reported expenses and the statement of financial position classifications used and such adjustments could be material.

Rounded to 000's	December 31, 2020	March 31, 2020
Working capital surplus	\$ 5,278,000	\$ 1,105,000
Accumulated (deficit)	\$ (37,606,000)	\$ (31,260,000)

2. BASIS OF PREPARATION – STATEMENT OF COMPLIANCE

These Financial Statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards (“IFRS”) and related IFRS Interpretations Committee (“IFRICs”) as issued by the International Accounting Standards Board (“IASB”). The Financial Statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss, which are stated at their fair value. In addition, these Financial Statements have been prepared using the accrual basis of accounting except for cash flow information.

Since these Financial Statements do not include all disclosures required by IFRS for annual consolidated financial statements, they should be read in conjunction with the Company’s audited annual consolidated financial statements for the year ended March 31, 2020.

The preparation of Financial Statements in accordance with IAS1 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company’s accounting policies.

The preparation of the Financial Statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, profit and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation followed in preparing these Financial Statements are the same as those followed in preparing the most recent audited annual financial statements. For a complete summary of significant accounting policies, please refer to the Company’s audited annual consolidated financial statements for the year ended March 31, 2020. Certain comparative figures have been reclassified to conform to the current period’s presentation.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

In the application of the Company’s accounting policies, which are described in note 3, management is required to make judgments, estimates and assumptions about the carrying amount and classification of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revisions affect only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

The following are the critical judgments and areas involving estimates, that management have made in the process of applying the Company’s accounting policies and that have the most significant effect on the amount recognized in the Financial Statements.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS *(Continued)*

a) Key sources of estimation uncertainty

Share-based payments

Management assesses the fair value of stock options granted in accordance with the accounting policy stated in note 3. The fair value of stock options granted is measured using the Black-Scholes option pricing model, which was created for use in estimating the fair value of freely tradable, fully transferable options. The Company's stock options have characteristics significantly different from those of traded options, and changes in the highly subjective input assumptions can materially affect the calculated values. The fair value of stock options granted using the Black-Scholes option pricing model do not necessarily provide a reliable measure of the fair value of the Company's stock option awards.

Impairment

Judgment is involved in assessing whether there is any indication that an asset may be impaired. This assessment is made based on the analysis of, amongst other factors, changes in the market or business environment, events that have transpired that have impacted the asset, and information from internal reporting.

Income taxes

Provisions for income taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by tax authorities. Where the final outcome of these tax-related matters is different from the amounts that were originally recorded, such differences will affect the tax provisions in the period in which such determination is made.

Decommissioning provision

The value of decommissioning liabilities depends on estimates of current risk-free interest rates, future restoration and reclamation expenditures and the timing of those expenditures.

b) Key sources of judgment uncertainty

Estimated Useful Lives and Depreciation of Equipment and Intangible asset

Depreciation of equipment and intangible asset is dependent upon estimates of useful lives based on management's judgment.

Determination of functional currency

In accordance with IAS 21, The Effects of Changes in Foreign Exchange Rates, management determined that the functional currency of the Company and its wholly owned subsidiaries is the Canadian dollar.

Going concern evaluation

As discussed on note 1, these Financial Statements have been prepared under the assumptions applicable to a going concern. If the going concern assumption were not appropriate for these Consolidated Financial Statements then adjustments would be necessary to the carrying value of assets and liabilities, the reported expenses and the statement of financial position classifications used and such adjustments could be material.

The Company reviews the going concern assessment at the end of each reporting period. There were no material changes to the assessment as at December 31, 2020.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS *(Continued)*

Exploration and evaluation assets

The carrying value of the Company's exploration and evaluation assets is reviewed by management quarterly, or whenever events or circumstances indicate that its carrying amount may not be recovered. Management considers certain impairment indicators such as market capitalization of the Company, metal price changes, plans for the properties and the results of exploration to date.

5. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

a) Financial instrument classification and measurement

Financial instruments of the Company carried on the Condensed Interim Consolidated Statements of Financial Position are carried at amortized cost with the exception of marketable securities which are carried at fair value.

The fair value of the Company's marketable securities is quoted in active markets. The Company classifies the fair value of these transactions according to the following hierarchy.

- Level 1 – quoted prices in active markets for identical financial instruments.
- Level 2 – quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets.
- Level 3 – valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

The Company's marketable securities have been assessed on the fair value hierarchy described above and classified as Level 1.

b) Fair values of financial assets and liabilities

The Company's financial instruments include cash and cash equivalents, short-term investments, marketable securities, reclamation bond, accounts payable and accrued liabilities, and due to related parties. As at December 31, 2020 and March 31, 2020, the carrying value of cash and cash equivalents approximates fair value due to its short-term nature. Marketable securities are marked to fair value at each financial statement reporting date. Reclamation bond, accounts payable and accrued liabilities, and due to related parties approximate their fair value due to their short-term nature.

c) Market risk

Market risk is the risk that changes in market prices will affect the Company's earnings or the value of its financial instruments. Market risk is comprised of commodity price risk and interest rate risk. The objective of market risk management is to manage and control exposures within acceptable limits, while maximizing returns. The Company is not exposed to significant market risk.

5. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT *(Continued)*

d) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its bank accounts. The Company's bank accounts are held with major banks in Canada, the United States and Mexico; accordingly, the Company believes it not exposed to significant credit risk.

e) Interest rate risk

Interest rate risk is the risk of losses that arise as a result of changes in contracted interest rates. The Company is not exposed to significant interest rate risk.

f) Currency risk

The Company's main property interests in Alaska, USA and Sonora, Mexico make it subject to foreign currency fluctuations which may adversely affect the Company's Condensed Interim Consolidated Statements of Financial Position, Condensed Interim Consolidated Statements of Loss and Comprehensive Loss and Condensed Interim Consolidated Statements of Cash Flows. The Company is affected by changes in exchange rates between the Canadian Dollar and the US Dollar and the Mexico pesos. The Company does not invest in foreign currency contracts to mitigate the risks. The Company has net monetary liabilities of approximately \$1,050,000 denominated in US dollars and only a nominal amount denominated in Mexican pesos. A 1% change in the absolute rate of exchange in US dollars would affect its net loss by approximately \$13,375.

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 December 31, 2020, the Company had a cash balance of \$3,534,782 to settle current liabilities of \$1,714,497.

6. ACQUISITION OF HELIODOR

On July 21, 2020, the Company entered into a share exchange agreement to acquire 100% of the shares of Heliodor Metals Limited ("Heliodor") by acquiring all of the issued and outstanding share capital of Heliodor in exchange for 86,621,003 common shares of the Company at a deemed issue price of \$0.05 per common share.

Upon completion of the acquisition, shareholders of Heliodor hold approximately 18.2% of the total number of issued and outstanding shares of the Company. On August 21, 2020, the Company completed the acquisition of Heliodor.

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(Presented in Canadian Dollars)

6. ACQUISITION OF HELIODOR *(Continued)*

Net identifiable assets (liabilities) acquired in the acquisition of Heliodor are identified as follows:

Total consideration	
Common shares issued	\$ 4,331,050
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Net identifiable assets (liabilities) acquired	
Cash	\$ 1,459,792
Accounts receivable	7,813
Accounts payable	(18,255)
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	\$ 1,449,351
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Purchase price allocation	
Net identifiable assets acquired	\$ 1,449,351
Exploration and evaluation assets	2,881,699
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	\$ 4,331,050
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7. SALE OF NEWMAN TODD PROJECT

On December 31, 2020, the Company announced sale of 16.5% of the Newman Todd project to Trillium Gold Mines Inc. ("Trillium"). Heliostar received \$700,000 cash and 650,000 Trillium common shares pursuant to the purchase agreement. In addition, if at any point after closing there should be 1,000,000 or more ounces of gold in measured and indicated reserves and resources on the Newman Todd property, Trillium has agreed to make an additional C\$1,000,000 cash payment to Heliostar. The Company paid a break fee of \$200,000. The breakdown of the consideration is as follows:

Total consideration	
Cash	\$ 700,000
Trillium shares at \$1.50	\$ 975,000
Break fee	\$ (200,000)
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	\$ 1,475,000
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8. SHORT-TERM INVESTMENTS

As at December 31, 2020, the Company pledged \$28,750 with Bank of Montreal (March 31, 2020 - \$5,750) as collateral for a credit card.

HELIOSTAR METALS LTD.
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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
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(Presented in Canadian Dollars)

9. MARKETABLE SECURITIES

December 31, 2020		Shares	Cost	Fair Value Adjustment on Marketable Securities	Total
Cyon Exploration Ltd.	(vi)	89,999	20,126	9,574	29,700
Sprott Phys Gold&Silv		17,000	249,156	180,944	430,100
Ishares Silver Trust	(iii)	22,000	383,219	333,716	716,936
Trillium Gold	(vii)	650,000	975,000	39,000	1,014,000
NV Gold Corporation	(iv)	1,612,930	255,748	228,131	483,879
			\$ 1,883,249	\$ 791,365	\$ 2,674,614

March 31, 2020		Shares	Cost	Fair Value Adjustment on Marketable Securities	Total
New Tech Minerals Corp.	(ii)	11,443	\$ 5,722	\$ (5,722)	\$ -
Brocade Metals Corp.		320,000	4	(4)	-
Trillium Gold Mines Inc.	(v)	65,000	56,250	(56,250)	-
Fremont Gold Ltd.	(i)	4,166	30,000	(30,000)	-
True Grit Resources Ltd.		540,000	90,526	(87,826)	2,700
Sprott Phys Gold&Silv		17,000	249,156	99,684	348,840
Ishares Silver Trust	(iii)	22,000	383,219	23,778	406,997
NV Gold Corporation	(iv)	4,640,430	735,792	(387,760)	348,032
			\$ 1,550,669	\$ (444,100)	\$ 1,106,569

- (i) Formerly, Palisades Ventures Inc. (post 4:3 share consolidation)
- (ii) American Potash Corp. was changed name to "New Tech Lithium Corp." on January 22, 2018 and changed to "New Tech Minerals Corp." on March 7, 2019
- (iii) Ishares Silver Trust is traded in US dollars
- (iv) The Company reclassified the NV Gold shares as marketable securities held under FVOCI (see Note 9).
- (v) Formerly Confederation Minerals Ltd.
- (vi) True Grit Resources Ltd. changed its name to Cyon Exploration Ltd. and completed a 6:1 share consolidation.
- (vii) Trillium shares received as part of the consideration for the sale of Newman Todd project

During the nine months ended December 31, 2020, the Company recorded fair value gain on marketable securities of \$1,108,806 (2019 – fair value gain of \$104,923) on the Statement of Comprehensive Loss.

10. INVESTMENT IN NV GOLD CORPORATION

On September 1, 2016, the Company entered into a purchase and sale agreement with NV Gold Corporation and its subsidiary, NV Gold Corporation (USA) ("NV Gold"), a Canadian junior exploration company trading on the TSX Venture Exchange. As part of this agreement, NV Gold acquired the right to a 100% ownership of Great Basin Database and 100% interest in eleven Nevada Properties. On September 29, 2016, the Company completed the sale of Nevada Properties for consideration of 29.9% of the outstanding common shares of NV Gold.

From September 29, 2016 to June 30, 2017, the Company accounted for its investment in NV Gold using the equity method of accounting as the Company had significant influence over NV Gold with its share ownership and directorship.

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
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10. INVESTMENT IN NV GOLD CORPORATION *(Continued)*

Under the equity method of accounting, the investment in NV Gold was initially recognized at cost and adjusted thereafter for the post-acquisition change in the net assets. The Company was not exposed to any additional losses beyond its initial investment amount. No dividends or cash distributions were received by the Company from NV Gold during the period.

Effective July 5, 2017, the Company accounted for its investment in NV Gold by using the fair value of the NV Gold shares as the Company determined that it no longer had significant influence over NV Gold. The Company remeasured the investment in NV Gold to fair value at each financial statement reporting date and any gains or losses arising from changes in fair value was recognized in other comprehensive income (loss). As at June 30, 2019, the Company reclassified the investment in NV Gold as marketable securities (Note 9).

11. EXPLORATION AND EVALUATION ASSETS

The Company has the following interests in mineral properties as at December 31, 2020:

Property acquisition costs	March 31, 2020	Acquisition costs	December 31, 2020
Alaska (USA)			
Unga project	\$ 4,107,247	\$ 228,010	\$ 4,335,258
Sonora (Mexico)			
Heliodor projects	-	2,881,699	2,881,699
	\$ 4,107,247	\$ 3,109,709	\$ 7,216,957

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11. EXPLORATION AND EVALUATION ASSETS *(Continued)*

The Company incurred the following exploration expenditures during the nine months ended December 31, 2020:

Exploration expenditures	Alaska Unga
Assaying	\$ 13,175
Camp	435,434
Drilling	2,266,300
Equipment rental	204,228
Fuel & transportation	187,056
Geological	750,000
Helicopter	1,088,257
Maps and reports	34,863
Other	14,487
Safety	72,466
Permitting	1,603
Supplies and materials	301,729
Technical report	18,012
Transportation and surface access	40,719
Travel and accommodation	143,084
Period ended December 31, 2020	\$ 5,571,413

Exploration expenditures	Alaska Unga
Assaying	\$ 62,154
Camp	141,253
Equipment rental	8,908
Fuel & transportation	67,922
Geological	525,304
Geophysical	3,112
Maps and reports	3,425
Supplies and materials	38,702
Transportation and surface access	36,630
Travel and accommodation	37,038
Other	123
Period ended December 31, 2019	\$ 924,571

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11. EXPLORATION AND EVALUATION ASSETS *(Continued)*

(a) Unga Project, Alaska, USA

The Unga Project is approximately 250 sq. kms and is comprised of patented and Alaska State claims and Alaskan Native Corporation lands. The Company owns 100% of the patented claims and the state claims in the Unga Project.

On July 1, 2019, (amended on August 29, 2019), the Company signed an exploration agreement with option to lease with The Aleut Corporation (“TAC”) (the “Agreement”). The Agreement provides for an exploration license with a follow-on 20-year extendable mining lease on TAC’s properties which form part of the Company’s “Unga Project”. The Agreement runs for a period of eight (8) years allowing the Company to conduct sub-surface work.

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

	Cash ^(a) (US\$)	Exploration Expenditure on the Property ^(b) (US\$)
On the execution	\$75,000 ⁽ⁱ⁾	\$500,000 ⁽ⁱⁱ⁾
July 1, 2020	75,000 ⁽ⁱⁱⁱ⁾	525,000 ⁽ⁱⁱ⁾
July 1, 2021	80,000	525,000
July 1, 2022	85,000	550,000
July 1, 2023	90,000	600,000
July 1, 2024	95,000	700,000
July 1, 2025	100,000	750,000
July 1, 2026	110,000	850,000
	\$710,000	\$5,000,000

^(a) The cash amount includes the option payments and the materials payments.

^(b) The first year's period begins from July 1, 2019 until December 31, 2019. Subsequent years commence on January 1 of each year and finishes on December 31 of that year.

⁽ⁱ⁾ Paid

⁽ⁱⁱ⁾ Incurred

⁽ⁱⁱⁱ⁾ Paid

On October 8, 2019, the Company signed a surface access agreement with The Shumagin Corporation (“TSC”). The agreement provides access to the Company’s mineral exploration license underlain by TSC’s property which forms part of the Company’s “Unga Project” on Unga and Popof Islands situated near the center of the Aleutian Arc. Upon signing this agreement, the Company paid Shumagin a fee in the amount of US\$10,000. If the Company conducts drilling or bulk sampling, before commencing that activity RedStar will pay an additional US\$22,500.

(b) Other, USA

As at December 31, 2020, the Company had a reclamation bond of US\$5,927 (\$7,547) (March 31, 2020 – US\$5,927 (\$8,409)) related to a property in Nevada that was sold to NV Gold.

11. EXPLORATION AND EVALUATION ASSETS *(Continued)*

(c) Heliodor projects, Sonora, Mexico

As part of the acquisition of Heliodor (Note 6), the Company acquired the following Heliodor projects located in the northern portion of Mexico's Sonora state:

- (i) The Oso Negro project is an early-stage intermediate sulphidation epithermal vein system prospect within a 1,500-hectare concession.

The Company has an option to acquire 100% interest in this property by making the following payments: US\$25,000 on signing (paid); US\$50,000 after 6 months(paid); and US\$100,000 after 18 months. The project is subject to a 1% net smelter royalty that the Company can buy for US\$500,000.

- (ii) The La Lola project is a large, 5,400-hectare land package with the prospect of a low-sulphidation epithermal system.

The Company has an option to acquire 100% interest in this property by making the following payments: US\$12,500 on signing (paid); US\$25,000 by March 25, 2021; and US\$25,000 by March 25, 2022. The project is subject to a 2% net smelter royalty that the Company can buy 1% of such for US\$1,750,000.

- (iii) The Cumaro project is the down-thrown block of a large, low-sulphidation vein field.

The Company has a 100% interest in this property. The project is subject to a 2% net smelter royalty that the Company can buy 1% of such for US\$1,000,000.

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12. INTANGIBLE ASSETS

		Computer software	
Cost			
Balance - April 1, 2019	\$		10,986
Additions			-
Balance - March 31, 2020			10,986
Additions			34,989
Balance - December 31, 2020	\$		45,975
Accumulated depreciation			
Balance - April 1, 2019	\$		7,432
Depreciation			1,812
Balance - March 31, 2020			9,244
Depreciation			9,140
Balance - December 31, 2020	\$		18,384
Carrying amounts			
As at March 31, 2020	\$		1,742
As at December 31, 2020	\$		27,591

13. EQUIPMENT

		Equipment		Vehicles		Total	
Cost							
Balance - April 1, 2019	\$	4,200	\$	51,497	\$	55,697	
Additions		-		-		-	
Balance - March 31, 2020		4,200		51,497		55,697	
Additions		3,362		-		3,362	
Balance - December 31, 2020	\$	7,562	\$	51,497	\$	59,059	
Accumulated depreciation							
Balance - April 1, 2019	\$	1,645	\$	42,170	\$	43,815	
Depreciation		502		2,726		3,228	
Balance - March 31, 2020		2,147		44,896		47,043	
Depreciation		2,735		6,601		9,336	
Balance - December 31, 2020	\$	4,882	\$	51,497	\$	56,379	
Carrying amounts							
As at March 31, 2020	\$	2,053	\$	6,601	\$	8,654	
As at December 31, 2020	\$	2,680	\$	-	\$	2,680	

14. 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.

15. SHARE CAPITAL

(a) Authorized:

At December 31, 2020, the authorized share capital was comprised of an unlimited number of common shares. The common shares do not have a par value. All issued shares are fully paid.

On October 21, 2020, the Company consolidated its share capital on the basis of one post-consolidation common share for every fifteen pre-consolidation shares. All references to the number of shares and per share amounts in the Financial Statements have been retroactively restated to reflect the share consolidation.

(b) Private Placement:

On August 21, 2020, the Company closed a non-brokered private placement where it issued 87,633,332 common shares (each a "Share") at \$0.08 per Share for gross proceeds of \$7,010,667.

In connection with the financing, the Company paid \$316,000 cash finders' fees and issued 3,950,000 finder's warrants, each of which is exercisable into one common share at a price of \$0.10 until August 21, 2022. The finder's warrants were ascribed with a value of \$474,000 using the Black-Scholes Option Pricing Model. The Company also incurred an additional \$6,391 share issue costs.

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15. SHARE CAPITAL (Continued)

(c) Share Purchase Option Compensation Plan:

The Company has established a stock option plan whereby the Company may grant options to directors, officers, employees, and consultants of up to 10% of the common shares outstanding at the time of grant. The exercise price, term and vesting period of each option are determined by the board of directors within regulatory guidelines.

On September 4, 2020, the Company has granted 20,730,000 options to acquire common shares in accordance with the Company's Stock Option Plan. The Options are exercisable for a period of five years at a price of \$0.115 per share and will vest 1/3 immediately; 1/3 after 12 months from the date of grant; and 1/3 after 24 months from the date of grant.

Stock option transactions and the number of stock options for the year ended December 31, 2020 are summarized as follows (after factoring the 1:15 share consolidation):

Expiry date	Exercise price	March 31, 2020	Granted	Exercised	Expired / Cancelled	December 31, 2020				
May 4, 2020	\$ 0.90	86,666	-	-	(86,666)	-				
March 2, 2021	\$ 0.75	220,000	-	-	-	220,000				
December 20, 2021	\$ 2.40	33,333	-	-	-	33,333				
April 11, 2022	\$ 2.10	136,667	-	-	-	136,667				
March 15, 2024	\$ 0.75	166,667	-	-	-	166,667				
October 29, 2024	\$ 0.75	554,667	-	(26,667)	-	528,000				
September 4, 2025	\$ 1.725	-	1,382,000	-	-	1,382,000				
Options outstanding		1,198,000	1,382,000	(26,667)	(86,666)	2,466,668				
Options exercisable		920,666	456,060	(26,667)	(86,666)	2,466,667				
Weighted average exercise price	\$	0.96	\$	1.73	\$	0.75	\$	0.90	\$	1.39

As of December 31, 2020, the weighted average contractual remaining life is 3.76 years (March 31, 2020 – 3.13 years).

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15. SHARE CAPITAL (Continued)

(c) Share Purchase Option Compensation Plan: (Continued)

The fair value of each option grant is estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted average assumptions:

	December 31, 2020	March 31, 2020
Expected dividend yield	Nil	Nil
Expected stock price volatility	189.21%	133.06%
Risk-free interest rate	1.30%	1.32%
Forfeiture rate	Nil	Nil
Expected life of options	5.0 year	5.0 year

(d) Finder's warrants

A continuity of finder's warrants for the six months ended December 31, 2020 is as follows (after factoring the 1:15 share consolidation):

Expiry date	Exercise price (\$)	March 31, 2020	Issued	Exercised	Expired	December 31, 2020
August 21, 2022	\$ 1.50	-	263,333	-	-	263,333
Warrants outstanding		-	263,333	-	-	263,333
Weighted average exercise price (\$)		\$ -	\$ 1.50	\$ -	\$ -	\$ 1.50

The weighted average remaining life of the outstanding finder's warrants as at December 31, 2020 is 1.64 years (March 31, 2020 – nil).

The fair value of the finder's warrants issued during the nine months ended December 31, 2020 was \$474,000. The following table summarizing the assumptions used in the Black-Scholes Option Pricing Model to estimate the fair value of the finder's warrants:

	December 31, 2020	September 30, 2019
Risk-free interest rate	1.39%	Nil
Expected stock price volatility	240.37%	Nil
Expected warrant life in years	2 years	Nil
Expected dividend yield	Nil	Nil
Share price on grant date	\$0.13	Nil

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16. RELATED PARTY TRANSACTIONS

Name and principal position	Fiscal period	Remuneration or fees ⁽ⁱ⁾	Share-based compensation	Amounts payable
Heliosphere Management Company, a company controlled by the Chief Executive Officer ⁽ⁱⁱⁱ⁾	2020	\$ 83,333	\$ 575,000	\$ 21,875
	2019	\$ -	\$ -	\$ -
Verde Metals Ltd., a company controlled by the President ⁽ⁱⁱⁱ⁾ - management fees	2020	\$ 138,750	\$ 28,750	\$ -
	2019	\$ 138,750	\$ 98,478	\$ 15,417
Director and Chairman of the Board - management fees	2020	\$ 48,750	\$ 230,000	\$ 7,167
	2019	\$ 48,750	\$ 33,920	\$ 16,250
Pacific Opportunity Capital Ltd., a company controlled by the former CFO ^(v) - accounting fees	2020	\$ 63,674	\$ 57,500	\$ -
	2019	\$ 52,875	\$ 23,320	\$ 6,510
Mahesh Liyanage Ltd., a company controlled by the CFO ^(vi) - accounting fees	2020	\$ 8,500	\$ 201,250	\$ -
	2019	\$ -	\$ -	\$ -
Directors' fees ^(iv)	2020	\$ 60,250	\$ 460,000	\$ 20,308
	2019	\$ 59,023	\$ 53,000	\$ 35,700
Total	2020	\$ 403,257	\$ 1,552,500	\$ 49,350
	2019	\$ 299,398	\$ 208,718	\$ 73,877

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

(ii) Effective March 15, 2019, John Gray was appointed as the President and a director. Effective August 28, 2020 John Gray resigned from being a director, but remain as President.

(iii) Effective August 28, 2020, Charles Funk was appointed as the Chief Executive Officer and a director.

(iv) Effective September 25, 2019, Susan J. Mitchell resigned and Patrick Chidley was appointed as a director. Effective August 28, 2020, Patrick Chidley and Sean Keenan resigned as directors while William Lamb and Alan Wilson were appointed as directors.

(v) Effective December 1, 2020, Mark Brown resigned as the CFO of the Company.

(vi) Effective December 1, 2020, Mahesh Liyanage appointed as the CFO of the Company.

The above transactions are measured at their exchange amount, which is the amount of consideration established and agreed to by the related parties. Amounts due to related parties are unsecured, non-interest bearing and have no fixed term of repayment.

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17. SEGMENTED DISCLOSURE

The Company has one reportable segment being the exploration and evaluation of mineral properties. The company's assets and liabilities are held within Canada and the US as follows:

<i>Rounded to 000's</i>	Canada	United States	Mexico	Total
December 31, 2020				
<i>Current assets</i>	\$ 5,653,000	\$ 1,232,000	\$ 107,000	\$ 6,992,000
<i>Non-current assets</i>				
Reclamation bond	-	8,000	-	8,000
Exploration and evaluation assets	-	4,335,000	2,882,000	7,217,000
Intangible assets	28,000	-	-	28,000
Equipment	3,000	-	-	3,000
<i>Current liabilities</i>	\$ 369,000	\$ 1,337,000	\$ 8,000	\$ 1,714,000
March 31, 2020				
<i>Current assets</i>	\$ 1,181,000	\$ 73,000	\$ -	\$ 1,254,000
<i>Non-current assets</i>				
Reclamation bond	-	8,000	-	8,000
Exploration and evaluation assets	-	4,107,000	-	4,107,000
Intangible assets	2,000	-	-	2,000
Equipment	-	9,000	-	9,000
<i>Current liabilities</i>	\$ 143,000	\$ 6,000	\$ -	\$ 149,000

The Company's comprehensive loss within Canada and the US is as follows:

<i>Rounded to 000's</i>	Canada	United States	Mexico	Total
Period ended December 31, 2020				
Exploration and evaluation	\$ 18,000	\$ 5,553,000	\$ -	\$ 5,571,000
General and administrative	3,371,000	14,000	12,000	3,397,000
Other (income) expense	(1,143,000)	(17,000)	13,000	(1,147,000)
<i>Net loss before taxes for the period</i>	772,000	5,550,000	25,000	6,347,000
<i>Net loss for the period</i>	772,000	5,550,000	25,000	6,347,000
<i>Comprehensive loss for the period</i>	\$ 548,000	\$ 5,550,000	\$ 25,000	\$ 6,123,000
Period ended December 31, 2019				
Exploration and evaluation	\$ -	\$ 925,000	\$ -	\$ 925,000
General and administrative	629,000	8,000	-	637,000
Other (income) expense	(104,000)	8,000	-	(96,000)
<i>Net loss before taxes for the period</i>	525,000	940,000	-	1,465,000
<i>Net loss for the period</i>	525,000	940,000	-	1,465,000
<i>Comprehensive loss for the period</i>	\$ 525,000	\$ 940,000	\$ -	\$ 1,465,000

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18. EVENTS AFTER THE REPORTING PERIOD

There were no material events subsequent to the nine-months ended December 31, 2020.