



**HELIOSTAR METALS LTD.  
(FORMERLY REDSTAR GOLD CORP.)  
MANAGEMENT'S DISCUSSION AND ANALYSIS – QUARTERLY HIGHLIGHTS  
FOR THE NINE MONTHS ENDED DECEMBER 31, 2021**

**OVERVIEW AND INTRODUCTION**

Heliostar Metals Ltd. (formerly Redstar Gold Corp.; “Heliostar” or the “Company”) is an exploration stage company engaged in the acquisition, exploration, and development of mineral properties in North America. The Company is incorporated and domiciled in Canada under the Business Corporations Act (British Columbia), and its registered office is 900-885 West Georgia Street, Vancouver, BC, V6C 3H1. The Company is focused on High-Grade Gold Projects. The Company is currently listed on the TSX Venture Exchange under the symbol “HSTR”.

This MD&A is dated February 16, 2021 and discloses specified information up to that date. Unless otherwise noted, all currency amounts are expressed in Canadian dollars. The following information should be read in conjunction with the unaudited condensed interim consolidated financial statements and the related notes for the nine months ended December 31, 2021, and the Company's audited consolidated financial statements for the year ended March 31, 2021, and the related notes thereto. The audited consolidated financial statements, unaudited condensed interim consolidation financial statements and MD&A - Quarterly Highlights have been prepared in accordance with International Financial Reporting Standards (“IFRS”). The statements and any summary of results presented in the MD&A - Quarterly Highlights were prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

All of the Company's public disclosure filings, including its most recent management information circular, material change reports, press releases and other information, may be accessed via [www.sedar.com](http://www.sedar.com) and readers are urged to review these materials, including the technical reports filed with respect to the Company's mineral properties.

**MAJOR OPERATING MILESTONES DURING THE NINE MONTHS ENDED DECEMBER 31, 2021:**

- Heliostar announced the commencement of a 5,000-metre drill program at the Cumaro property in Mexico.
- The Company completed a private placement in two tranches for total gross proceeds of \$4,013,850 in October and November 2021.
- Heliostar completed a significant exploration program at the Unga gold-silver project in Alaska, USA and announced the results from seven drill holes completed at Aquila target.
- The Company completed a non-brokered private placement for gross proceeds of \$5,616,047 on May 5, 2021.
- The Company completed the mapping and sampling and commenced a drill program at the Cumaro property in Mexico.
- The Company appointed Mr. Clark Gillam as a Director.

## MAJOR OPERATING MILESTONES DURING THE NINE MONTHS ENDED DECEMBER 31, 2021 (continued)

### Exploration at the Unga Project

The Unga gold-silver project covers 250 square kilometers of neighbouring Unga and Popof Islands, near the Alaska Peninsula and approximately 900 kilometres southwest of Anchorage, Alaska. The property consists of two tracts of subsurface mineral tenure, one on Popof Island and the other on adjacent Unga Island. Both are 100% controlled by Heliostar under an exploration agreement and Mining Lease option with the Aleut Corporation ("AC"), an Alaska Native Regional Corporation. These two tracts surround six State of Alaska mining claims at the Shumagin deposit and 16 patented U.S. federal mining claims at the Apollo-Sitka prospect, all owned 100% by Heliostar.

On May 13, 2021, the Company announced the commencement of the 2021 exploration program at Unga. The exploration program comprised three drills testing the SH-1 resource, the historic Apollo-Sitka Mine, the Aquila prospect and district-scale opportunities.

On June 16, 2021, the Company announced results from the first four drill holes completed at the Apollo-Sitka area at Unga in 2021. Highlights included:

- APSRC21-02:
  - 88.3 grams per tonne ('g/t') gold over 3.05 metres from 21.35 metres ('m') downhole
  
- SKRC21-03:
  - 7.98 g/t gold (10.0 g/t Aueq) over 4.57 metres from 13.72 m downhole and,
  - 1.91 g/t gold (5.20 g/t Aueq) over 4.57 metres from 39.62 m downhole and,
  - 8.65 g/t gold (9.09 g/t Aueq) over 10.67 metres from 54.86 m downhole including;
    - 19.3 g/t (20.1 g/t Aueq) gold over 4.57 metres from 56.39 m downhole and,
  - 10.2 g/t gold (10.3 g/t Aueq) over 1.52 metres from 83.82 m downhole
  
- True thickness is estimated at 77% of drilled length for APSRC21-02. True thicknesses are not known for APSRC21-01, APSRC21-03 and SKRC21-03. Gold equivalent is calculated using the following formula:  $\text{gold-equivalent} = ((\text{Au\_g/t} \times 48.23) + (\text{Ag\_g/t} \times 0.6431) + (\text{Pb\_ppm} \times 0.0019) + (\text{Zn\_ppm} \times 0.0021)) / 48.23$ . Metal price assumptions are US\$1,500 per ounce gold, US\$20 per ounce silver, US\$0.85 per pound lead and US\$0.95 per pound zinc.

## MAJOR OPERATING MILESTONES DURING THE NINE MONTHS ENDED DECEMBER 31, 2021 (continued)

### Exploration at the Unga Project (Continued)

On July 14, 2021, the Company announced the results from nineteen additional drill holes completed at the Apollo target at the Unga project in 2021. Highlights included:

- SKRC21-10
  - 9.81 g/t gold over 1.52 m from 89.9 m downhole
- APSRC21-06
  - 7.00 g/t gold over 1.52 m from 68.6 m downhole
- APSRC21-08
  - 2.04 g/t gold equivalent (“AuEq”) over 22.9 m from 93.0 metres downhole including;
    - 5.63 g/t Aueq over 3.05 m from 109.7 m downhole
- SKRC21-04
  - 7.07 g/t AuEq over 1.52 m from 39.6 m downhole and;
  - 4.32 g/t AuEq over 1.52 m from 54.9 m downhole
- Intervals reported are drilled lengths and true thicknesses are not known. Gold equivalent is calculated using the following formula:  $\text{gold equivalent} = ((\text{Au\_g/t} \times 48.23) + (\text{Ag\_g/t} \times 0.6431) + (\text{Pb\_ppm} \times 0.0019) + (\text{Zn\_ppm} \times 0.0021)) / 48.23$ . Metal price assumptions are US\$1,500 per ounce gold, US\$20 per ounce silver, US\$0.85 per pound lead and US\$0.95 per pound zinc.

On September 7, 2021, the Company announced the results from seven drill holes completed at the Aquila target at the Unga project in 2021. Highlights included:

- AQRC21-09
  - 6.51 g/t gold over 3.05 m from 28.96 m downhole
- AQRC21-01
  - 2.45 g/t gold over 7.62 m from 60.96 m downhole, including;
    - 9.91 g/t gold over 1.52 m from 65.53 m downhole
- AQRC21-05
  - 5.57 g/t gold over 1.52 m from 73.15 metres downhole
- Intervals reported are rounded and widths represent drilled lengths. True thickness is estimated at 70-90% of drilled thickness.

## MAJOR OPERATING MILESTONES DURING THE NINE MONTHS ENDED DECEMBER 31, 2021 (continued)

### Exploration at the Unga Project (Continued)

On September 16, 2021, the Company announced the results from two drill holes completed at the Zachary Bay target at the Unga project in 2021. Highlights included:

- ZBRC21-01
  - 0.44 g/t gold-equivalent (AuEq) over 71.63 m from 30.48 m downhole, including;
    - 0.58 g/t AuEq over 16.76 m from 30.48 m downhole, including;
    - 0.69 g/t AuEq over 6.10 m from 30.48 m downhole
- ZBRC21-02
  - 0.34 g/t AuEq over 91.44 m from 9.14 m downhole, including
    - 0.40 g/t AuEq over 41.15 m from 9.14 m downhole
- All numbers are rounded and intervals represent drilled lengths. Gold equivalent is calculated using the following formula:  $\text{gold-equivalent} = ((\text{Au\_g/t} \times 48.23) + (\text{Cu\_ppm} \times 0.0077)) / 48.23$ . Metal price assumptions are US\$1,500 per ounce gold and US\$3.50 per pound copper.

On September 20, 2021, the Company announced the results from six additional drill holes completed at the Aquila target at the Unga project in 2021. Highlights included:

- AQRC21-12
  - 1.77 g/t gold over 18.28 m from 4.57 m downhole, including;
    - 3.44 g/t gold over 7.62 m from 10.67 m downhole
- AQRC21-13
  - 0.55 g/t gold over 41.55 m from 1.52 m downhole, including
    - 5.95 g/t gold over 1.52 m from 4.57 m downhole
- True thickness is estimated at 80-95% of downhole lengths.

The Company continues to follow precautionary measures on its projects in Alaska and Mexico to manage and respond to the risks associated with COVID-19. These include following guidance and directives as updated by federal, regional, and local health authorities in respect of general and site-specific protocols.

## MAJOR OPERATING MILESTONES DURING THE NINE MONTHS ENDED DECEMBER 31, 2021 (continued)

### Exploration at Mexican Properties

Heliostar owns 100%, or has an option to acquire a 100% interest in three properties in the northern portion of Mexico's Sonora state:

The Oso Negro project is an early-stage intermediate sulphidation epithermal vein system prospect within a 1,275-hectare concession. The project has high grades but has never been drilled. 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 December 15, 2021, payment was re-negotiated and settled for US\$75,000 on September 13, 2021, as the final payment to acquire the property. The project is subject to a 1% net smelter royalty that the Company can buy for US\$500,000 at any time.

The La Lola project comprises a large, 5,400-hectare land package that is prospective for low-sulphidation epithermal systems. The project contains the La Barra vein, which extends for five km and is as wide as 40 metres. 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 at any time.

The Cumaro project is a low-sulphidation vein field with outcropping gold bearing veins in the western portion of the property. Gold values in veins include 12.6 g/t AuEq over 5.0 metres and 13.1 g/t AuEq over 1.75 metres. The eastern half of the property is interpreted to be a higher-level exposure of the same system that was preserved when the eastern block was down-dropped by faulting. As such, gold mineralization in veining may be preserved at depth. Neither area of the Cumaro project has been tested by drilling. However, historic production in the western area of the vein field indicates excellent widths and grades while very little exploration has been undertaken on the eastern extension at Cumaro. 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 at any time.

On April 6, 2021, the Company announced the results of a mapping and sampling program at the Cumaro property which included 390 g/t silver over 1.0 metres.

On June 3, 2021, the Company announced the results from a mapping and sampling program at the Oso Negro property. Highlights included multiple high-grade channel and grab samples at the Prospecto Vein:

- 1,428 grams per tonne ("g/t") silver equivalent ("AgEq") over 1.2 metres
- 588 g/t AgEq over 1.8 metres
- 362 g/t AgEq over 2.4 metres
- 360 metres of strike with an average width of 1.3 metres and weighted average grade of 420 g/t silver equivalent.

Note: Silver-equivalent =  $((Au\_g/t \times 48.23) + (Ag\_g/t \times 0.6431) + (Pb\_ppm \times 0.0019) + (Zn\_ppm \times 0.0021)) / 0.6431$ . Metal price assumptions are USD\$1,500 per ounce gold, USD\$20 per ounce silver, USD\$0.85 per pound lead and USD\$0.95 per pound zinc.

In addition, the Company announced the staking of a new claim at the property, the Angel de Plata 2 claim.

## **MAJOR OPERATING MILESTONES DURING THE NINE MONTHS ENDED DECEMBER 31, 2021 (continued)**

### Exploration at Mexican Properties (continued)

On September 28, 2021, the Company announced the results from a mapping and sampling program at the Cumaro property. Highlights included multiple high-grade gold and silver samples from three closely spaced veins along the Verde Vein Corridor and highlights included;

12.6 g/t gold-equivalent (“AuEq”) (10.3 g/t gold and 168 g/t silver) over 5.0 metres.

- 13.1 g/t AuEq (11.5 g/t gold and 125 g/t silver) over 1.75 metres
- 9.57 g/t AuEq (8.35 g/t gold and 92 g/t silver) over 2.1 metres
- 5.49 g/t AuEq (4.68 g/t gold and 61 g/t silver) over 3.0 metres
- 13.6 g/t AuEq (11.9 g/t gold and 130 g/t silver) over 1.65 metres
- 4.05 g/t AuEq (2.65 g/t gold and 105 g/t silver) over 5.9 metres

On December 8, 2021, the Company announced the commencement of a 5,000-metre drill program at the Cumaro property. The program was slated to drill the Verde target and the Basaitegui and Palmita Vein Corridors.

On January 12, 2021, the Company announced the resumption of the drill program at the Cumaro property. A total of 427.5 metres had been drilled in December at the Verde target before a break for the holidays. Veining was intersected in all four holes.

## **INTERIM PERIOD FINANCIAL CONDITION**

### Capital Resources

On October 18, 2021, the Company completed the first tranche of a private placement where it issued 1,857,465 units at \$0.70 per unit for gross proceeds of \$1,300,225.

Each unit consists of one common share and one half of one common share purchase warrant (“Warrant”). Each Warrant is exercisable for one common share at an exercise price of \$1.20 for a period of 24 months following the closing date.

In connection with the first tranche of the financing, the Company paid \$40,676 cash broker fees and issued 58,107 broker warrants, each of which is exercisable into one common share at a price of \$1.20 for a period of 24 months following the closing date. The finder’s warrants have a fair value of \$19,831 using the Black-Scholes Option Pricing Model.

On November 5, 2021, the Company completed final tranche of the private placement where it issued 3,876,607 units at \$0.70 per unit for gross proceeds of \$2,713,625.

In connection with the final tranche of the financing, the Company paid \$139,388 cash broker fees and issued 199,129 broker warrants, each of which is exercisable into one common share at a price of \$1.20 for a period of 24 months following the closing date. The finder’s warrants have a fair value of \$74,759 using the Black-Scholes Option Pricing Model.

The Company also incurred an additional \$73,107 share issue costs for both tranches for the financing.

## **INTERIM PERIOD FINANCIAL CONDITION (Continued)**

### Capital Resources (Continued)

On May 5, 2021, the Company closed a brokered private placement where it issued 5,348,616 units at \$1.05 per unit for gross proceeds of \$5,616,047.

Each unit consists of one common share and one half of one common share purchase warrant ("Warrant"). Each Warrant is exercisable for one common share at an exercise price of \$1.70 for a period of 12 months following the closing date.

In connection with the financing, the Company paid \$307,150 cash broker fees and issued 310,921 broker warrants, each of which is exercisable into one common share at a price of \$1.05 until May 5, 2022. The finder's warrants have a fair value of \$145,181 using the Black-Scholes Option Pricing Model. The Company also incurred an additional \$193,471 share issue costs.

During the period ended December 31, 2021, 138,333 options were exercised for gross proceeds of \$103,750.

The Company's current treasury and the future cash flows from equity issuances and the potential exercise of finders' warrants and options, along with the planned developments within the Company will allow its exploration to continue throughout fiscal 2022. If the market conditions prevail or improve, the Company will make adjustment to budgets accordingly.

### Liquidity

As at December 31, 2021, the Company had working capital of \$3,458,783 (March 31, 2021 – \$2,723,988).

As at December 31, 2021, cash totaled \$2,906,452, an increase of \$1,667,729 from \$1,238,723 as at March 31, 2021. The increase was due to (a) \$8,979,855 net proceeds from the private placements and option exercise, (b) proceeds from sale of marketable securities of \$1,650,954; while being offset by \$8,868,991 in operating activities, including the \$6,653,182 in net resource property expense and \$94,089 in investing activities.

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.

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.

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.

## INTERIM PERIOD FINANCIAL CONDITION (Continued)

### Operations

For the nine months ended December 31, 2021 ("2021") compared with the nine months ended December 31, 2020 ("2020"):

During the nine months ended December 31, 2021, the Company incurred \$6,653,182 (2020 - \$5,571,413) in resources property expense as the Company continued with an aggressive exploration program.

Excluding the non-cash depreciation of \$34,660 (2020 - \$15,456) and share-based compensation of \$878,680 (2020 - \$2,383,950), the Company's general and administrative expenses amounted to \$1,522,565 (2020 - \$997,927), an increase of \$524,638. The change in the expenses was mainly due to increases in: (a) investor relations fees (2021 - \$641,418, 2020 - \$72,258); (b) management fees (2021 - \$312,750; 2020 - \$261,344); and (c) office operations (2021 - \$229,891; 2020 - \$69,468); and (d) travel and promotion (2021 - \$49,343; 2020 - \$17,507). All such increases are a result of the increased corporate activities and enhanced marketing campaign to support the ongoing exploration program.

During the period ended December 31, 2021, the Company sold marketable securities for proceeds of \$1,650,954 (December 31, 2020 - \$729,987) and recognized realized and unrealized gain of \$44,194 (December 31, 2020 - \$57,405) which is recorded in other comprehensive gain. The Company also recorded a realized loss of \$190,854 (December 31, 2020 - gain of \$1,108,806) in profit or loss.

### Summary of Quarterly Results

Selected quarterly information for each of the eight most recently completed financial periods is set out below. All results were compiled using IFRS.

	December 31, 2021 Q3	September 30, 2021 Q2	June 30, 2021 Q1	March 31, 2021 Q4	December 31, 2020 Q3	September 30, 2020 Q2	June 30, 2020 Q1	March 31, 2020 Q4
Total revenues	-	-	-	-	1,475,000	-	-	-
Loss for the period	(1,546,887)	(2,862,080)	(4,699,598)	(1,909,637)	(2,846,547)	(3,663,327)	163,662	(129,134)
Comprehensive Loss	(1,783,816)	(2,879,380)	(4,401,175)	(1,354,889)	(2,789,142)	(3,880,584)	547,705	(575,831)
Loss per share - basic	(0.04)	(0.09)	(0.17)	(0.05)	(0.09)	(0.01)	0.00	(0.00)
Total assets	13,682,786	11,526,081	14,016,495	13,124,632	14,246,913	16,764,045	5,995,859	5,380,640
Working capital	3,458,783	894,980	3,468,343	2,723,988	5,277,641	8,095,214	1,558,032	1,105,109

The Company continues its efforts to expand its exploration programs in Unga and Mexican projects and incurs losses in the last six quarters. The variance between the quarters is mainly due to the fluctuation of exploration expenses and stock base compensation.

### **OFF-BALANCE SHEET ARRANGEMENTS**

As a policy, the Company does not enter into off-balance sheet arrangements with special-purpose entities in the normal course of business, nor does it have any unconsolidated affiliates.

## SIGNIFICANT RELATED PARTY TRANSACTIONS

### (a) Due from related parties

Balance as of December 31, 2021, prepaid amount of \$13,125 (March 31, 2021 - \$10,833 payable) was paid to the management of the Company as part of their management fees.

### (b) Key management compensation

Key management consists of the Company's directors and officers. In addition to management and consulting fees paid to these individuals, or companies controlled by these individuals, the Company provides non-cash benefits. The aggregate value of compensation with key management for the year ended December 31, 2021, was \$1,331,754 (December 31, 2020 - \$1,955,757) and was comprised of the following:

	December 31, 2021		December 31, 2020	
Senior executive fees	\$	312,750	\$	343,007
Non-executive directors fees		57,188		60,250
Share-based compensation		961,816		1,552,500
	\$	1,331,754	\$	1,955,757

## COMMITMENTS, EXPECTED OR UNEXPECTED, OR UNCERTAINTIES

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

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

## RISK FACTORS

In the Company's MD&A filed on SEDAR December 31, 2021, in connection with our annual financial statements (the "Annual MD&A"), management set out its discussion of the risk factors which are believed to be the most significant risks faced by Heliostar. An adverse development in any one risk factor or any combination of risk factors could result in material adverse outcomes to the Company's undertakings and to the interests of stakeholders in the Company including its investors. Readers are cautioned to take into account the risk factors to which the Company and its operations are exposed. To the date of this document, there have been no significant changes to the risk factors set out in our Annual MD&A.

## DISCLOSURE OF OUTSTANDING SHARE DATA

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

	Issued and Outstanding	
	December 31, 2021	February 16, 2022
Common shares outstanding	43,026,340	43,026,340
Stock options	3,680,000	3,680,000
Warrants	6,372,828	6,372,828
Fully diluted common shares outstanding	53,342,501	53,342,501

## QUALIFIED PERSON

The technical information contained in this MD&A has been reviewed and approved by Stewart Harris, P.Geol. of Heliostar who is a Qualified Person as defined in "National Instrument 43-101, Standards of Disclosure for Mineral Projects".

### Cautionary Statements

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