

REDSTAR GOLD CORP.
(An Exploration Stage Company)

Condensed Consolidated Interim Financial Statements

For the period ending June 30, 2012

(Unaudited - Expressed in Canadian Dollars)

NOTICE TO READER

The accompanying unaudited condensed interim consolidated financial statements have been prepared by and are the responsibility of management. The Company's independent auditor has not performed a review of these financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

REDSTAR GOLD CORP.
(An Exploration Stage Company)
Condensed Consolidated Interim Statements of Financial Position
(Unaudited - Expressed in Canadian Dollars)

	Notes	June 30, 2012	March 31, 2012
ASSETS			
Current assets			
Cash and cash equivalents		\$ 48,252	\$ 108,755
Marketable securities	3	78,002	101,502
Accounts receivable		82,871	157,708
Prepaid expenses and advances		164,547	175,446
		373,672	543,411
Non-current assets			
Deposit		7,428	7,428
Mineral property interests	4	5,218,685	5,171,402
Property and equipment, net	5	35,098	37,676
		5,261,211	5,216,506
TOTAL ASSETS		\$ 5,634,883	\$ 5,759,917
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		\$ 38,306	\$ 54,786
Due to related parties	7	407,658	212,714
		445,964	267,500
SHAREHOLDERS' EQUITY			
Capital stock	6	16,508,352	16,463,632
Contributed surplus		1,969,270	1,680,188
Warrants		42,781	42,781
Accumulated other comprehensive income		(50,750)	(30,187)
Deficit		(13,280,734)	(12,663,997)
TOTAL EQUITY		5,188,919	5,492,417
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		\$ 5,634,883	\$ 5,759,917

Nature of operations and ability to continue as a going concern (note 1)
Commitments (note 10)
Subsequent Events (note 11)

Approved by the Board and authorized for issue on August 28, 2012:

"R. Bob Singh"
R. Bob Singh, Director

"Douglas Fulcher"
Doug Fulcher, Director

The accompanying notes are an integral part of these consolidated financial statements.

REDSTAR GOLD CORP.
(An Exploration Stage Company)
Condensed Consolidated Interim Statements of Operations and Comprehensive Loss
(Unaudited - Expressed in Canadian Dollars)

**For the Three Months Ended
June 30**

	Notes	2012	2011
Expenses			
Contract wages	7	\$ 121,856	\$ 85,728
Travel and promotion	7	30,900	64,565
Investor relations	7	40,320	18,480
Share-based payments	6	308,802	58,362
Rent	7	31,315	20,884
Office and miscellaneous	7	7,356	10,314
Insurance		11,397	9,098
Professional fees		900	65,831
Consulting	7	26,033	14,300
Telephone	7	1,962	1,980
Regulatory fees		-	13,097
Transfer agent fees		1,013	1,641
Interest and financing		-	1,355
Amortization		2,578	3,443
		584,432	369,078
Other Expenses (Income)			
Interest income		(349)	(152)
Gain on sale of marketable securities	3	-	(16,064)
Mineral property interests written-off	4	28,419	3,250
Loss (gain) on foreign exchange		1,298	10,208
		29,368	(2,758)
Loss Before Income Tax			
Future income tax recovery		2,937	366,320
		616,737	373,695
Other Comprehensive Income			
Unrealized loss (gain) on available-for-sale securities		20,563	6,125
Comprehensive Loss for the Period			
		\$ 637,300	\$ 379,820
Basic Loss per Share			
		\$ 0.01	\$ 0.01
Weighted Average Number of Common Shares Outstanding			
		67,383,501	53,330,328

(The accompanying notes are an integral part of these consolidated financial statements.)

REDSTAR GOLD CORP.
(An Exploration Stage Company)
Condensed Consolidated Interim Changes in Shareholders' Equity
(Unaudited - Expressed in Canadian Dollars)

Shareholders' Equity								
	Notes	Number of Shares	Amount (\$)	Warrants (\$)	Contributed Surplus (\$)	Deficit (\$)	Accumulated Other Comprehensive Income (\$)	Total Shareholders' Equity (\$)
Balance, March 31, 2011		53,033,341	11,697,716	-	1,300,448	(10,786,611)	45,499	2,257,052
Net loss for the period		-	-	-	-	(373,695)	-	(373,695)
Shares issued for cash		-	-	-	-	-	-	-
Exercise of stock options		120,000	18,000	-	-	-	-	18,000
Unrealized loss on available-for-sale securities, net of future income taxes of \$(875)		-	-	-	-	-	(51,624)	(51,624)
Shares issued for mineral property acquisition		600,961	250,000	-	-	-	-	250,000
Fair value of stock options exercised		-	17,124	-	(17,124)	-	-	-
Share-based payments expense	6	-	-	-	58,363	-	-	58,363
Balance, June 30, 2011		53,754,302	11,982,840	-	1,341,687	(11,160,306)	(6,125)	2,158,096
Balance, March 31, 2012		67,319,215	16,463,632	42,781	1,680,188	(12,663,997)	(30,187)	5,492,417
Net loss for the period		-	-	-	-	(616,737)	-	(616,737)
Shares issued for cash		-	-	-	-	-	-	-
Exercise of stock options		100,000	25,000	-	-	-	-	25,000
Unrealized loss on available-for-sale securities, net of future income taxes of \$(7,250)		-	-	-	-	-	(20,563)	(20,563)
Fair value of stock options exercised		-	19,720	-	(19,720)	-	-	-
Share-based payments expense	6	-	-	-	308,802	-	-	308,802
Balance, June 30, 2012		67,419,215	16,508,352	42,781	1,969,270	(13,280,734)	(50,750)	5,188,919

(The accompanying notes are an integral part of these consolidated financial statements.)

REDSTAR GOLD CORP.
(An Exploration Stage Company)
Condensed Consolidated Interim Statements of Cash Flows
(Unaudited - Expressed in Canadian Dollars)

**For the Three Months Ended
June 30**

	Notes	2012	2011
Operating activities			
Net loss		\$ (616,737)	\$ (373,695)
Items not involving cash			
Amortization		2,578	3,443
Interest on loan payable		-	1,355
Share-based payments		308,802	58,362
Mineral property interests written-off		28,419	3,250
Gain on sale of marketable securities		-	(16,064)
Future income tax (recovery)		2,937	7,375
		(274,001)	(315,974)
Changes in non-cash working capital			
Accounts receivable		74,837	5,606
Prepaid expenses and advances		10,899	(3,825)
Accounts payable and accrued liabilities		(16,480)	105,323
Due to related parties		194,944	157,280
		264,200	264,385
Net cash flows from (used in) operating activities		(9,801)	(51,589)
Investing activities			
Expenditures on mineral property interests		(683,293)	(1,083,157)
Recoveries on mineral property interests expenditures		625,975	1,038,004
Acquisition of mineral property interests		(25,962)	(177,882)
Recoveries on acquisition of mineral property interests		7,578	45,924
Acquisition of property and equipment		-	(1,074)
Proceeds from sale of marketable securities		-	16,065
Net cash flows from (used in) investing activities		(75,702)	(162,120)
Financing activity			
Issuance of capital stock for cash	6	25,000	18,000
Loans payable		-	170,000
		25,000	188,000
Increase (decrease) in cash and cash equivalents		(60,503)	(25,710)
Cash and cash equivalents, beginning of period		108,755	77,946
Cash and cash equivalents, end of period		\$ 48,252	\$ 52,236

Supplemental Disclosure with Respect to Cash Flows (note 9)

(The accompanying notes are an integral part of these consolidated financial statements.)

REDSTAR GOLD CORP.

(An Exploration Stage Company)

Notes to Condensed Consolidated Interim Financial Statements

For the three months ended June 30, 2012 and 2011

(Unaudited - Expressed in Canadian Dollars)

1. Nature of operations and ability to continue as a going concern

Redstar Gold Corp. (the "Company") 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 1710, 1177 West Hastings Street, Vancouver, BC V6E 2L3.

These condensed consolidated interim financial statements have been prepared in accordance with accounting principles on a going concern basis, which contemplates the realization of assets and discharge of liabilities at their carrying values in the normal course of business for the foreseeable future rather than through the process of forced liquidation. The condensed consolidated interim financial statements do not include any adjustments to the classification and amounts of assets and liabilities that may be required should the Company be unable to continue as a going concern.

The Company's continuing operations as intended are dependent upon its ability to identify, evaluate and negotiate the acquisition of, participation in, or interest in new properties, assets or businesses, and raise additional funds by way of equity financings. Acquisitions may be subject to shareholder and regulatory approval and obtaining the necessary financing. Should the Company be unable to complete such a transaction, its ability to raise sufficient financing to maintain operations may be impaired and, accordingly, the Company may be unable to continue as a going concern. For the period ending June 30, 2012, the Company has a working capital deficit of \$72,292 (March 31, 2012: working capital of \$275,911). The Company continues to incur operating losses, and at June 30, 2012, has an accumulated deficit of \$13,280,734 (March 31, 2012: \$12,663,997).

2. Basis of preparation, consolidation and adoption of International Financial Reporting Standards

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. These condensed consolidated interim financial statements do not include all of the information required for full annual financial statements and they should be read in conjunction with the annual financial statements for the year ended March 31, 2012 and the notes to the financial statements.

The significant accounting policies used in the preparation of these condensed consolidated interim financial statements are consistent with those used in the preparation of the Company's annual financial statements ended March 31, 2012.

These condensed consolidated interim financial statements incorporate the financial statements of the Company and its wholly-owned integrated subsidiaries, Redstar Gold USA Inc. and Redstar Gold (Alaska) Inc. All significant intercompany transactions have been eliminated.

These condensed consolidated interim financial statements have been prepared on a historical basis and presented in Canadian dollars, the Company's functional currency and were approved by the Board of Directors on August 28, 2012.

REDSTAR GOLD CORP.**(An Exploration Stage Company)****Notes to Condensed Consolidated Interim Financial Statements****For the three months ended June 30, 2012 and 2011**

(Unaudited - Expressed in Canadian Dollars)

3. Marketable Securities

At June 30, 2012 and March 31, 2012, the Company held marketable securities as follows:

	Number of Shares	Cost (\$)	Accumulated Unrealized Gains (Losses) (\$)	Fair Value (\$)
June 30, 2012				
Central Resources Corp.	100,000	30,000	(25,000)	5,000
Confederation Minerals Ltd.	200,000	88,000	(18,000)	70,000
True Grit Resources Ltd. (formerly Catalina Metals Corp.)	100,000	18,000	(15,000)	3,000
Brocade Metals Corp.	200,000	2	-	2
		136,002	(58,000)	78,002

	Number of Shares	Cost (\$)	Accumulated Unrealized Gains (Losses) (\$)	Fair Value (\$)
March 31, 2012				
Central Resources Corp.	100,000	30,000	(24,000)	6,000
Confederation Minerals Ltd.	200,000	88,000	4,000	92,000
True Grit Resources Ltd. (formerly Catalina Metals Corp.)	100,000	18,000	(14,500)	3,500
Brocade Metals Corp.	200,000	2	-	2
		136,002	(34,500)	101,502

During the period ended June 30, 2012, the Company recognized an unrealized loss of \$23,500 (March 31, 2012: \$34,500), which is included in other comprehensive income (loss). Future income tax recovery in the amount of \$2,937 (March 31, 2012: \$4,313) was recorded against the unrealized loss for an unrealized loss, net of tax, in the amount of \$20,563 (March 31, 2012: \$30,187).

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4. Mineral property interests

The Company has interests in mineral properties, the details of which follow for the period ended June 30, 2012 and the year ended March 31, 2012:

	General (\$)	Canada (\$)	Nevada (\$)	Alaska (\$)	Total (\$)
Balance – March 31, 2012	-	1,604,589	556,548	3,010,265	5,171,402
Acquisition costs	-	-	-	-	-
Expenditures during the period	-	-	19,900	6,062	25,962
Recovered during the period	-	-	(7,578)	-	(7,578)
Net acquisition costs	-	-	12,322	6,062	18,384
Exploration expenditures	-	-	-	-	-
Assaying	-	29,271	2,952	-	32,223
Consulting	-	-	-	-	-
Geology	-	199,490	28,548	31,470	259,508
Geophysical	-	-	3,395	-	3,395
Geochemical	-	-	-	-	-
Contract labour	-	-	-	-	-
Camp and exploration support	-	11,027	1,066	477	12,570
Drilling	-	247,717	16,593	2,053	266,363
Land and tenure	-	-	-	-	-
Travel and accommodation	-	42,600	6,494	-	49,094
Equipment rental	-	50,279	-	-	50,279
Maps and reports	-	818	-	9,043	9,861
Reclamation	-	-	-	-	-
Road access	-	-	-	-	-
Exploration expenditures recovered	-	(581,202)	(44,773)	-	(625,975)
Net exploration expenditures	-	-	14,275	43,043	57,318
Mineral exploration costs written off	-	-	(28,419)	-	(28,419)
Balance – June 30, 2012	-	1,604,589	554,726	3,059,370	5,218,685

Canada includes: Newman Todd
Nevada includes: Eagle Basin, Painted Hills, Richmond Summit, Root Spring, Cooks Creek, Oasis, Baker Spring, Seven Devils, Queens, Opal Hill, Larus, Long Island, Black Hawk, Gold Cloud
Alaska includes: Shumagin, Unga-Popof

Property	Balance March 31, 2012 (\$)	Acquisition Costs (\$)	Acquisition Costs Recovered (\$)	Exploration Expenditures (\$)	Exploration Expenditures Recovered (\$)	Mineral Exploration Costs Written- Off (\$)	Balance June 30, 2012 (\$)
Newman Todd	1,604,589	-	-	581,202	(581,202)	-	1,604,589
Nevada General	121,245	-	-	28,419	-	(28,419)	121,245
Eagle Basin	71,343	-	-	-	-	-	71,343
Painted Hills	39,973	-	-	-	-	-	39,973
Richmond Summit	36,450	-	-	-	-	-	36,450
Root Spring	16,528	14,848	-	21,147	(35,944)	-	16,579
Cooks Creek	94,632	-	-	338	(341)	-	94,629
Oasis	53,166	-	-	656	-	-	53,822
Baker	8,950	-	(7,578)	8,487	(8,487)	-	1,372
Seven Devils	114,261	5,052	-	-	-	-	119,313
Shumagin	3,005,260	6,062	-	43,043	-	-	3,054,365
Unga-Popof	5,005	-	-	-	-	-	5,005
	5,171,402	25,962	(7,578)	683,293	(625,975)	(28,419)	5,218,685

Nevada General includes: Queens, Opal Hill, Larus, Long Island, Black Hawk, and Gold Cloud

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	General (\$)	Canada (\$)	Nevada (\$)	Alaska (\$)	Total (\$)
Balance - April 1, 2011	-	1,628,498	637,105	-	2,265,603
Acquisition costs					
Expenditures during the year	-	70,000	43,458	1,378,377	1,491,835
Recovered during the year	-	(97,000)	(103,808)	-	(200,808)
Net acquisition costs	-	(27,000)	(60,350)	1,378,377	1,291,027
Exploration expenditures					
Assaying	-	732,830	106,555	84,300	923,685
Consulting	-	-	-	-	-
Geology	3,250	1,057,540	323,106	234,057	1,617,953
Geophysical	-	-	118,021	4,447	122,468
Geochemical	-	-	14,356	-	14,356
Contract labour	-	-	-	48,430	48,430
Camp and exploration support	-	236,804	22,937	675,477	935,218
Drilling	-	2,276,580	320,701	507,364	3,104,645
Land and tenure	-	97,000	193,152	1,021	291,173
Travel and accommodation	-	131,829	25,261	44,548	201,638
Equipment rental	-	399,064	-	29,874	428,938
Maps and reports	-	2,728	109	2,370	5,207
Reclamation	-	11,238	-	-	11,238
Road access	-	2,200	-	-	2,200
	3,250	4,947,813	1,124,198	1,631,888	7,707,149
Exploration expenditures recovered	-	(4,944,722)	(975,923)	-	(5,920,645)
Net exploration expenditures	3,250	3,091	148,275	1,631,888	1,786,504
Mineral exploration costs written off	(3,250)	-	(168,482)	-	(171,732)
Balance - March 31, 2012	-	1,604,589	556,548	3,010,265	5,171,402

Canada includes: Newman Todd
Nevada includes: Eagle Basin, Painted Hills, Richmond Summit, Root Spring, Cooks Creek, Oasis, Baker Spring, Seven Devils, Queens, Opal Hill, Larus, Long Island, Black Hawk, Gold Cloud
Alaska includes: Shumagin, Unga-Popof

<u>Property</u>	Balance April 1, 2011 (\$)	Acquisition Costs (\$)	Acquisition Costs Recovered (\$)	Exploration Expenditures (\$)	Exploration Expenditures Recovered (\$)	Mineral Exploration Costs Written- Off (\$)	Balance March 31, 2012 (\$)
General	-	-	-	3,250	-	(3,250)	-
Newman Todd	1,628,498	70,000	(97,000)	4,947,813	(4,944,722)	-	1,604,589
Nevada General	189,644	5,443	(5,005)	99,645	-	(168,482)	121,245
Eagle Basin	65,765	-	-	5,578	-	-	71,343
Painted Hills	28,068	-	-	11,905	-	-	39,973
Richmond Summit	25,599	-	-	10,851	-	-	36,450
Root Spring	66,476	13,278	(63,388)	131,906	(131,744)	-	16,528
Cooks Creek	94,086	4,421	(4,487)	93,588	(92,976)	-	94,632
Oasis	72,753	-	(25,923)	692,714	(686,378)	-	53,166
Baker	13,337	-	(5,005)	65,443	(64,825)	-	8,950
Seven Devils	81,377	20,316	-	12,568	-	-	114,261
Shumagin	-	1,373,372	-	1,631,888	-	-	3,005,260
Unga-Popof	-	5,005	-	-	-	-	5,005
	2,265,603	1,491,835	(200,808)	7,707,149	(5,920,645)	(171,732)	5,171,402

Nevada General includes: Queens, Opal Hill, Larus, Long Island, Black Hawk, and Gold Cloud

A. Newman Todd Property, Red Lake District, Ontario, Canada

In 2007, the Company acquired a 100% interest in the Newman Todd area properties (comprised of several properties) by issuing 700,000 common shares to the vendor.

The property is subject to a commitment to issue additional common shares as follows:

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- (i) Common shares with a value in the aggregate of \$1,000,000 if a mine is placed into production; and
- (ii) Common shares with a value in the aggregate of \$1,000,000 if production from the properties exceeds 250,000 ounces of gold; and
- (iii) Additional common shares with a value in the aggregate of \$500,000 if production from the Newman Todd and Advance Red Lake properties exceeds 250,000 ounces of gold.

The mineral claims are subject to a 1% net smelter return ("NSR") royalty provided that the total NSR royalties payable on any claims within the property do not exceed 2.75%.

On November 2, 2009, the Company entered into an option agreement with Central Resources Corp. ("Central") whereby Central had the option to earn up to a 60% undivided interest in the Company's 100% owned Newman Todd Property in Red Lake, Ontario. In connection with the agreement, Central incurred the required \$1,000,000 in exploration expenditures and the Company received 100,000 shares in the capital of Central. On November 15, 2010 Central formally advised the Company that it would not be continuing with the option on the Newman Todd property, having satisfied and fully discharged all of its commitments for the first year of the agreement.

On November 19, 2010, the Company entered into an option agreement with Confederation Minerals Ltd. ("Confederation") whereby Confederation can earn up to a 70% undivided interest in the Company's 100% owned Newman Todd Property in Red Lake, Ontario.

Under the terms of the agreement, Confederation can earn an initial 50% interest in the project by funding \$5,000,000 in exploration and development work, issuing shares of Confederation and making payments to the Company as follows:

Incurring exploration and development expenditures, as to:

- \$2,000,000 by November 19, 2011 (incurred);
- \$1,500,000 by November 19, 2012 (incurred);
- \$1,500,000 by November 19, 2013 (incurred).

Cash payments and share issuances of Confederation to the Company, as to:

- \$50,000 and 100,000 shares on signing (received);
- \$50,000 and 100,000 shares by November 19, 2011 (received);
- \$75,000 and 150,000 shares by November 19, 2012;
- \$75,000 and 150,000 shares by November 19, 2013.

Upon having earned an initial 50% interest in the project, Confederation can earn an additional 20% interest by providing a Preliminary Assessment of the property, at Confederation's cost, and issuing 500,000 shares of Confederation to the Company. In addition, to maintain the second option in good standing, Confederation will make minimum annual expenditures of \$250,000 commencing on the third anniversary and until the earlier of (a) the full exercise of the second option, and (b) the expiry of the second option.

On April 14, 2011, the Company acquired, under joint acquisition with Confederation, a 50% interest in 18 mineral claims adjacent to the Newman Todd project (the "Todd Property"). Of the 50% interest acquired by the parties from the vendor, 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) for the sum of \$70,000. The remaining 50% interest in the claims is held by Rubicon Minerals Corporation.

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(Unaudited - Expressed in Canadian Dollars)

B. Nevada Properties, USA

a) AngloGold-Ashanti Agreements

On March 9, 2005, the Company entered into a Data Base Purchase and Buy Back Agreement with AngloGold-Ashanti North America Inc. ("AngloGold") whereby the Company acquired the right to a 100% ownership of an exploration and geological database covering Nevada, Utah, Idaho and California ("Great Basin Database"), in consideration for the issuance of shares and making certain expenditures within the Great Basin. The agreement was subject to AngloGold retaining the right to back into projects for a 60% interest by making certain additional expenditures on specified properties. On May 8, 2008, the Company completed the purchase of the database, eliminating AngloGold's back-in option on various properties, and the agreement was terminated. Pursuant to a subsequent agreement, the back-in rights on properties acquired prior to May, 2008 (Eagle Basin, Richmond Summit, Cooks Creek, Root Spring and Oasis) were converted to royalties of 1% to 2%, depending on the price of gold.

Nevada Properties and AngloGold royalty:

Properties	Staked claims (#)	AngloGold Royalty (%)
Eagle Basin	37	1-2%
Painted Hills	79	-
Richmond Summit	72	1-2%
Root Spring	134	1-2%
Oasis	122	1-2%
Cooks Creek	114	1-2%
Seven Devils	70	-
Baker Spring	22	-
Queens	6	-
Opal Hill	6	-
Larus	62	-
Long Island	56	-
Black Hawk	8	-
Gold Cloud	20	-

b) Oasis Property

- 122 claims acquired by staking. AngloGold holds a 2% NSR royalty. On October 30, 2009, the Company acquired two association placer claims, which are subject to a 1.5% NSR with pre-production royalties payable as to US\$9,000 per year (paid) for years 1-3, US\$12,000 per year for years 4 to 8, and US\$15,000 per year for years 9 to commercial production. The NSR can be purchased for US \$800,000 at any time.
- Option Agreement
On April 22, 2010, the Company entered into agreement with Centerra (U.S.) Inc. ("Centerra"), whereby Centerra had the option to earn a 75% interest in the Oasis Property in consideration for making staged payments to the Company in the aggregate of US\$227,000 (US\$67,000 received) and incurring exploration expenditures in the aggregate of US\$4,000,000 (US\$1,665,000 incurred). Centerra withdrew from the agreement on February 21, 2012.

c) Seven Devils Property

- 54 claims acquired by staking and 16 leased claims. The 16 leased claims are subject to a 2% NSR. Pursuant to the mineral property lease, the Company is

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required to make quarterly advance minimum royalty payments of US\$5,000 from October 1, 2009 to July 1, 2012 (inclusive) (paid to June 30, 2012), US\$7,500 from October 1, 2012 to July 1, 2013 (inclusive), and US\$10,000 thereafter.

d) Cooks Creek Property - Option Agreement

On February 25, 2011, the Company entered into agreement with Catalina Metals Corp. (now True Grit Resources Ltd. ("True Grit")), whereby True Grit has the option to earn a 60% interest in the Cooks Creek Property in consideration for making staged payments to the Company in the aggregate of \$200,000 (\$35,000 received), issuing in the aggregate 500,000 pre-consolidation shares of True Grit to the Company (100,000 received), and incurring exploration expenditures in the aggregate of \$2,500,000. Upon having earned an initial 60% in the property, True Grit can elect to earn an additional 10% interest by expending a further \$2,000,000 in exploration expenditures.

e) Root Spring Property - Option Agreement

On June 6, 2011, the Company entered into an option with Brocade Metals Corp. ("Brocade"), whereby Brocade has the option to earn a 70% interest in the property in consideration for the following:

Cash payments to the Company

- \$20,000 on the signing of the agreement (received);
- \$30,000 on or before December 31, 2011 (received);
- \$40,000 on or before December 31, 2012;
- \$50,000 on or before December 31, 2013;
- \$60,000 on or before December 31, 2014.

Share issuances to the Company

- 100,000 shares on the signing of the agreement (received);
- 100,000 shares on or before December 31, 2011 (received);
- 100,000 shares on or before December 31, 2012;
- 100,000 shares on or before December 31, 2013;
- 100,000 shares on or before December 31, 2014.

Incur expenditures on the Property

- \$100,000 on or before December 31, 2011 (incurred);
- an additional \$400,000 on or before December 31, 2012;
- an additional \$1,350,000 on or before December 31, 2013;
- an additional \$1,650,000 on or December 31, 2014.

f) Lease Agreement, Baker Property

On June 14, 2011, the Company entered into a mining lease agreement with Newmont USA Limited, a subsidiary of Newmont Mining Corporation ("Newmont"), whereby Newmont may lease the property in consideration for a 2.5% NSR and the following:

Cash payments to the Company

- US\$5,000 on signing of the agreement (received);
- US\$7,500 on or before June 14, 2012 (received);
- US\$10,000 on or before June 14, 2013;
- US\$20,000 on or before June 14, 2014;
- US\$30,000 on or before June 14, 2015 and annually thereafter.

Incur expenditures on the property

- US\$75,000 on or before June 14, 2012

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- an additional US\$150,000 on or before June 14, 2013.

C. Alaska Properties, USA

a) Shumagin Property

On May 19, 2011, the Company entered into an option agreement with NGAS Production Co. ("NGAS"), a subsidiary of Magnum Hunter Resources Corp. ("Magnum"), to acquire, subject to underlying advance royalty payments of US\$2,000 per month to a maximum of US\$450,000, a 100% interest in the Shumagin Project, in consideration for making:

Cash payments to NGAS:

- US\$100,000 on signing of the agreement (paid);
- US\$500,000 on or before July 15, 2011 (paid);
- US\$250,000 on or before January 1, 2012 (paid).

Share issuances to NGAS:

- US\$250,000 by the issuance of common shares of the Company on or before June 30, 2011 (issued)
- US\$250,000 by issuance of common shares of the Company on or before January 1, 2012 (issued)

Cash payment or share issuances to NGAS:

- At the option of NGAS, a final option payment of US\$1,500,000 in cash (US\$1,000,000 on or before September 1, 2012 and US\$500,000 on or before September 1, 2013) or the number of common shares of the Company equivalent to US\$1,500,000 on or before October 1, 2012

b) Unga-Popof Property

On June 9, 2011, the Company entered into agreement with Full Metal Minerals Ltd. ("Full Metal") to acquire 60% of Full Metal's interest in the Unga-Popof Property in consideration for the following:

Cash payments to Full Metal

- US\$5,000 on signing of the agreement (paid)
- US\$70,000 within five business days of finalization of the underlying agreements as negotiated by Full Metal
- US\$75,000 on or before August 1, 2012
- US\$75,000 on or before August 1, 2013
- US\$75,000 on or before August 1, 2014.

Share issuances to Full Metal

- 250,000 common shares of the Company with 5 business days of the finalization of the underlying agreements by Full Metal
- 250,000 common shares of the Company on or before August 1, 2012
- 250,000 common shares of the Company on or before August 1, 2013
- 250,000 common shares of the Company on or before August 1, 2014.

Incur expenditures on the Property

- US\$500,000 on or before August 1, 2012
- an additional US\$1,000,000 on or before August 1, 2013
- an additional US\$1,500,000 on or before August 1, 2014
- an additional US\$2,000,000 on or before August 1, 2015.

In addition, the Company has the option of earning an additional 15% interest by

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producing a Bankable Feasibility Study and issuing an additional 1,000,000 common shares of the Company to Full Metal. The agreement remains subject to completion of three underlying agreements with unrelated parties, of which two have been executed, and regulatory approval.

5. Property and equipment

	Cost				Accumulated amortization				Net	
	March 31, 2011	additions	dispositions	March 31, 2012	March 31, 2011	additions	dispositions	March 31, 2012	March 31, 2011	March 31, 2012
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Computer equipment	66,416	7,571	-	73,987	51,551	5,597	-	57,148	14,865	16,839
Equipment	26,197	819	-	27,016	16,224	2,076	-	18,300	9,973	8,716
Automobiles	29,100	-	-	29,100	11,785	5,194	-	16,979	17,315	12,121
Leasehold improvements	9,814	-	-	9,814	7,851	1,963	-	9,814	1,963	-
Total	131,527	8,390	-	139,917	87,411	14,830	-	102,241	44,116	37,676

	Cost				Accumulated amortization				Net	
	March 31, 2012	additions	dispositions	June 30, 2012	March 31, 2012	additions	dispositions	June 30, 2012	March 31, 2012	June 30, 2012
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Computer equipment	73,987	-	-	73,987	57,148	1,263	-	58,411	16,839	15,576
Equipment	27,016	-	-	27,016	18,300	436	-	18,736	8,716	8,280
Automobiles	29,100	-	-	29,100	16,979	879	-	17,858	12,121	11,242
Total	130,103	-	-	130,103	92,427	2,578	-	95,005	37,676	35,098

6. Capital Stock

Authorized - Unlimited number of common shares without par value

During the period ended June 30, 2012, the Company issued a total of 100,000 common shares in connection with the exercise of incentive stock options, for total gross proceeds of \$25,000.

REDSTAR GOLD CORP.**(An Exploration Stage Company)****Notes to Condensed Consolidated Interim Financial Statements****For the three months ended June 30, 2012 and 2011****(Unaudited - Expressed in Canadian Dollars)**Share purchase warrants

As at June 30, 2012, March 31, 2012 and June 30, 2011, the Company had share purchase warrants outstanding as follows:

Expiry Date	June 30, 2012		March 31, 2012		June 30, 2011	
	Number of Warrants	Weighted Average Exercise Price (\$)	Number of Warrants	Weighted Average Exercise Price (\$)	Number of Warrants	Weighted Average Exercise Price (\$)
July 14, 2013	7,158,042 ^(a)	0.60	7,158,042 ^(a)	0.60	-	-

- (a) The warrants were valued at \$42,781 using the Black-Scholes pricing model with the following assumptions: risk-free interest rate: 1.46%; expected stock price volatility: 55.55% and expected warrant life in years: 2.

The following table presents changes in warrants for the periods ended June 30, 2012, March 31, 2012 and June 30, 2011:

	June 30, 2012		March 31, 2012		June 30, 2011	
	Number of Warrants	Weighted Average Exercise Price (\$)	Number of Warrants	Weighted Average Exercise Price (\$)	Number of Warrants	Weighted Average Exercise Price (\$)
Outstanding at beginning of period	7,158,042	0.60	-	-	-	-
Issued	-	-	7,158,042	0.60	-	-
Outstanding at end of period	7,158,042	0.60	7,158,042	0.60	-	-

Stock options

The Company has a 20% stock option plan, which allows the Board of Directors to grant options to directors, officers, employees and consultants. The maximum term of the options is five years. Options vest as to 25% at the date of grant and an additional 25% each six months thereafter.

As at June 30, 2012 and March 31, 2012, the Company had stock options outstanding to directors, employees and consultants as follows:

June 30, 2012			
Outstanding Number of Options	Exercisable Number of Options	Expiry Date	Exercise Price (\$)
270,000	270,000	January 18, 2013	0.20
1,240,000	1,240,000	September 16, 2014	0.15
1,700,000	1,700,000	October 28, 2015	0.18
150,000	112,500	February 23, 2016	0.30
250,000	125,000	August 11, 2016	0.41
500,000	250,000	September 7, 2016	0.50
500,000	250,000	September 30, 2016	0.53
2,750,000	687,500	May 18, 2017	0.29
7,360,000	4,635,000		

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March 31, 2012				
Outstanding Number of Options	Exercisable Number of Options	Expiry Date		Exercise Price (\$)
625,000	625,000	May 4, 2012		0.25
270,000	270,000	January 18, 2013		0.20
1,240,000	1,240,000	September 16, 2014		0.15
1,700,000	1,275,000	October 28, 2015		0.18
150,000	112,500	February 23, 2016		0.30
250,000	125,000	August 11, 2016		0.41
500,000	250,000	September 7, 2016		0.50
500,000	250,000	September 30, 2016		0.53
5,235,000	4,147,500			

The following table presents changes in stock options for the periods ended June 30, 2012, March 31, 2012 and June 30, 2011:

	June 30, 2012		March 31, 2012		June 30, 2011	
	Number of Options	Weighted Average Exercise Price (\$)	Number of Options	Weighted Average Exercise Price (\$)	Number of Options	Weighted Average Exercise Price (\$)
Outstanding at beginning of period	5,235,000	0.26	4,795,000	0.19	4,795,000	0.19
Granted	2,750,000	0.29	1,250,000	0.49	-	-
Exercised	(100,000)	0.25	(235,000)	0.15	(120,000)	0.15
Expired	(525,000)	0.25	-	0.00	-	-
Forfeited	-	-	(575,000)	0.24	-	-
Outstanding at end of period	7,360,000	0.27	5,235,000	0.26	4,675,000	0.19

During the period ended June 30, 2012, stock options allowing for the acquisition of up to 2,750,000 shares were granted. The fair value of these stock options is recognized as share-based payments expense over the vesting period of the options. The total fair value of these options was calculated at \$670,095.

The fair value of stock options granted in 2012 is estimated using the Black-Scholes option pricing model with the following weighted average assumptions:

	2012
Risk-free interest rate	1.50%
Expected dividend yield	0.00%
Expected stock price volatility	184.38%
Expected option life in years	5

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7. Related party transactions

- (a) The Company conducts the majority of its exploration activities through an exploration services Contractor in which a director is a shareholder. For the three month period ended June 30, 2012 and 2011, the Company was charged \$47,341 (2011: \$23,347) for exploration costs; \$Nil (2011: \$1,074) for capital assets; and \$213,594 (2011: \$175,748) to reimburse office and administrative costs as follows:

	June 30, 2012	June 30, 2011
	(\$)	(\$)
Contract wages*	121,856	85,728
Travel and promotion	17,532	45,235
Investor relations	40,320	18,480
Rent	26,076	15,841
Office and miscellaneous	6,650	9,207
Telephone	1,160	1,257
	213,594	175,748

* incl. \$63,000 compensation for the CEO & a Director (2011: \$45,000 for the CEO)

As at June 30, 2012, the Company owed \$399,258 (March 31, 2012: \$209,354) to that contractor. The amount due to this related party is without interest and is due on demand. These transactions were made in the normal course of operations and are recorded at the exchange amount, being the amount agreed upon by the related parties.

- (b) Compensation of key management personnel for the periods ending June 30, 2012 and 2011 follows:

	June 30, 2012	June 30, 2011
	(\$)	(\$)
Management fees for the CEO, CFO and a director	73,500	54,000

Key management personnel were not paid post-retirement benefits, termination benefits, or other long-term benefits during the periods ended June 30, 2012 and 2011. At June 30, 2012, \$8,400 was owed to those parties (March 31, 2012: \$3,360).

8. Segmented information

The Company has one operating segment, mineral exploration and development and operates in two geographical segments, Canada and the United States. The capital assets and total assets identifiable with these geographical areas are as follows:

	June 30, 2012	March 31, 2012
	(\$)	(\$)
Capital Assets		
(including mineral properties and deposits)		
Canada	1,635,875	1,637,573
United States	3,625,336	3,578,933
	5,261,211	5,216,506

REDSTAR GOLD CORP.**(An Exploration Stage Company)****Notes to Condensed Consolidated Interim Financial Statements****For the three months ended June 30, 2012 and 2011****(Unaudited - Expressed in Canadian Dollars)**

Total Assets		
Canada	2,009,547	2,180,984
United States	3,625,336	3,578,933
	5,634,883	5,759,917

9. Supplemental disclosure with respect to cash flows

	June 30, 2012	June 30, 2011
	(\$)	(\$)
Fair value of shares received for mineral property interests	-	1
Fair value of shares issued for mineral property	-	250,000

10. Commitments

During 2007, the Company and others entered into a lease agreement for the rental of office premises for a six-year period, expiring March 31, 2013. The cost of the premises is shared between the Company and other companies related by common directorship. The Company's proportionate share of minimum annual rental payments under this arrangement is as follows:

Calendar 2012 (remainder of year)	\$	69,469
Calendar 2013		23,160
	\$	92,629

11. Subsequent event

Subsequent to June 30, 2012, incentive stock options allowing for the purchase of up to 400,000 common shares in the capital of the Company at \$0.20 per share until July 26, 2017 were granted.