REDSTAR GOLD CORP.

Consolidated Financial Statements

June 30, 2008

NOTICE OF NO AUDITOR REVIEW

The accompanying unaudited interim financial statements have been prepared by management and approved By the Audit Committee and Board of Directors.

The Company’s independent auditors have 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 statements by an entity’s auditors.

REDSTAR GOLD CORP.
Consolidated Balance Sheets
June 30
(Unaudited – Prepared by Management)

	June 30, 2008	March 31, 2007 (Audited)
Assets		
Current		
Cash	$ 125,645	$ 159,824
Accounts receivable	16,481	133,626
Prepaid expenses and advances	32,240	26,119
	174,366	319,569
Deposit	7,428	7,428
Mineral Property Interests (note 5)	2,510,802	2,390,868
Property and Equipment, net (note 6)	48,795	38,272
	$ 2,741,391	$ 2,756,137
Liabilities		
Current		
Accounts payable and accrued liabilities	$ 78,405	$ 53,753
Due to related parties (note 8)	265,620	271,390
	344,025	325,143
Shareholders' Equity		
Capital Stock (note 7)	10,728,546	10,622,046
Contributed Surplus (note 7(e))	1,064,776	1,016,198
Deficit	(9,395,956)	(9,207,250)
	2,397,366	2,430,994
	$ 2,741,391	$ 2,756,137

Nature of Operations and Going-Concern (note 1)
Commitment (note 12)
Subsequent Events (note 13)

Approved by the Board:

"J. Patrick Nicol"
………………………………………… Director
J. Patrick Nicol

"Douglas A. Fulcher"
………………………………………… Director
Douglas A. Fulcher

See notes to consolidated financial statements.

REDSTAR GOLD CORP.
Consolidated Statements of Operations and Deficit
For the Three Months Ended June 30
(Unaudited – Prepared by Management)

	2008	2007
Expenses		
Investor relations	$ 44,192	$ 22,823
Stock-based compensation (note 7(d))	48,578	54,230
Salaries and benefits	42,717	30,000
Rent	19,112	13,359
Professional fees	280	28,403
Consulting	9,533	11,245
Office and miscellaneous	8,278	9,111
Management fees	0	4,500
Regulatory fees	0	14,426
Insurance	6,831	2,166
Transfer agent fees	2,355	2,322
Telephone	3,158	2,042
Amortization	2,985	1,268
	188,019	192,049
Other Expenses (Income)		
General exploration	0	7,600
Foreign exchange	1,158	237
Interest	(471))	0
	687	7,837
Net Loss and Comprehensive Loss for Period	188,706	199,886
Deficit, Beginning of Period	9,207,250	8,222,171
Deficit, End of Period	$ 9,395,956	$ 8,422,057
Loss Per Share	$ (0.00)	$ (0.00)
Weighted Average Number of Common Shares Outstanding	49,590,848	41,267,848

See notes to consolidated financial statements.

REDSTAR GOLD CORP.
Consolidated Statements of Cash Flows
For the Three Months Ended June 30
(Unaudited – Prepared by Management)

	2008	2007
Operating Activities		
Net loss	$ (188,706)	$ (199,886)
Items not involving cash		
Amortization	2,985	1,268
Stock-based compensation	48,578	54,230
	(137,143)	(144,388)
Changes in non-cash working capital		
Accounts receivable	117,145	(4,744)
Prepaid expenses and advances	(6,121)	1,711
Accounts payable and accrued liabilities	18,883	(519,381)
Due to related parties	0	(20,000)
	129,907	(542,414)
Cash Provided by (Used in) Operating Activities	(7,236)	(686,802)
Investing Activities		
Expenditures on mineral property interests	(815,347)	(53,273)
Recoveries on mineral property interests	701,470	0
Acquisition of mineral property interests	(6,058)	41,351
Property and equipment	(13,508)	(2,838)
Cash Used in Investing Activities	(133,443)	(14,760)
Financing Activity		
Issuance of capital stock for cash, net of share issue costs	106,500	2,448,427
Increase (Decrease) in Cash	(34,179)	1,746,865
Cash, Beginning of Period	159,824	40,785
Cash, End of Period	$ 125,645	$ 1,787,650

Supplemental Disclosure with Respect to Cash Flows (note 11)

See notes to consolidated financial statements.

1. NATURE OF OPERATIONS AND GOING-CONCERN

Redstar Gold Corp. (the "Company") is an exploration stage company engaged principally in the acquisition, exploration and development of mineral property interests. The recovery of the Company's investment in its mineral property interests is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain financing to complete development and establishing future profitable production, or realizing proceeds from the disposition of the property interests.

These consolidated financial statements have been prepared on a going-concern basis, which assumes the realization of assets and liquidation of liabilities in the normal course of business. As at June 30, 2008, the Company has a working capital deficit of $169,659 (working capital in 2007 – $1,655,756), which will not be sufficient to achieve the Company's currently planned business objectives for 2009, and an accumulated deficit of $9,395,956 (2007 - $8,422,057). The Company's ability to continue as a going-concern is dependent on the Company being able to raise equity financing and the attainment of profitable operations.

These financial statements do not give effect to adjustments that would be necessary to the carrying values and classifications of assets and liabilities should the Company be unable to continue as a going-concern.

2. COMPARATIVE FIGURES

Certain of the comparative figures have been reclassified to conform to the current year's presentation.

3. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with accounting policies generally accepted in Canada and reflect the following policies.

(a) Basis of presentation

The consolidated financial statements include the accounts of the Company and its wholly-owned integrated subsidiary, Redstar Gold USA Inc. All intercompany balances and transactions have been eliminated.

(b) Mineral property interests

The Company capitalizes all costs related to investments in mineral property interests on a property-by-property basis. Such costs include mineral property acquisition costs and deferred exploration and development expenditures, net of any recoveries. Costs are deferred until such time as the extent of mineralization has been determined and mineral property interests are either developed or the Company's mineral rights are allowed to lapse. All deferred mineral property expenditures are reviewed, on a property-by-property basis, to consider whether there are any conditions that may indicate impairment. When the carrying value of a property interest exceeds its net recoverable amount that may be estimated by quantifiable evidence of an economic geological resource or reserve, joint venture expenditure commitments or the Company's assessment of its ability to sell the property interest for an amount exceeding the deferred costs, provision is made for the impairment in value.

The amounts shown for acquisition costs and deferred exploration expenditures represent costs incurred to date and do not necessarily reflect present or future values. These costs will be depleted over the useful lives of the properties upon commencement of commercial production or written off if the property interests are abandoned or the claims allowed to lapse.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Mineral property interests (Continued)

From time to time, the Company may acquire or dispose of a mineral property interest pursuant to the terms of an option agreement. As the options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded until the payments are made or received.

(c) Property and equipment

Equipment is recorded at cost and is amortized using a declining-balance method at an annual rate of 20% for office equipment and 30% for computer equipment. Leasehold improvements are amortized on a straight-line basis over the term of the lease.

(d) Capital stock

Capital stock issued for non-monetary consideration is recorded at fair market value pursuant to the agreement to issue shares as determined by the board of directors of the Company based on the trading price of the shares on the TSX Venture Exchange.

(e) Loss per share

Loss per share is calculated using the weighted average number of common shares outstanding during the year. The Company uses the treasury stock method for calculating diluted earnings per share. Under this method, the dilutive effect on earnings per share is recognized on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the period. However, diluted loss per share is not presented where the effect of conversion on exercise of options and warrants would be anti-dilutive.

(f) Foreign currency translation

The accounts of the Company's foreign operations have been translated into Canadian dollars. Monetary items are translated at the exchange rate in effect at the balance sheet date; non-monetary items are translated at historical exchange rates; and revenues and expenses and exploration and development items, at the average rate of exchange on a quarterly basis. Gains and losses arising from this translation of foreign currency are included in operations.

(g) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of expenses during the reporting period. Significant areas requiring the use of estimates include the rates of amortization for property and equipment, the recoverability of mineral property interests, balances of accrued liabilities, the assumptions used in the determination of the fair value of stock-based compensation and the determination of the valuation allowance for future income tax assets. While management believes the estimates used are reasonable, actual results could differ from those estimates and could impact future results of operations and cash flows.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Asset retirement obligations

The Company recognizes an estimate of the liability associated with an asset retirement obligation ("ARO") in the financial statements at the time the liability is incurred. The estimated fair value of the ARO is recorded as a long-term liability, with a corresponding increase in the carrying amount of the related asset. The capitalized amount is depleted on a straight-line basis over the estimated life of the asset. The liability amount is increased each reporting period due to the passage of time and the amount of accretion is charged to earnings in the period. The ARO can also increase or decrease due to changes in the estimates of timing of cash flows or changes in the original estimated undiscounted cost. Actual costs incurred upon settlement of the ARO are charged against the ARO to the extent of the liability recorded. At present, the Company has determined that it has no material AROs to record in the financial statements.

(i) Stock-based compensation

The Company accounts for stock-based compensation using the fair value based method with respect to all stock-based payments to directors, employees and non-employees, including awards that are direct awards of stock and call for settlement in cash or other assets, or stock appreciation rights that call for settlement by the issuance of equity instruments. Under this method, stock-based payments are recorded as an expense over the vesting period or when the awards or rights are granted, with a corresponding increase to contributed surplus. When stock options are exercised, the corresponding fair value is transferred from contributed surplus to capital stock.

(j) Income taxes

The Company follows the asset and liability method of accounting for income taxes. Under this method of tax allocation, future income tax assets and liabilities are determined based on differences between the financial statement carrying values and their respective income tax basis (temporary differences). Future income tax assets and liabilities are measured using the tax rates expected to be in effect when the temporary differences are likely to reverse. The effect on future income tax assets and liabilities of a change in tax rates is included in operations in the period in which the change is enacted or substantially assured. The amount of future income tax assets recognized is limited to the amount of the benefit that is more likely than not to be realized.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Financial instruments

Effective April 1, 2007, the Company adopted the Canadian Institute of Chartered Accountants' ("CICA") Handbook Section 3855, "Financial Instruments – Recognition and Measurement", which establishes standards for recognizing and measuring financial assets, financial liabilities and non-financial derivatives. The standard requires the Company to account for certain financial assets and liabilities at fair value at each balance sheet date. Financial instruments must be classified into one of these five categories: held-for-trading, held-to-maturity, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments are measured in the balance sheet at fair value except for loans and receivables, held-to-maturity investments and other financial liabilities, which are measured at amortized cost. Subsequent measurement and changes in fair value will depend on their initial classification as follows: held-for-trading financial assets are measured at fair value and changes in fair value are recognized in net income; available-for-sale financial instruments are measured at fair value with changes in fair value recorded in other comprehensive income until the investment is no longer recognized or impaired, at which time the amounts would be recorded in net income.

The adoption of this section did not impact the Company's consolidated financial statements.

(l) Comprehensive income

Effective April 1, 2007, the Company adopted the CICA Handbook Section 1530, "Comprehensive Income", which establishes standards for presentation and disclosure of a statement of comprehensive income (loss). Comprehensive income (loss) is the overall change in the net assets of the Company for a period, other than changes attributable to transactions with shareholders. It is made up of net income (loss) and other comprehensive income (loss). Other comprehensive income (loss) consists of gains and losses affecting shareholders' equity that, under generally accepted accounting principles, are excluded from net income (loss). The Company has no items of other comprehensive income in any period presented. Therefore, net loss as presented in the Company's consolidated statements of operations and deficit equals comprehensive loss.

(m) Future accounting changes

(i) Capital Disclosures

In February 2007, the CICA issued Handbook Section 1535, "Capital Disclosures", which requires the disclosure of both qualitative and quantitative information that provides users of financial statements with information to evaluate the entity's objectives, policies and procedures for managing capital. The new section is effective for the Company on April 1, 2008. The Company is in the process of assessing the impact of this new section on its consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Future accounting changes (Continued)

(ii) Financial Instruments

In February 2007, the CICA issued two new standards, Section 3862, "Financial Instruments Disclosures", and Section 3863, "Financial Instruments Presentation". These sections will replace the existing Section 3861, "Financial Instruments Disclosure and Presentation". Section 3862 provides users with information to evaluate the significance of the financial instruments of the entity's financial position and performance, nature and extent of risks arising from financial instruments, and how the entity manages those risks. Section 3863 deals with the classification of financial instruments, related interest, dividends, losses and gains, and the circumstances in which financial assets and financial liabilities are offset. The new sections are effective for the Company on April 1, 2008. The Company is in the process of assessing the impact of these new sections on its consolidated financial statements.

(iii) International Financial Reporting Standards ("IFRS")

In 2006, the Canadian Accounting Standards Board ("AcSB") published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian generally accepted accounting principles with IFRS over an expected five year transitional period. In February 2008, the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada's own generally accepted accounting principles. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended March 31, 2011. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

(iv) Going-concern

In June 2007, the CICA amended Handbook Section 1400, "General Standards of Financial Statement Presentation", which requires management to make an assessment of a company's ability to continue as a going-concern. When financial statements are not prepared on a going-concern basis, that fact shall be disclosed together with the basis on which the financial statements are prepared and the reason why the company is not considered a going-concern. This new section is effective for the Company on April 1, 2008. The Company is in the process of assessing the impact of this new section on its consolidated financial statements.

4. FINANCIAL INSTRUMENTS

The Company has designated its cash as held-for-trading; accounts receivable as loans and receivables; and accounts payable and accrued liabilities and due to related parties as other liabilities.

(a) Fair value

The carrying values of cash, accounts receivable, accounts payable and accrued liabilities, and due to related parties equal their fair values.

(b) Credit risk

The Company is exposed to credit risk with respect to its cash and accounts receivable. Cash has been placed with major financial institutions. Accounts receivable are amounts owing from government agencies, a joint venture partner and a contractor.

(c) Interest rate risk

Interest rate risk consists of two components:

(i) To the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk.

(ii) To the extent that changes in prevailing market interest rates differ from the interest rates in the Company's monetary assets and liabilities, the Company is exposed to interest rate price risk.

The Company is not exposed to significant interest rate risk due to the short-term maturity of its monetary assets and liabilities.

(d) Currency risk

The Company is exposed to foreign currency risk to the extent transactions are not denominated in Canadian dollars. The Company does not have foreign currency derivative instruments in place to mitigate this risk.

5. MINERAL PROPERTY INTERESTS

At June 30, 2008, expenditures incurred on mineral property interests are as follows:

	Red Lake, Ontario, Canada	**Nevada, USA**									
	Newman Todd (note 5(c))	Nevada General	Pine Nut (note 5(e)(i))	Dry Gulch (notes 5(e) (ii) and (g))	North Bullfrog (notes 5(e) (iii) and (f))	Eagle Basin (note 5(e)(iv))	Painted Hills (notes 5(e) (v) and (f))	Richmond Summit (notes 5(e) (vi) and (h))	Root Spring (note 5(e)(vii))	Cooks Creek (note 5(e)(viii))	Total
Acquisition costs for period	$ 0	$ 3,421	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 2,637	$ 6,058
Acquisition costs recovered	0	0	0	0	0	0	0	0	0	0	0
	0	3,421	0	0	0	0	0	0	0	2,637	6,058
Deferred exploration expenditures for period											
Assaying	44,785	4,672	0	0	303,125	0	0	971	0	901	354,454
Consultants											
- geology	3,837	22,902	0	4,723	36,157	528	0	25,920	0	2,991	97,058
- geophysical	0	0	0	6,628	0	0	0	21,528	0	0	28,156
Contract labour	3,250	0	0		2,496	0	0	0	0	0	5,746
Camp and exploration support	4,756	2,490	0	5,018	26,829	0	0	11,799	0	424	51,316
Drilling	0	0	0	0	170,116	0	0	13,298	0	0	183,414
Land and tenure	0	2,486	0	0	43,837	0	0	13,069	0	0	59,392
Travel and accommodation	5,147	6,251	0	1,329	5,251	0	0	3,822	0	803	22,603
Equipment rental	7,626	0	0	0	4,910	0	0	0	0	0	12,536
Maps and reports	0	27	0	0	0	0	0	0	0	0	27
	69,401	38,828	0	17,698	592,721	528	0	90,408	0	5,119	814,703
Exploration costs recovered	0	0	0	(17,698)	(592,721)	0	0	(90,408)	0	0	(700,827)
Net exploration expenditures for period	69,401	38,828	0	0	0	528	0	0		5,119	113,876
Total expenditures for period	69,401	42,249	0	0	0	528	0	0	0	7,756	119,934
Balance, March 31, 2008	1,641,914	397,386	0	123,140	61,845	41,205	0	31,208	36,782	57,388	2,390,868
Balance, June 30, 2008	$1,711,315	$ 439,635	$ 0	$ 123,140	$ 61,845	$ 41,733	$ 0	$ 31,208	$ 36,782	$ 65,144	$2,510,802

5. MINERAL PROPERTY INTERESTS (Continued)

(a) West Red Lake Property, Red Lake District, Ontario

In 2007, the Company wrote off its interest in the West Red Lake property.

(b) Biron Bay Property, Red Lake District, Ontario

In 2007, the Company wrote off its interest in the Biron Bay property.

(c) Newman Todd Property, Red Lake District, Ontario

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, of which 250,000 common shares were previously issued and 450,000 were issued during the year ended March 31, 2007.

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

(i) Common shares with a deemed value of $1,000,000 if a mine is placed into production; and

(ii) Common shares with a deemed value of $1,000,000 if production from the properties exceeds 250,000 ounces of gold; and

(iii) Additional common shares with a deemed value 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 royalty provided that the total net smelter royalties payable on any claims within the property do not exceed 2.75%.

The Company also acquired a 100% interest in 13 freehold mineral claims subject to an underlying agreement that required an additional cash payment to the original vendors of the property of $20,000 due May 1, 2007, advance royalty payments of $5,000 annually commencing May 1, 2010 and 1.75% and 2% net smelter royalties. The payment due May 1, 2007 was not made, and the agreement was terminated.

(d) Nevada Exploration Partnership, Nevada

During the year ended March 31, 2005, the Company entered into a letter of agreement (as amended) with AngloGold Ashanti North America Inc. ("AngloGold") for the exclusive right to acquire a copy of AngloGold's Great Basin database. In order to obtain this right, the Company must spend US $3,000,000 on exploration expenses on Nevada properties (Cdn $3,626,859 spent to March 31, 2008) and issue to AngloGold 175,000 common shares (100,000 shares previously issued and 75,000 shares issued during the year ended March 31, 2007). Once the Company has spent US $750,000 on exploration expenses on a property, AngloGold has a one-time right to earn a 60% interest in that property by spending 200% of the expenditures incurred by the Company within three years after electing to back in.

The agreement is for a term of one-year (expiring March 9, 2006) and, with the consent of both parties and the Company issuing 175,000 common shares to AngloGold, can be renewed for a further one-year term. The Company renewed the agreement for one-year terms as follows:

- 175,000 common shares issued on August 11, 2006 to extend to March 9, 2007;
- 175,000 common shares issued on February 7, 2007 to extend to March 9, 2008; and

- 175,000 common shares issued on March 11, 2008 to extend to March 9, 2009.

5. MINERAL PROPERTY INTERESTS (Continued)

(d) Nevada Exploration Partnership, Nevada (Continued)

Subsequent to March 31, 2008, the Company completed the acquisition of AngloGold's Great Basin database. As a result, the remaining back-in rights held by AngloGold on Nevada properties were removed (note 13(c)).

(e) Nevada Properties

As a result of the Nevada Exploration Partnership with AngloGold, the Company acquired three properties in Nevada.

(i) Pine Nut Property, Douglas County, Nevada

During 2006, the Company entered into two mining leases and four exploration and option agreements as follows:

(a) The Company entered into a mining lease for a term of 11 years. The advance minimum rent is as follows:

- Upon execution of the agreement - US $20 per acre (paid);
- On or before each of the first to fourth anniversary dates - US $20 per acre (first anniversary payment paid July 7, 2006); and
- On or before the fifth anniversary date and each anniversary date thereafter - US $30 per acre.

Half of all minimum rent paid during the first through fifth years shall be credited against and fully recoverable from production royalty in five equal annual amounts over the five-year period beginning on the commencement of production royalty. Minimum rent shall be adjusted for inflation.

The mineral properties are subject to a 3% net smelter return royalty if the monthly average gold price is less than or equal to $300 per ounce, and a 4% net smelter return royalty if the monthly average gold price is greater than $300 per ounce. The Company retains the right to purchase back 1.5% of net smelter return royalty for US $1,000,000.

(b) The Company entered into a mining lease for a term of 10 years. The advance minimum rent, subject to an adjustment for inflation, is as follows:

- Upon execution of the agreement - US $10,000 (paid);
- Six months after execution of the agreement - US $10,000 (paid);
- On or before each of the first to fourth anniversary dates - US $10,000 (first anniversary payment paid July 14, 2006); and
- On or before the fifth anniversary date and each anniversary date thereafter - US $10,000.

The mineral properties are subject to a 2% net smelter return royalty.

5. MINERAL PROPERTY INTERESTS (Continued)

(e) Nevada Properties (Continued)

(i) Pine Nut Property, Douglas County, Nevada (Continued)

(c) The Company has the right to explore the property for a five-year period, and during the period it has the choice of either purchasing the property outright (subject to a 1% net smelter return royalty) or leasing it for a 10-year renewable term (subject to a 2% net smelter return royalty). For the right to explore, the Company must pay US $6,200 (paid) and issue common shares having a value of US $2,300 in year 1 (issued), US $5,700 and issue common shares having a value of US $2,300 at the time of issuance in year 2 (US$8,000 paid including payment in lieu of common shares to be issued), and US $4,500 in each of years 3, 4 and 5. To purchase the property, the Company must pay US $150,000, subject to an inflation adjustment, and grant a 1% net smelter return royalty. To lease the property, the Company must make minimum advance royalty payments of US $10,000 per year and grant a 2% net smelter return royalty.

(d) The Company has the right to explore the property for a five-year period, and during the period it has the choice of either purchasing the property outright (subject to a 1% net smelter return royalty) or leasing it for a 10-year renewable term (subject to a 2% net smelter return royalty). For the right to explore, the Company must pay US $11,125 (paid) and issue common shares having a value of US $2,000 in year 1 (issued), US $10,625 (paid) and issue common shares having a value of US $2,000 (issued) at the time of issuance in year 2, and US $10,000 in each of years 3, 4 and 5. To purchase the property, the Company must pay US $535,000, subject to an inflation adjustment, and grant a 1% net smelter return royalty. To lease the property, the Company must make minimum advance royalty payments of US $20,000 per year and grant a 2% net smelter return royalty.

(e) The Company has the right to explore the property for a five-year period, and during the period it has the choice of either purchasing the property outright (subject to a 1% net smelter return royalty) or leasing it for a 10-year renewable term (subject to a 2% net smelter return royalty). For the right to explore, the Company must pay US $6,200 in year 1 (paid), US $5,700 (paid) in year 2, and US $4,500 in each of years 3, 4 and 5. To purchase the property, the Company must pay US $310,000, subject to an inflation adjustment, and grant a 1% net smelter return royalty. To lease the property, the Company must make minimum advance royalty payments of US $10,000 per year and grant a 2% net smelter return royalty.

5. MINERAL PROPERTY INTERESTS (Continued)

(e) Nevada Properties (Continued)

(i) Pine Nut Property, Douglas County, Nevada (Continued)

(f) The Company has the right to explore the property for a five-year period, and during the period it has the choice of either purchasing the property outright (subject to a 1% net smelter return royalty) or leasing it for a 10-year renewable term (subject to a 2% net smelter return royalty). For the right to explore, the Company must pay US $6,200 in year 1 (paid), US $5,700 (paid) in year 2, and US $4,500 in each of years 3, 4 and 5. To purchase the property, the Company must pay US $150,000, subject to an inflation adjustment, and grant a 1% net smelter return royalty. To lease the property, the Company must make minimum advance royalty payments of US $10,000 per year and grant a 2% net smelter return royalty.

During 2008, payments were not made and each of the two mining leases and four exploration and option agreements were terminated and, accordingly, interest in the Pine Nut Property was written off in 2008.

The Company continues to hold 21 (2007 – 53) claims acquired through staking on the property.

(ii) Dry Gulch Property, Elko County, Nevada

The Dry Gulch Property consists of 209 staked claims near Elko County, Nevada. In 2008, AngloGold agreed to relinquish its back-in right on the Dry Gulch Property in exchange for a 2% net smelter return royalty.

(iii) North Bullfrog Property, Nye County, Nevada

During the year ended March 31, 2007, the Company entered into five mining leases to purchase a 100% interest in mineral claims. The Company will grant a production royalty of 2% to 4% of net smelter returns to each vendor. To maintain the leases, the Company must make minimum advance royalty payments of US $32,300 (paid for 2008) per annum on each of the first three anniversaries and US $37,700 per annum thereafter. The Company has the right at any time while the agreements are in effect to purchase the production royalty for US $850,000 to US $1,000,000 per 1% and may purchase the entire royalty.

The Company acquired three additional property interests in 2007.

(iv) Eagle Basin Property, Lander County, Nevada

The Eagle Basin Property consists of 72 claims acquired through staking near Lander County, Nevada.

(v) Painted Hills Property, Humboldt County, Nevada

The Painted Hills Property consists of 301 (2007 – 50) claims acquired through staking near Humboldt County, Nevada.

5. MINERAL PROPERTY INTERESTS (Continued)

(e) Nevada Properties (Continued)

(vi) Richmond Summit Property, Eureka County, Nevada

The Richmond Hill Property consists of 72 claims acquired through staking in Eureka County, Nevada. In 2008, AngloGold agreed to relinquish its back-in right on the Richmond Summit Property in exchange for a 2% net smelter return royalty.

The Company acquired two additional property interests in 2008.

(vii) Root Spring Property, Pershing County, Nevada

The Root Spring Property consists of 62 claims acquired through staking near Winnemucca, Nevada.

(viii) Cooks Creek Property, Lander County, Nevada

The Cooks Creek Property consists of 168 claims acquired through staking near the town of Battle Mountain, Nevada.

(f) Letter of Intent, North Bullfrog and Painted Hills Properties

In March 2007, the Company entered into a binding letter of intent (“LOI”) with International Tower Hills Mines Ltd. (“ITH”) to enter into a joint venture in the North Bullfrog and Painted Hills projects in Nevada. The terms of the LOI are as follows:

(i) ITH will have the right to earn up to a 70% interest in the properties by making a series of payments and work commitments over four years.

(ii) Consideration for the North Bullfrog Property consists of cash payments totaling US $190,000 and total expenditures of US $4,000,000 over four years.

(a) Cash payments are due as follows:

- On signing (received April 18, 2007) - US $20,000;
- On or before September 15, 2008 - US $30,000;
- On or before March 15, 2009 - US $40,000;
- On or before March 15, 2010 - US $50,000; and
- On or before March 15, 2011 - US $50,000.

(b) Total cumulative expenditures to be incurred are as follows:

- On or before March 15, 2008 - US $500,000 (spent);
- On or before March 15, 2009 - US $1,000,000;
- On or before March 15, 2010 - US $2,000,000; and
- On or before March 15, 2011 - US $4,000,000.

5. MINERAL PROPERTY INTERESTS (Continued)

(f) Letter of Intent, North Bullfrog and Painted Hills Properties (Continued)

(iii) Consideration for the Painted Hills Property consists of total payments of US $170,000 and total expenditures of US $2,500,000 over four years.

(a) Cash payments are due as follows:

- On signing (received April 18, 2007) - US $20,000;
- On or before September 15, 2008 - US $20,000;
- On or before March 15, 2009 - US $30,000;
- On or before March 15, 2010 - US $50,000; and
- On or before March 15, 2011 - US $50,000.

(b) Total cumulative expenditures to be incurred are as follows:

- On or before March 15, 2008 - US $250,000 (spent);
- On or before March 15, 2009 - US $750,000;
- On or before March 15, 2010 - US $1,500,000; and
- On or before March 15, 2011 - US $2,500,000.

(iv) ITH will provide the Company with 5,000 shares of its common stock on each anniversary the North Bullfrog agreement is in place. If the North Bullfrog agreement is terminated, and the Painted Hills agreement is still in effect, ITH will continue to provide the Company with 5,000 shares of its common stock on each anniversary the agreement is in place.

(v) AngloGold had a one-time back-in right on the two projects to earn a 60% interest after the first US $750,000 was spent. This was not exercised and has lapsed.

(vi) During 2008, ITH entered into a binding LOI to lease the Mayflower property, which consists of 11 patented mining claims and is part of the North Bullfrog Property. With the addition, the North Bullfrog Property now consists of 172 claims and 5 mining leases held by the Company and ITH under the joint venture.

(g) Letter of Intent, Dry Gulch Property

In March 2008, the Company entered into a binding LOI with Gold Fields Netherlands Services BV ("Gold Fields") to enter into a joint venture in the Dry Gulch Property in Nevada. The terms of the LOI are as follows:

(i) Gold Fields will pay the Company US $20,000 on signing of the agreement (received March 14, 2008); and

(ii) Gold Fields will incur a minimum work commitment of US $400,000 by December 21, 2008.

5. MINERAL PROPERTY INTERESTS (Continued)

(g) Letter of Intent, Dry Gulch Property (Continued)

(iii) Once the above has been paid and spent, Gold Fields will have the option to enter into a joint venture agreement if certain conditions are met. The terms of the joint venture agreement are:

(a) Gold Fields will pay the Company a further US $170,000 as follows:

(i) On or before December 21, 2008 - US $30,000;
(ii) On or before December 21, 2009 - US $45,000;
(iii) On or before December 21, 2010 - US $70,000; and
(iv) On or before December 31, 2011 - US $25,000.

(b) Gold Fields will incur a further work commitment of US $1,600,000 by December 21, 2011.

(iv) After completion of the above, Gold Fields will have the option to earn a 60% interest in the joint venture for a nominal price and continue the joint venture for a second phase.

(v) The second phase would involve Gold Fields spending an additional US $5,000,000 and would provide the option for Gold Fields to earn an additional 10% interest in the joint venture, for a total of 70%. At the end of the second phase, the Company can elect to participate in the project going forward by contributing in proportion to its 30% interest.

(h) Letter of Intent, Richmond Summit Property

In March 2008, the Company entered into a binding LOI with Gold Fields to enter into a joint venture in the Richmond Summit Property in Nevada. The terms of the LOI are as follows:

(i) Gold Fields will pay the Company US $35,000 on signing of the agreement (received March 14, 2008).

(ii) Gold Fields will incur a minimum work commitment of US $1,000,000 by December 21, 2008.

(iii) Once the above has been paid and spent, Gold Fields will have the option to enter into a joint venture agreement if certain conditions are met. The terms of the joint venture agreement are:

(a) Gold Fields will pay the Company a further US $255,000 as follows:

(i) On or before December 21, 2008 - US $55,000;
(ii) On or before December 21, 2009 - US $75,000;
(iii) On or before December 21, 2010 - US $95,000; and
(iv) On or before December 21, 2011 - US $30,000.

(b) Gold Fields will incur a further work commitment of US $2,500,000 by December 21, 2011.

5. **MINERAL PROPERTY INTERESTS** (Continued)

(h) Letter of Intent, Richmond Summit Property (Continued)

(iv) After completion of the above, Gold Fields will have the option to earn a 60% interest in the joint venture for a nominal price and continue the joint venture for a second phase.

(v) The second phase would involve Gold Fields spending an additional US $7,500,000 and would provide the option for Gold Fields to earn an additional 10% interest in the joint venture, for a total of 70%. At the end of the second phase, the Company can elect to participate in the project going forward by contributing in proportion to its 30% interest.

(i) Option agreements with Strategic Merchant Bancorp Ltd.

In April 2006, the TSX Venture Exchange approved three option agreements entered into with Strategic Merchant Bancorp Ltd. ("SMB"), a company with two directors in common. SMB can exercise the options to earn a 70% interest in the Pine Nut Property, 70% in the Dry Gulch Property and 65% interest in the North Bullfrog Property. During the year ended March 31, 2007, the Company received common shares of SMB with a market value of $105,000 that was applied to the acquisition costs of the Pine Nut, Dry Gulch and North Bullfrog properties. During 2007, the Company also recovered $161,162 in acquisition costs and $612,306 in exploration expenses from SMB.

In January 2007, SMB withdrew from all three option agreements with the Company.

(j) Title to mineral property interests

Although the Company has taken steps to verify the title to mineral properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements or transfers and title may be affected by an undetected defect.

(k) Realization of assets

The investment in and expenditures on mineral property interests comprise a significant portion of the Company's assets. Realization of the Company's investment in these assets is dependent upon the establishment of legal ownership, the attainment of successful production from the properties or from the proceeds of their disposal.

Mineral exploration and development is highly speculative and involves inherent risks. While the rewards if an ore body is discovered can be substantial, few properties that are explored are ultimately developed into producing mines. There can be no assurance that current exploration programs will result in the discovery of economically viable quantities of ore.

5. MINERAL PROPERTY INTERESTS (Continued)

(l) Environmental

Environmental legislation is becoming increasingly stringent and costs and expenses of regulatory compliance are increasing. The impact of new and future environmental legislation on the Company's operations may cause additional expenses and restrictions.

If the restrictions adversely affect the scope of exploration and development on the mineral properties, the potential for production on the property may be diminished or negated.

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters. The Company may also be held liable should environmental problems be discovered that were caused by former owners and operators of its properties and properties in which it has previously had an interest. The Company conducts its mineral exploration activities in compliance with applicable environmental protection legislation. The Company is not aware of any existing environmental problems related to any of its current or former properties that may result in material liability to the Company.

6. PROPERTY AND EQUIPMENT

		2008	
	Cost	Accumulated Amortization	Net
Computer equipment	$ 61,208	$ 32,357	$ 28,851
Office equipment	21,208	8,625	12,583
Leasehold improvements	9,814	2,453	7,361
	$ 92,230	$ 43,435	$ 48,795

7. CAPITAL STOCK

Authorized
Unlimited common shares without par value

Issued

	Number of Shares	Amount
Balance, March 31, 2008	48,198,348	$ 10,622,046
Exercise of stock options	735,000	91,500
Exercise of warrants	50,000	15,000
Balance, June 30, 2008	49,983,348	$ 10,728,546

During the year ended March 31, 2008, the Company completed a brokered private placement for 12,500,000 units at $0.20 per unit. Each unit consisted of one common share and one-half of one common share purchase warrant exercisable at $0.30 to May 30, 2009. Fees and disbursements were $59,877. The agents received:

- A cash commission of $26,250;
- 743,750 units with the same terms and conditions as the units described above; and
- 1,250,000 agent compensation options exercisable at $0.20 to May 30, 2009. Each agent compensation option entitles the agents to purchase one unit with the same terms and conditions as the units described above. The 1,250,000 agent compensation options issued to the agents were fair valued at $255,000 (note 7(c)).

During the year ended March 31, 2008, the Company issued 175,000 common shares valued at $45,500 for acquisition of mineral properties (2007 – 875,000 common shares valued at $191,250).

7. CAPITAL STOCK (Continued)

(a) Share purchase warrants

A summary of the changes in the Company's share purchase warrants is presented below:

	Number of Warrants	Weighted Average Exercise Price
Balance, March 31, 2008	6,626,187	$ 0.30
Exercised	(50,000)	$ 0.30
Balance, June 30, 2008	6,576,187	$ 0.30

The Company has outstanding share purchase warrants, which entitle the holders to purchase common shares as follows:

Number of Warrants 2008	Exercise Price	Expiry Date
6,576,187	$ 0.30	May 30, 2009
6,576,187		

(b) Stock options

The Company has a 20% fixed stock option plan, which allows the board of directors to grant options to directors, officers, employees and consultants. Under the terms of the option plan, a maximum of 9,577,945 options may be granted.

As at June 30, 2008, the Company had stock options outstanding to directors, employees and consultants for the purchase of up to 4,907,500 common shares as follows:

Options Outstanding		
Number of Options	Exercise Price	Expiry Date
657,500	$ 0.18	September 11, 2008
1,245,000	$ 0.10	October 1, 2009
500,000	$ 0.20	February 25, 2010
905,000	$ 0.18	January 4, 2011
1,100,000	$ 0.25	May 4, 2012
500,000	$ 0.20	January 18, 2013
4,907,500		

7. CAPITAL STOCK (Continued)

(b) Stock options (Continued)

A summary of the status of the Company's stock options as at June 30, 2008 and changes during the period then ended follows:

	2008	
	Number of Options	Weighted Average Exercise Price
Outstanding at March 31, 2008	5,642,500	$ 0.17
Exercised	(735,000)	$ 0.12
Outstanding at June 30, 2008	4,907,500	$ 0.18

(c) Agent compensation options

As at June 30, 2008, the Company had agent compensation options outstanding for the purchase of up to 1,241,375 units exercisable at $0.20 to May 30, 2009. Each unit consists of one common share and one-half of one common share purchase warrant exercisable at $0.30 to May 30, 2009.

A summary of the status of the Company's agent compensation options as at June 30, 2008 and changes during the period then ended follows:

	2008	
	Number of Options	Weighted Average Exercise Price
Outstanding at March 31, 2008	1,241,375	$ 0.20
Granted	0	$ 0.00
Exercised	0	$ 0.00
Outstanding at June 30, 2008	1,241,375	$ 0.20

The fair value of the 1,250,000 common shares and 625,000 common share purchase warrants issuable upon the exercise of the agent compensation options have been valued at $178,250 and $76,750, respectively, for a total fair value of $255,000 and included as a reduction to capital stock as a share issue cost. The fair values were estimated using the Black-Scholes option pricing model with the following assumptions:

	2008
Risk-free interest rate	4.57%
Expected dividend yield	0
Expected stock price volatility	112%
Expected life in years	2

7. CAPITAL STOCK (Continued)

(d) Stock-based compensation

During the year ended March 31, 2008, 1,600,000 options were granted to directors, officers, employees and consultants. The fair value of these stock options is recognized as stock-based compensation expense over the vesting period of the options. The total fair value of these options was calculated at $291,470, of which $141,027 was recognized in 2008; $135,613 will be recognized in 2009 and $14,830 will be recognized in 2010. Also included in stock-based compensation expense is $28,168 representing a portion of the fair value of stock options granted in 2006 with vesting periods in 2008.

During the year ended March 31, 2007, no options were granted. The stock-based compensation expense of $107,199 related to the fair value of stock options granted in 2006 with vesting periods in 2007.

Of the $169,195 of stock-based compensation expense recognized in 2008 (2007 - $107,199), $39,890 relates to directors and officers (2007 - $30,794), $127,401 relates to employees (2007 - $71,335), and $1,904 relates to consultants (2007 - $5,070).

The fair value of stock options granted in 2008 is estimated using the Black-Scholes option pricing model with the following weighted average assumptions:

	2008
Risk-free interest rate	3.96%
Expected dividend yield	0
Expected stock price volatility	113.42%
Expected option life in years	5

(e) Contributed surplus

		2008
Balance, beginning of period	$	1,016,198
Stock-based compensation expense		48,578
Balance, June 30, 2008	$	1,064,776

8. RELATED PARTY TRANSACTIONS

(a) The Company conducts the majority of its exploration activities through an exploration services contractor in which a director is a principal. The Company paid or accrued amounts payable to that contractor of $49,564.23 (2007 - $73,943) for exploration costs, $103,933 (2007 - $58,374) to reimburse office and administrative costs reimburse. As at June 30, 2008, the Company owed $263,473 (2007 - $36,137) to that contractor.

(b) Management fees of $nil (2007 - $4,500) and $nil (2007 - $9,041) for rental of shared office premises was paid to a company in which a director is a principal. As at June 30, 2008, the Company owed that company $nil (2007 - $4,514).

8. RELATED PARTY TRANSACTIONS (Continued)

(c) As at June 30, 2008, the Company owed $2,146 (2007 - $2,146) to a company with two directors in common.

These transactions were made in the normal course of operations for consideration at industry standard rates established and accepted by the related parties.

9. INCOME TAXES

The Company has accumulated losses for Canadian income tax purposes of approximately $2,135,000 that expire as follows:

2009	$	113,000
2010		200,000
2014		252,000
2015		178,000
2026		354,000
2027		362,000
2028		676,000
	$	2,135,000

The reconciliation of income tax provision computed at statutory rates to the reported income tax provision is as follows:

		2008		2007
		33.34%		34.12%
Income tax benefit computed at Canadian statutory rates	$	328,425	$	173,721
Temporary differences not recognized in year		(44,735)		(2,003)
Stock-based compensation		(56,410)		(36,576)
Permanent differences not recognized		6,077		(894)
Tax rate variation		(51,375)		0
Unrecognized tax losses		(181,982)		(134,248)
	$	0	$	0

Significant components of the Company's future tax assets and liabilities, after applying enacted corporate income tax rates are as follows:

		2008		2007
Future income tax assets				
Temporary differences in assets	$	723,434	$	894,096
Permanent differences in assets		18,175		682
Non-capital losses carried forward		555,063		596,578
Capital losses carried forward		31,210		40,957
		1,327,882		1,532,313
Valuation allowance		(1,327,882)		(1,532,313)
Future income tax assets, net	$	0	$	0

10. SEGMENTED INFORMATION

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

		2008		2007
Net Loss				
Canada	$	860,250	$	509,147
United States		124,829		0
	$	985,079	$	509,147
Assets				
Canada	$	2,007,183	$	845,353
United States		748,954		599,202
	$	2,756,137	$	1,444,555

11. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

		2008
Issue of shares for acquisition of mineral property interests	$	0
Fair value of agent compensation options issued	$	0
Fair value of options exercised	$	0
Accounts receivable included in mineral property interests	$	15,129
Interest paid during the year	$	0
Income taxes paid during the year	$	0

12. COMMITMENT

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 entire premises is shared primarily between the Company and four other companies related by a common director. The Company's proportionate share of minimum annual rental payments under this arrangement is as follows:

2009	$	43,499
2010		23,642
2011		26,597
2012		26,597
2013		26,597
	$	146,932

13. SUBSEQUENT EVENTS

None to report.

REDSTAR GOLD CORP.

Management's Discussion & Analysis

FORM 51-102F1

For the Period Ending

June 30, 2008

The following management discussion and analysis of the financial position of Redstar Gold Corp. ("Redstar" or the "Company") and results of operations of the Company should be read in conjunction with the unaudited financial statements including the notes thereto for the period ending June 30, 2008 and the audited financial statements for the year ending March 31, 2008, respectively.

The accompanying unaudited financial statements and related notes are presented in accordance with Canadian generally accepted accounting principles. These statements, together with the following management's discussion and analysis dated August 27, 2008 ("Report Date"), are intended to provide investors with a reasonable basis for assessing the financial performance of the Company as well as potential future performance. The information in the MD&A may contain forward-looking statements. Please refer to the cautionary notices at the end of this MD&A, especially in regard to forward looking statements.

Additional information relating to the Company may be found on SEDAR at *www.sedar.com*.

Overall Performance

The Company is a junior mining and exploration organization engaged in the exploration and subsequent development of prospective mineral targets in Nevada, USA and in the Red Lake region of northwestern Ontario.

During the year ending March 31, 2007 the company did not raise any funds.

In May 2007, the Company completed a brokered private placement and issued 12,500,000 units at a price of $0.20 per unit for gross proceeds of $2,500,000. Each unit consisted of one common share and one-half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share until May 31, 2009 at a price of $0.30. As consideration for services, the agents received commissions of $26,250 cash, 743,750 units on the same terms as above and 1,250,000 compensation options. Each compensation option entitles the agents to purchase one broker unit until May 31, 2009 at an exercise price of $0.20. Each broker unit consisted of one common share of the Company and one-half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share until May 31, 2009 at a price of $0.30.

Administrative and other expenses for the three month period ending June 30, 2008, before stock-based compensation costs, totaled $139,441. Exploration expenditures during this period, net of recoveries, totaled $119,934 of which $113,876 was spent on exploration while $6,058 was spent on acquisition costs. During the period, the Company had mineral property interest recoveries of $700,827 on the Dry Gulch property ($17,698), the North Bullfrog property ($592,721) and the Richmond Summit property ($90,408), respectively. Including exploration and acquisition amounts from previous periods, the Company has spent, net of recoveries, $2,510,810 of which $1,711,315 was spent on the Red Lake property and $799,487 was spent on the Nevada properties.

The Company is a publicly held exploration stage company and currently does not generate any revenue from its operations. Instead the Company relies on equity financings to meet its exploration obligations and administrative costs. The loss for the period ending June 30, 2008 totaled $188,706.

The loss for the period ending June 30, 2008 includes a non-cash charge of $48,578 for stock-based compensation costs. The Company also spent $42,717 for contract wages for administration of the Company and $44,192 on investor relations.

The Company has no long term debt and does not pay out any dividends.

Summary of Quarterly Results

The selected consolidated information set out below has been gathered from the previous eight quarterly financial statements for each respective financial period and is based on Canadian GAAP (in Canadian dollars):

	Income (Loss) $	Net Income (Loss) per share $	Revenue $
June 30, 2008	(188,706	0.00	-
March 31, 2008	(403,680)	(0.01)	-
December 31, 2007	(228,609)	0.00	-
September 30, 2007	(152,904)	0.00	-
June 30, 2007	(199,886)	0.00	-
March 31, 2007	(194,265)	(0.01)	-
December 31, 2006	(72,833)	0.00	-
September 30, 2006	(187,374)	(0.01)	-

*Option income.

Fluctuations in the Company's expenditures reflect the seasonal variations of exploration and the ability of the Company to raise capital for its projects. This fiscal year the Company had a significant exploration program on its 100% owned Newman Todd project in Red Lake as well as continuing to add to its growing portfolio of Nevada gold projects and this in turn, raised costs associated with promotion, travel and general expenses.

Results of Operations

Newman Todd Property, Red Lake

In March, 2006, the Company announced a phase II drill program to follow-up on the high-grade results obtained from the previous drilling on the Newman Todd property. Previous drilling by the Company intersected wide zones of breccia with anomalous to high-grade gold mineralization. Results from this earlier drilling were released October 26, 2005 and were highlighted by 3.05 feet grading 2.0 opt gold (69.02 g/t over 1.0 metres) within a 9.14 foot zone grading 0.73 opt gold (24.89 g/t over 3.0 metres) (hole NT-031). The drilling confirmed the presence of wide spread gold mineralization associated with breccia zones. The phase II program was designed to further explore the area of the high-grade intercept as well as test additional targets on the property

During the fiscal year 2006, the Company completed six diamond drill holes on the Newman Todd property and released the final results May 11, 2006. Highlights of the program include drill hole NT-036 which collared in rhyolite with quartz veining containing values up to 6.67 g/t gold over 1.0 metre near the top of the hole. This hole was continued to a depth of 390 metres after intersecting wide zones of breccia mineralization with values up to 16.35 g/t gold over 1.0 metre within a 2.0 metre zone grading 12.08 g/t gold at a vertical depth of 189 metres. This hole was drilled over 850 metres northeast of the high-grade mineralization intersected in 2005.

Additional drilling in the area of drill hole NT-031 continued to intersect wide zones of low-grade gold mineralization with occasional higher grade sections. These higher grade intercepts are hosted in an easterly dipping – north striking, massive to semi-massive sulphide replacement zone including pyrite, pyrrhotite and magnetite. In addition, the Company's technical staff has now identified west dipping, gold bearing structures which may be integral to localizing gold mineralization. Drill hole NT-038 intersected 6.20 g/t gold over 1.0 metre within one of these structures. The intersection of these structures with the sulphide replacement zone described above may be the key to localizing high-grade gold mineralization at Newman Todd.

On June 5, 2007, the Company announced its plan to aggressively explore its 100% owned Newman Todd project. A $1,000,000 program is planned for fiscal year 2008.

On January 17, 2008, the Company announced the start of a 3,000 metre diamond drilling program which will be the most extensive drill program on the project to date and will target areas with previously intersected high-grade gold mineralization.

On February 26, 2008, the Company announced that five holes had been completed on the property.

On March 12, 2008, the Company announced results for two (NT-039 and NT-040) of the seven holes completed during the 2008 drill program. Both holes intersected wide zones of gold mineralization within a structural corridor defined by brecciation, iron-carbonate alteration and sulphide/magnetite replacement zones. Diamond drilling has traced the zone along strike for approximately 1,100 metres and to a depth of approximately 300 metres. The two holes reported are 790 metres apart and intersected identical breccia zones with sulphide replacement and quartz veining. Highlights: Hole NT-039 intersected 14.0 g/t gold over 1.0 metre and Hole NT-040 intersected 61.02 g/to gold over 1.0 meter; 15.0 g/t gold over 1.0 metre and 14.0 g/t gold over 1.0 metre, respectively.

On April 28, 2008, the Company announced a continuation of high grade results from the seven holes completed during the 2008 Phase I drill program. These high grade results show continuity in gold mineralization across a trend of over 1.2 kilometres. Highlights: Hole NT-042 interesected 25.70 g/t gold over 1.0 metre; Hole NT-043 interesected 6.24 g/t gold and 2.96 g/t gold over 2.0 and 9.0 metres and Hole NT-045 intersected 1.01 g/t gold and 7.28 g/t gold over 8.5 and 0.5 metres respectively.

Pine Nut Property, Nevada USA

The Pine Nut project in the Walker Lane Belt of north western Nevada was acquired in July, 2005. The project represents the first property acquisition made as a result of an exploration partnership between the Company and AngloGold Ashanti North America Inc. (AngloGold Ashanti).

The Pine Nut property covers a large, under explored, epithermal gold system. Surface mapping has identified multiple gold bearing quartz veins within a zone that has been traced over an area approximately 3000 metres north-south by 300 metres east-west. Quartz stringer zones up to 30 metres wide have been mapped with individual veins up to 3.0 metres wide. Previous, wide spaced reverse circulation drilling, intersected gold values up to 11.5 g/t over 1.52 metres within quartz veins. Surface sampling identified numerous gold values over 10 g/t with the best value being 37.7g/t over 3.0 metres.

Eight diamond drill holes totalling 7,145 feet were completed on the Pine Nut project in the summer of 2006. Highlights include the highest-grade intersection yet reported for the property, with hole PNR-4 returning 0.799 ounces per ton (opt) gold (Au) over an approximate true width of 2.1 feet, within a massive vein yielding a composite of 0.373 opt gold over 5.3 feet.

All eight core holes intersected multiple quartz veins and gold mineralization exceeding 0.010 opt gold. PNR-4 tested the middle of three northerly-trending veins, which form a vein system 6,200 feet (1,900 m) long by 1,300 feet (400 m) wide. The massive vein consists of multiple-finely-banded crustiform quartz and chalcedony with local fine-grained sulfides and bladed quartz.

The diamond drill program and land tenure was funded ($544,411) by Strategic Nevada Resources (formerly Strategic Merchant Bancorp Ltd.) under the terms of an option agreement (January, 2006) whereby Strategic could earn up to a 70% interest in the Pine Nut project.

In January, 2007, Strategic Nevada Resources (formerly Strategic Merchant Bancorp Ltd.) withdrew from the option agreement on the Pine Nut property. The Company regained 100% ownership and control.

During 2008, payments were not made on some of the Pine Nut claims including two mining leases. Four exploration and option agreements were terminated and accordingly, interest in these claims was written off at March 31, 2008. The Company continues to hold 21 (2007 – 53) claims acquired through staking on the Pine Nut property.

Dry Gulch Property, Nevada USA

The Dry Gulch project was acquired through staking in early October, 2005. The property is located six miles southeast of the northern Carlin trend deposits (e.g., Carlin and West Leeville deposit areas hosting greater than 9.7 million ounces of gold production and reserves) and six miles northeast of the Gold Quarry deposit area hosting greater than 15 million ounces gold production and reserves. The property is located at the junction of important ore controlling structures that can be traced back to the northern Carlin deposits and the Gold Quarry deposits. The project covers an uplifted structural block containing thinly-bedded, carbonaceous silty limestones similar to units that host the productive gold systems of the Carlin trend. The project is also surrounded by intrusive rocks of Late Eocene age, known to be the drivers to the gold systems along the Carlin trend. The position of the project with respect to these igneous centers is also considered favourable.

The Dry Gulch property acquisition is based on the following criteria:

1. the location within the Carlin Trend and the proximity to over 24 million ounces of gold;
2. a new structural interpretation based on published data and proprietary geophysical data;
3. new geological mapping of the Dry Gulch area; and
4. the ability to acquire a significant land position in the area

During the fiscal year, minor rock sampling and mapping was completed on the project. A gravity survey was completed on the project to help define potential ore controlling structures. Contingent on drill availability, a drill program is planned for 2007. All necessary permitting and bonding issues have been completed for the drill program.

The program and land tenure was funded ($64,080) by Strategic Nevada Resources (formerly Strategic Merchant Bancorp Ltd.) under the terms of an option agreement (January 2006) whereby Strategic could earn up to a 70% interest in the Pine Nut project.

In January, 2007, Strategic Nevada Resources (formerly Strategic Merchant Bancorp Ltd.) withdrew from the option agreement on the Dry Gulch property. The Company regained 100% ownership and control.

On June 18, 2007, the Company announced that recent ground-based geophysical work at the Dry Gulch project has defined a favourable structural setting similar to the known gold deposits within the Carlin trend. Permitting has been completed for a phase-one drill program

On January 9, 2008, the Company announced that Gold Fields Netherlands Services BV, a subsidiary of Gold Fields Ltd. have optioned the Dry Gulch property. Under this option agreement Gold Fields can earn up to a 70% interest in the property. Gold Fields will incur a minimum work commitment of US $400,000 by December 21, 2008.

On February 26, 2008, the Company announced that plans are underway for surface exploration program to begin in March and will include geophysical surveys, alteration mapping, trenching and sampling. Once results are received from the initial surface work, a drill program is planned. The program will be funded and carried out by Gold Fields.

On May 12, 2008, the Company announced that the initial work program carried out by Gold Fields is well underway. Geophysics indicates that structures controlling these gold deposits can be traced to the project area, and there is evidence that favourable host rocks may underlie the area at relatively shallow depths. Preliminary results of the Dry Gulch gravity survey confirm and better define the structures and discrete gravity high which outline the conceptual exploration target.

North Bullfrog Property, Nevada USA

The North Bullfrog project in the southern portion of the Walker Lane Belt of south western Nevada was acquired in February, 2006. Additional private lands were acquired by the Company in May and June, 2006. The project is located approximately six miles north of the Bullfrog mining district which produced approximately three million ounces of gold.

The project represents a large low-sulfidation, volcanic-hosted epithermal gold system. Gold mineralization at the Bullfrog mine was associated with a fault system that occurs in a valley bottom and did not out crop. Wide spread low-grade gold mineralization above the valley floors is a strong indicator of the potential for the under explored recessive valley corridors within the project area to host high-grade vein systems. There has apparently been no exploration since 1996, and previous drilling programs encountered significant low-grade mineralization in the project area.

Preliminary analysis indicates that there is opportunity to both expand the low-grade mineralization and identify and expand high-grade veins through additional exploration. Compilation of previous work has identified high priority targets for follow-up.

During the fiscal year, minor rock sampling, geological mapping and data compilation was completed. All available data has been compiled and incorporated into a GIS database. Three high-potential drill targets have been selected and all necessary permits and bonds are in place.

The program and land tenure was funded ($119,977) by Strategic Nevada Resources (formerly Strategic Merchant Bancorp Ltd.) under the terms of an option agreement (February 2006) whereby Strategic could earn up to a 65% interest in the North Bullfrog project.

In March, 2007, the Company optioned the North Bullfrog property to International Tower Hill Mines Ltd. Under the terms of the agreement to earn a 60% interest in the property, International Tower Hill must make total payments of $190,000 USD, total expenditures of $4,000,000 USD and 20,000 shares over a four year period. International Tower Hill will have the right to earn an additional 10% interest by completing a feasibility study. The Company will act as operator for the project.

The 2007 drill program at the North Bullfrog project commenced on April 23, 2007.

On June 11, 2007, the Company announced that the first-phase, five-hole core drilling program will test 3 key targets in the project area. The drilling will test high grade gold veins and areas of broad disseminated gold mineralization.

On September 5, 2007, the Company announced that the first-phase drill program, consisted of six core holes totalling 1,305 metres (4,282 feet) had been completed by Talon Gold (U.S.) a 100% owned subsidiary of International Tower Hills Mines Ltd., who has the option to earn up to 70% interest in the project. This program partially tested three of the eight large target areas on the project. Significant results include: at the Pioneer target, 17.6 g/ton gold over 0.40 m (0.513 opt over 1.3 ft) and at the Sierra Blanca target 2.06 g/t gold over 3.00m (0.060 opt over 9.8 ft).

On December 10, 2007, the Company announced that a further 11 patented claims, covering the historic Mayflower Mine, have been staked expanding the North Bullfrog property to 172 claims and 5 mining leases. The high grade vein system at Mayflower is underexplored and will be one of the main focuses of a planned January 2008 drill program by International Tower Hills Mines Ltd.

On January 29, 2008, the Company announced the start-up of a Phase II drill program of approximately 4,500 metres of reverse circulation drilling. The focus of the program will be to follow up on historic results from the past-producing Mayflower Mine, which is developed along a high-grade vein stockwork zone. The program will be funded and carried out by International Tower Hill Mines Ltd.

On February 26, 2008, the Company announced that nine holes totalling 2,080 metres have been completed with assays pending.

On April 14, 2008, the Company announced the 2008 drilling program completed 8,422 metres of reverse circulation drilling in 35 holes (24 holes and 5,935 metres at the Mayflower target and 11 holes and 2,469 metres at the Air Track Hill target). Assays have been received for the first 12 Mayflower holes returning broad zones with significant gold mineralization. Highlights: Hole NB-08-10 intersected 2.02 g/t over 51.8 metres and Hole NB-08-12 intersected 1.70 g/t gold over 29 metres.

On April 29, 2008, the Company announced the assay results from the 11 hole (2,469 metres) drill program at the Air Track Hill target. All but one of the 11 holes intersected mineralization exceeding 0.25 g/t. Highlights: Hole NB-08-21 intersected 1.16 g/to gold over 21.34 metres and Hole NB-08-26 intersected 1.20 g/t gold over 9.14 metres. An additional 52 claims have been staked to cover potential extensions

On May 27, 2008, the Company announced the results from the final 12 hole drill program at the Mayflower target. Results continue to expand the bulk tonnage potential of the area. Highlights; Hole NB-08-36 intersected 0.92 g/t gold over 45.7 metres; Hole NB-08-38 intersected 2.13 g/t gold over 12.2 metres and Hole NB-08-40 intersected 0.81 g/t gold over 32 metres. The Phase II drilling was carried out by International Tower Hill Mines Ltd. Additional drilling in late 2008 is planned to address expansions of the Mayflower deposit as well as test other targets in the district. An independent contractor has been retained by International Tower Hill to complete an initial NI 43-101 resource estimate for the Mayflower deposit schedule for completion later in 2008.

Eagle Basin Property, Nevada USA

The Eagle Basin project consists of seventy-two unpatented mineral claims staked by the Company September, 2006 and is located in central Nevada. The project lies along a northerly-trending corridor encompassing, with few exceptions, the largest gold ($\pm$silver) deposits in Nevada (>>2 million ounces gold). This corridor is believed by the Company to represent a major continental-scale crustal boundary along which mineralization has been focused. From south to north major gold systems/districts along this corridor include: Bullfrog, Goldfield, Tonopah, Manhattan, Round Mountain, Northumberland, Cortez-Pipeline, the Meikle-Goldstrike-Gold Quarry portion of the Carlin trend, and Jerritt Canyon. Eagle Basin lies between the Cortez-Pipeline and Northumberland portions of the corridor.

The extensive Eagle Basin alteration zone is known to cover at least 1.6 square miles (4.3 km^2). Alteration consists of strong chalcedonic silicification and argillization with local quartz and chalcedony veins and disseminated sulfides. A series of northwest-trending silicified zones across a width of at least 3,300 feet occurs in the core of the system, with individual zones up to 500 feet in length and about 20 feet in width. Proprietary magnetic data indicates the Eagle Basin alteration system sits within a roughly circular feature about three miles in diameter. This feature is believed to be a caldera-like collapse feature caused by magmatic/volcanic activity. Samples collected to date indicate strongly anomalous trace elements consistent with a magmatic high-sulfidation epithermal gold system. Strongly-anomalous trace elements include arsenic, antimony, mercury and silver. Previous exploration has been limited to a single, shallow percussion drilling program in 1986-1987 by Dome Exploration. The strength and size of the alteration system, the trace-element signature and the limited drill testing present an opportunity for discovering a high-sulfidation type epithermal gold deposit or a porphyry-style Cu-Au-Mo deposit similar to the gold deposits in the Paradise Peak district in west-central Nevada (1.6 million ounces of gold produced, 1986-1994). Minor mapping and sampling is planned to help define drill targets. Drilling is planned for the summer of 2007.

Painted Hills Property, Nevada USA

The Painted Hills Project consists of fifty unpatented claims (1.6 square miles) staked by the Company in September, 2006 and is located in northwestern Nevada, 83 miles northwest of Winnemucca. The project has important geologic similarities to multi-million ounce, high-grade gold deposits of the northwestern Great Basin, notably the Sleeper (2.5 million ounces produced) and Midas (3.0 million ounces produced) deposits, and offers the potential for discovery of a new, high-grade gold vein system. The Sleeper deposit is about 50 miles to the southeast. The project lies along a regional northeast-trending fault that has localized gold mineralization at the Hog Ranch and Mountain View gold districts to the southwest, both similar in age and geologic setting to Sleeper and Midas.

Alteration and mineralization at Painted Hills are hosted in Middle Miocene volcanic rocks and are indicative of the shallow levels of an epithermal system similar to these other deposits. Mineralization and alteration exposed at Painted Hills include a mercury-bearing opal-chalcedony vein zone several hundred feet in width and strong kaolinite-opal alteration. Anomalous arsenic, antimony and gold are also present. All these features are consistent with the upper levels of an epithermal system. In these systems high-grade veins lie beneath the mercury-rich opaline alteration. This exploration model has been proven in several districts in Nevada, such as at Ivanhoe (Hollister) and Goldbanks. The Painted Hills veins and alteration are exposed along a range-front fault, and portions of the system may be concealed by the adjacent valley fill. This setting is very similar to the Sleeper deposit. There has been no previous gold-exploration drilling at Painted Hills.

In March, 2007, the Company optioned the Painted Hills property to International Tower Hill Mines Ltd. Under the terms of the agreement to earn a 60% interest in the property, International Tower Hill must make total payments of $170,000 USD, total expenditures of $2,500,000 USD and issue 20,000 shares over a four year period. International Tower Hill will have the right to earn an additional 10% interest by completing a feasibility study. The Company will act as operator for the project.

A geophysical program commenced in April, 2007, after which an exploration drilling program will follow.

On June 11, 2007, the Company announced that the mineralized structure at the Painted Hills project has been extended to over 5,000 feet through the recent geophysical survey. A follow-up drill program is planned to test this previously undrilled epithermal gold system.

On September 13, 2007, the Company announced that the first exploration drilling program was underway. No previous drilling has been conducted on the project. Two drill holes have been completed of a planned three hole, 1,000 metre phase-one drill program. The first two holes intersected wide zones of alteration, silicification and sulphide mineralization. As a result of these intercepts an additional 251 claims have been staked to cover the potential extent of the mineralized system.

On November 15, 2007, the Company announced results from the first-phase drilling program at the Painted Hills project. Four core holes totalling 1,852 metres were completed by International Tower Hill Mines Ltd. All holes intersected anomalous gold, including a number of 3-9 metre intervals in the 0.10-0.20 g/t range (including 9.5 metres at 0.20 g/t gold). While no high-grade veins were intersected, the results are considered very encouraging, as they confirm the exploration model of increasing gold with depth as the inferred boiling zone is approached (gold values are absent at surface).

Richmond Summit Property, Nevada USA

In February, 2006, the Company staked claims covering an area of gold mineralization on the central Carlin trend in Nevada.

The Richmond Summit project covers approximately two square miles and lies 4 miles northwest of the Mike deposit (8.5 M oz gold) in the Gold Quarry district and 5.5 miles south of the Carlin - West Leeville gold deposit (>10 M oz gold production plus reserves). Both mines are operated by Newmont Mining Corporation and the Richmond Summit project is surrounded by lands largely controlled by Newmont.

The Richmond Summit project is reported to contain several areas of sediment-hosted, Carlin-type gold mineralization with surface values to 0.125 opt Au. Lower-plate carbonate rocks, which host most of the gold mineralization along the Carlin trend, have been mapped in the project area, although the known gold mineralization reportedly occurs in upper-plate rocks. In addition to the exposed gold mineralization, other geologic features indicate that the project is prospective. Late Eocene intrusive rocks are exposed on the project and in surrounding areas; these intrusions are known to be genetically and spatially related to gold deposits along the Carlin trend. The project lies at the southern corner of the Lynn Window of lower-plate carbonate rocks; gold deposits of the Carlin trend commonly occur along the margins of these lower-plate carbonate windows. The project also occurs on the southern projection of the Post fault, a structure which localizes significant gold mineralization in the Goldstrike/Meikle area of the northern Carlin trend.

A drill program targeting lower plate rocks will be planned once all historical data has been compiled.

On June 18, 2007, the Company announced that recent surface sampling at the Richmond Summit project has confirmed near surface gold mineralization at two locations on the claim block. At the Main Zone the surface assays returned values to 1.74 ppm Au (0.05l opt) and in a second zone 400 metres from the Main Zone the surface assays returned values to 0.69 ppm Au (0.19 opt). These results are an indication of the possible widespread nature of the gold mineralization at the Richmond Summit project.

On January 9, 2008, the Company announced that Gold Fields Netherlands Services BV, a subsidiary of Gold Fields Ltd. have optioned the Richmond Summit property. Under this option agreement Gold Fields can earn up to a 70% interest in the property. Gold Fields will incur a minimum work commitment of US $1,000,000 by December 21, 2008.

On February 26, 2008, the Company announced that plans are underway for surface exploration program to begin in March and will include geophysical surveys, alteration mapping, trenching and sampling. Once results are received from the initial surface work, a drill program is planned. The program will be funded and carried out by Gold Fields.

On May 12, 2008, the Company announced that the initial work program carried out by Gold Fields is well underway. Surface sampling on the Richmond Summit property returned gold values up to 7.75 g/t gold. New detailed magnetics and gravity data help define structural targets and highlight major geologic features important to targeting gold mineralization. In particular, the magnetic survey is assisting with the delineation of poorly-exposed dikes which often occur in areas of productive gold mineralization within the Carlin Trend.

Root Spring Property, Nevada USA

In June, 2007, the Company staked claims consisting of a block of 62 unpatented claims covering a mineralized quartz-vein system that can be traced for at least 1300 metres. Surface rock-chip values reach 8.40 g/t gold (o.248 ounces per ton, opt) accompanied by high silver values reaching 854 g/t (24.9 opt). The project lies about 50 miles south of the city of Winnemucca and l6 miles east of the world-class open-pit Rochester silver mine operated by Coeur d'Alene Mines Corporation.

Mineralization at Root Spring consists of northwest-trending low-angle quartz veins and quartz-vein stockworks hosted within a poorly-exposed section of volcanic rocks which may be equivalent to the host volcanic section at the Rochester mine. The gently west-dipping veins and host volcanics are adjacent to a Triassic granitic pluton and within a northwest-trending alluvial-filled valley corridor along a range front which may mark a major structural zone. The vein system is partly concealed by alluvium and is likely to extend significantly along strike beyond the limited vein exposures. Individual veins are up to 5 metres thick, with two parallel veins exposed, separated by about 90 metres. Larger veins are surrounded by poorly-exposed silicified rocks containing quartz-vein stockworks. The highest gold/silver grades occur within thick veins, but poorly exposed wallrocks also carry mineralization. Given the limited exposures, it is possible that additional assive veins exist in the system.

Cooks Creek Property, Nevada USA

In November, 2007, the Company staked claims consisting of a block of 168 unpatented claims covering approximately 5 square miles miles of an area of outcropping sediment-hosted gold mineralization about 8 miles west of the Pipleline Mine. The Cooks Creek property lies along the Battle Mountain-Eureka mineral belt, also referred to as the Cortez trend. The main gold zone at Cooks Creek covers an area of at least 2900 by 2500 feet with surface rock-chip assays reaching 1.26 g/t gold. The project lies about 27 miles south of the town of Battle Mountain in central Nevada.

Liquidity

As at June 30, 2008 the Company had a working capital deficit of $169,659 (2007 – working capital $1,655,756) and an accumulated deficit of $9,395,956 (2007 - $8,422,057).

As at June 30, 2008, the Company had 49,983,348 shares outstanding and share capital of $10,728,546. As at the date hereof, the Company has 48,983,348 shares outstanding and a share capital of $10,728,546.

As at June 30, 2008, the Company also had the following share purchase warrants and incentive stock options available for exercise:

Warrants

Number of Warrants	Exercise Price	Expiry Date
6,576,187	$0.30	May 31, 2009
6,576187		

.**Options**

Options Outstanding		
Number of Options	Exercise Price	Expiry Date
657,500	$ 0.18	September 11, 2008
1,245,000	$ 0.10	October 1, 2009
500,000	$ 0.20	February 25, 2010
905,000	$ 0.18	January 4, 2011
1,100,000	$0.25	May 4, 2012
500,000	$0.20	January 18, 2013
4,907,500		

In addition as at June 30, 2008, the Company had agent compensation options outstanding for the purchase of up to 1,241,375 units exercisable at $0.20 to May 30, 2009. Each unit consists of one common share and one-half of one common share purchase warrant exercisable at $0.30 to May 30, 2009.

Outstanding obligations include rent of office space, which is in the second year of a six-year lease ending March 31, 2013. The cost of the premises is shared primarily between the Company and four other companies. The Company's proportionate share of minimum annual rental payments under this arrangement as well as the minimum annual rental payments for its wholly-owned integrated subsidiary is as follows: 2009 - $43,499, 2010 - $23,642, 2011 - $26,597, 2012 – 26,597 and 2013 - $26,597.

Capital Resources

The Company's primary capital assets are mineral property assets. The company capitalizes all costs related to the mineral properties until the properties are abandoned and written-off.

All of the Company's mineral property agreements are non-binding and to date, the Company has spent $2,510,802 including acquisition costs of $616,634, net of recoveries.

Mineral Properties

(a) West Red Lake Property, Red Lake District, Ontario

In 2007, the Company wrote off its interest in the West Red Lake property.

(b) Biron Bay Property, Red Lake District, Ontario

In 2007, the Company wrote off its interest in the Biron Bay property.

(c) Newman Todd Property, Red Lake District, Ontario

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, of which 250,000 common shares were previously issued and 450,000 were issued during the year ended March 31, 2007.

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

(i) Common shares with a deemed value of $1,000,000 if a mine is placed into production; and

(ii) Common shares with a deemed value of $1,000,000 if production from the properties exceeds 250,000 ounces of gold; and

(iii) Additional common shares with a deemed value 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 royalty provided that the total net smelter royalties payable on any claims within the property do not exceed 2.75%.

The Company also acquired a 100% interest in 13 freehold mineral claims subject to an underlying agreement that required an additional cash payment to the original vendors of the property of $20,000 due May 1, 2007, advance royalty payments of $5,000 annually commencing May 1, 2010 and 1.75% and 2% net smelter royalties. The payment due May 1, 2007 was not made, and the agreement was terminated.

(d) Nevada Exploration Partnership, Nevada

During the year ended March 31, 2005, the Company entered into a letter of agreement (as amended) with AngloGold Ashanti North America Inc. ("AngloGold") for the exclusive right to acquire a copy of AngloGold's Great Basin database. In order to obtain this right, the Company must spend US $3,000,000 on exploration expenses on Nevada properties (Cdn $3,626,859 spent to March 31, 2008) and issue to AngloGold 175,000 common shares (100,000 shares previously issued and 75,000 shares issued during the year ended March 31, 2007).

Once the Company has spent US $750,000 on exploration expenses on a property, AngloGold has a one-time right to earn a 60% interest in that property by spending 200% of the expenditures incurred by the Company within three years after electing to back in.

The agreement is for a term of one-year (expiring March 9, 2006) and, with the consent of both parties and the Company issuing 175,000 common shares to AngloGold, can be renewed for a further one-year term. The Company renewed the agreement for one-year terms as follows:

- 175,000 common shares issued on August 11, 2006 to extend to March 9, 2007;
- 175,000 common shares issued on February 7, 2007 to extend to March 9, 2008; and
- 175,000 common shares issued on March 11, 2008 to extend to March 9, 2009.

Subsequent to March 31, 2008, the Company completed the acquisition of AngloGold's Great Basin database. As a result, the remaining back-in rights held by AngloGold on Nevada properties were removed (note 13(c)).

(e) Nevada Properties

As a result of the Nevada Exploration Partnership with AngloGold, the Company acquired three properties in Nevada.

(i) Pine Nut Property, Douglas County, Nevada

During 2006, the Company entered into two mining leases and four exploration and option agreements as follows:

(a) The Company entered into a mining lease for a term of 11 years. The advance minimum rent is as follows:

- Upon execution of the agreement - US $20 per acre (paid);
- On or before each of the first to fourth anniversary dates - US $20 per acre (first anniversary payment paid July 7, 2006); and
- On or before the fifth anniversary date and each anniversary date thereafter - US $30 per acre.

Half of all minimum rent paid during the first through fifth years shall be credited against and fully recoverable from production royalty in five equal annual amounts over the five-year period beginning on the commencement of production royalty. Minimum rent shall be adjusted for inflation.

The mineral properties are subject to a 3% net smelter return royalty if the monthly average gold price is less than or equal to $300 per ounce, and a 4% net smelter return royalty if the monthly average gold price is greater than $300 per ounce. The Company retains the right to purchase back 1.5% of net smelter return royalty for US $1,000,000.

(b) The Company entered into a mining lease for a term of 10 years. The advance minimum rent, subject to an adjustment for inflation, is as follows:

- Upon execution of the agreement - US $10,000 (paid);
- Six months after execution of the agreement - US $10,000 (paid);
- On or before each of the first to fourth anniversary dates - US $10,000 (first anniversary payment paid July 14, 2006); and
- On or before the fifth anniversary date and each anniversary date thereafter - US $10,000.

The mineral properties are subject to a 2% net smelter return royalty.

(c) The Company has the right to explore the property for a five-year period, and during the period it has the choice of either purchasing the property outright (subject to a 1% net smelter return royalty) or leasing it for a 10-year renewable term (subject to a 2% net smelter return royalty). For the right to explore, the Company must pay US $6,200 (paid) and issue common shares having a value of US $2,300 in year 1 (issued), US $5,700 and issue common shares having a value of US $2,300 at the time of issuance in year 2 (US$8,000 paid including payment in lieu of common shares to be issued), and US $4,500 in each of years 3, 4 and 5. To purchase the property, the Company must pay US $150,000, subject to an inflation adjustment, and grant a 1% net smelter return royalty. To lease the property, the Company must make minimum advance royalty payments of US $10,000 per year and grant a 2% net smelter return royalty.

(d) The Company has the right to explore the property for a five-year period, and during the period it has the choice of either purchasing the property outright (subject to a 1% net smelter return royalty) or leasing it for a 10-year renewable term (subject to a 2% net smelter return royalty). For the right to explore, the Company must pay US $11,125 (paid) and issue common shares having a value of US $2,000 in year 1 (issued), US $10,625 (paid) and issue common shares having a value of US $2,000 (issued) at the time of issuance in year 2, and US $10,000 in each of years 3, 4 and 5. To purchase the property, the Company must pay US $535,000, subject to an inflation adjustment, and grant a 1% net smelter return royalty. To lease the property, the Company must make minimum advance royalty payments of US $20,000 per year and grant a 2% net smelter return royalty.

(e) The Company has the right to explore the property for a five-year period, and during the period it has the choice of either purchasing the property outright (subject to a 1% net smelter return royalty) or leasing it for a 10-year renewable term (subject to a 2% net smelter return royalty). For the right to explore, the Company must pay US $6,200 in year 1 (paid), US $5,700 (paid) in year 2, and US $4,500 in each of years 3, 4 and 5. To purchase the property, the Company must pay US $310,000, subject to an inflation adjustment, and grant a 1% net smelter return royalty. To lease the property, the Company must make minimum advance royalty payments of US $10,000 per year and grant a 2% net smelter return royalty.

(f) The Company has the right to explore the property for a five-year period, and during the period it has the choice of either purchasing the property outright (subject to a 1% net smelter return royalty) or leasing it for a 10-year renewable term (subject to a 2% net smelter return royalty). For the right to explore, the Company must pay US $6,200 in year 1 (paid), US $5,700 (paid) in year 2, and US $4,500 in each of years 3, 4 and 5. To purchase the property, the Company must pay US $150,000, subject to an inflation adjustment, and grant a 1% net smelter return royalty. To lease the property, the Company must make minimum advance royalty payments of US $10,000 per year and grant a 2% net smelter return royalty.

During 2008, payments were not made and each of the two mining leases and four exploration and option agreements were terminated and, accordingly, interest in the Pine Nut Property was written off in 2008.

The Company continues to hold 21 (2007 – 53) staked claims on the Pine Nut Property.

(ii) Dry Gulch Property, Elko County, Nevada

The Dry Gulch Property consists of 209 staked claims near Elko County, Nevada. In 2008, AngloGold agreed to relinquish its back-in right on the Dry Gulch Property in exchange for a 2% net smelter return royalty.

(iii) North Bullfrog Property, Nye County, Nevada

During the year ended March 31, 2007, the Company entered into five mining leases to purchase a 100% interest in mineral claims. The Company will grant a production royalty of 2% to 4% of net smelter returns to each vendor. To maintain the leases, the Company must make minimum advance royalty payments of US $32,300 (paid) per annum on each of the first three anniversaries and US $37,700 per annum thereafter. The Company has the right at any time while the agreements are in effect to purchase the production royalty for US $850,000 to US $1,000,000 per 1% and may purchase the entire royalty.

The Company acquired three additional property interests in 2007.

(iv) Eagle Basin Property, Lander County, Nevada

The Eagle Basin Property consists of 72 staked claims near Lander County, Nevada.

(v) Painted Hills Property, Humboldt County, Nevada

The Painted Hills Property consists of 301 (2007 – 50) staked claims near Humboldt County, Nevada.

(vi) Richmond Summit Property, Eureka County, Nevada

The Richmond Hill Property consists of 72 staked claims near Eureka County, Nevada. In 2008, AngloGold agreed to relinquish its back-in right on the Richmond Summit Property in exchange for a 2% net smelter return royalty.

The Company acquired two additional property interests in 2008.

(vii) Root Spring Property, Pershing County, Nevada

The Root Spring Property consists of 62 staked claims near Winnemucca, Nevada.

(viii) Cooks Creek Property, Lander County, Nevada

The Cooks Creek Property consists of 168 staked claims near the town of Battle Mountain, Nevada.

(f) Letter of Intent, North Bullfrog and Painted Hills Properties

In March 2007, the Company entered into a binding letter of intent ("LOI") with International Tower Hills Mines Ltd. ("ITH") to enter into a joint venture in the North Bullfrog and Painted Hills projects in Nevada. The terms of the LOI are as follows:

(i) ITH will have the right to earn up to a 70% interest in the properties by making a series of payments and work commitments over four years.

(ii) Consideration for the North Bullfrog Property consists of cash payments totaling US $190,000 and total expenditures of US $4,000,000 over four years.

(a) Cash payments are due as follows:

- On signing (received April 18, 2007) - US $20,000;
- On or before September 15, 2008 - US $30,000;
- On or before March 15, 2009 - US $40,000;
- On or before March 15, 2010 - US $50,000; and
- On or before March 15, 2011 - US $50,000.

(b) Total cumulative expenditures to be incurred are as follows:

- On or before March 15, 2008 - US $500,000 (spent);
- On or before March 15, 2009 - US $1,000,000;

- On or before March 15, 2010 - US $2,000,000; and
- On or before March 15, 2011 - US $4,000,000.

(iii) Consideration for the Painted Hills Property consists of total payments of US $170,000 and total expenditures of US $2,500,000 over four years.

(a) Cash payments are due as follows:

- On signing (received April 18, 2007) - US $20,000;
- On or before September 15, 2008 - US $20,000;
- On or before March 15, 2009 - US $30,000;
- On or before March 15, 2010 - US $50,000; and
- On or before March 15, 2011 - US $50,000.

(b) Total cumulative expenditures to be incurred are as follows:

- On or before March 15, 2008 - US $250,000 (spent);
- On or before March 15, 2009 - US $750,000;
- On or before March 15, 2010 - US $1,500,000; and
- On or before March 15, 2011 - US $2,500,000.

(iv) ITH will provide the Company with 5,000 shares of its common stock on each anniversary the North Bullfrog agreement is in place. If the North Bullfrog agreement is terminated, and the Painted Hills agreement is still in effect, ITH will continue to provide the Company with 5,000 shares of its common stock on each anniversary the agreement is in place.

(v) AngloGold had a one-time back-in right on the two projects to earn a 60% interest after the first US $750,000 was spent. This was not exercised and has lapsed.

(vi) During 2008, ITH entered into a binding LOI to lease the Mayflower property, which consists of 11 patented mining claims and is part of the North Bullfrog Property. With the addition, the North Bullfrog Property now consists of 172 claims and 5 mining leases held by the Company and ITH under the joint venture.

(g) Letter of Intent, Dry Gulch Property

In March 2008, the Company entered into a binding LOI with Gold Fields Netherlands Services BV ("Gold Fields") to enter into a joint venture in the Dry Gulch Property in Nevada. The terms of the LOI are as follows:

(i) Gold Fields will pay the Company US $20,000 on signing of the agreement (received March 14, 2008); and

(ii) Gold Fields will incur a minimum work commitment of US $400,000 by December 21, 2008.

(iii) Once the above has been paid and spent, Gold Fields will have the option to enter into a joint venture agreement if certain conditions are met. The terms of the joint venture agreement are:

(a) Gold Fields will pay the Company a further US $170,000 as follows:

(i) On or before December 21, 2008 - US $30,000;

(ii) On or before December 21, 2009 - US $45,000;
(iii) On or before December 21, 2010 - US $70,000; and
(iv) On or before December 31, 2011 - US $25,000.

(b) Gold Fields will incur a further work commitment of US $1,600,000 by December 21, 2011.

(iv) After completion of the above, Gold Fields will have the option to earn a 60% interest in the joint venture for a nominal price and continue the joint venture for a second phase.

(v) The second phase would involve Gold Fields spending an additional US $5,000,000 and would provide the option for Gold Fields to earn an additional 10% interest in the joint venture, for a total of 70%. At the end of the second phase, the Company can elect to participate in the project going forward by contributing in proportion to its 30% interest.

(h) Letter of Intent, Richmond Summit Property

In March 2008, the Company entered into a binding LOI with Gold Fields to enter into a joint venture in the Richmond Summit Property in Nevada. The terms of the LOI are as follows:

(i) Gold Fields will pay the Company US $35,000 on signing of the agreement (received March 14, 2008); and

(ii) Gold Fields will incur a minimum work commitment of US $1,000,000 by December 21, 2008.

(iii) Once the above has been paid and spent, Gold Fields will have the option to enter into a joint venture agreement if certain conditions are met. The terms of the joint venture agreement are:

(a) Gold Fields will pay the Company a further US $255,000 as follows:

(i) On or before December 21, 2008 - US $55,000;
(ii) On or before December 21, 2009 - US $75,000;
(iii) On or before December 21, 2010 - US $95,000; and
(iv) On or before December 21, 2011 - US $30,000.

(b) Gold Fields will incur a further work commitment of US $2,500,000 by December 21, 2011.

(iv) After completion of the above, Gold Fields will have the option to earn a 60% interest in the joint venture for a nominal price and continue the joint venture for a second phase.

(v) The second phase would involve Gold Fields spending an additional US $7,500,000 and would provide the option for Gold Fields to earn an additional 10% interest in the joint venture, for a total of 70%. At the end of the second phase, the Company can elect to participate in the project going forward by contributing in proportion to its 30% interest.

(i) Option agreements with Strategic Merchant Bancorp Ltd.

In April 2006, the TSX Venture Exchange approved three option agreements entered into with Strategic Merchant Bancorp Ltd. ("SMB"), a company with two directors in common. SMB can exercise the options to earn a 70% interest in the Pine Nut Property, 70% in the Dry Gulch Property and 65% interest in the North Bullfrog Property. During the year ended March 31, 2007, the Company received common shares of SMB with a market value of $105,000 that was applied to the acquisition costs of the Pine Nut, Dry Gulch and North Bullfrog properties. During 2007, the Company also recovered $161,162 in acquisition costs and $612,306 in exploration expenses from SMB.

In January 2007, SMB withdrew from all three option agreements with the Company.

Transactions with Related Parties

(a) The Company conducts the majority of its exploration activities through an exploration services contractor in which a director is a principal. The Company paid or accrued amounts payable to that contractor of $49,564.23 (2007 - $73,943) for exploration costs, $103,933 (2007 - $58,374) to reimburse office and administrative costs reimburse. As at June 30, 2008, the Company owed $263,473 (2007 - $36,137) to that contractor.

(b) Management fees of $nil (2007 - $4,500) and $nil (2007 - $9,041) for rental of shared office premises was paid to a company in which a director is a principal. As at June 30, 2008, the Company owed that company $nil (2007 - $4,514).

(c) As at June 30, 2008, the Company owed $2,146 (2007 - $2,146) to a company with two directors in common.

These transactions were made in the normal course of operations for consideration at industry standard rates established and accepted by the related parties.

Proposed Transactions

There are no proposed transactions that will materially affect the performance of the Company.

First Quarter Adjustments

Significant adjustments include the adjustment for stock based compensation of $48,578 due to the granting of incentive stock options…

Outstanding Share Capital

As at August 27, 2008, the Company had the following common shares, stock options and warrants outstanding:

Common shares	48,983,348
Stock options	4,907,500
Agent compensation options	1,241,375
Warrants	6,576,187
Fully Diluted shares outstanding	61,708,410

Other Requirements

Additional disclosure of the Company's technical reports, material change reports, news releases, and other information can be obtained on SEDAR.

Risks and Uncertainties

The Company's principal activity is mineral exploration and development. Companies in this industry are subject to many and varied kinds of risks, including but not limited to, environmental, metal prices, political and economical.

Although the Company has taken steps to verify the title to mineral properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements or transfers and title may be affected by undetected defects.

The Company has no significant source of operating cash flow and no revenues from operations. None of the Company's mineral properties currently have reserves. The Company has limited financial resources. Substantial expenditures are required to be made by the Company to establish ore reserves.

The property interests owned by the Company, or in which it has an option to earn an interest are in the exploration stages only, are without known bodies of commercial mineralization and have no ongoing mining operations. Mineral exploration involves a high degree of risk and few properties, which are explored, are ultimately developed into producing mines. Exploration of the Company's mineral exploration may not result in any discoveries of commercial bodies of mineralization. If the Company's efforts do not result in any discovery of commercial mineralization, the Company will be forced to look for other exploration projects or cease operations.

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters. The Company may also be held liable should environmental problems be discovered that were caused by former owners and operators of its properties and properties in which it has previously had an interest. The Company conducts its mineral exploration activities in compliance with applicable environmental protection legislation. The Company is not aware of any existing environmental problems related to any of its current or former properties that may result in material liability to the Company.

Cautionary Notices

The Company's consolidated financial statements for the period ended June 30, 2008, and this accompanying MD&A contain statements that constitute "forward-looking statements" within the meaning of National Instrument 51-102, *Continuous Disclosure Obligations* of the Canadian Securities Administrators. Forward-looking statements often, but not always, are identified by the use of words such as "seek", "anticipate", "believe", "plan", "estimate", "expect", "targeting" and "intend" and statements that an event or result "may", "will", "should", "could", or "might" occur or be achieved and other similar expressions. Forward-looking statements in this MD&A include statements regarding the Company's future exploration plans and expenditures, the satisfaction of rights and performance of obligations under agreements to which the Company is a part, the ability of the Company to hire and retain employees and consultants and estimated administrative assessment and other expenses. The forward-looking statements that are contained in this MD&A involve a number of risks and uncertainties. As a consequence, actual results might differ materially from results forecast or suggested in these forward-looking statements. Some of these risks and uncertainties are identified under the heading "RISKS AND UNCERTAINTIES" in this MD&A. Additional information regarding these factors and other important factors that could cause results to differ materially may be referred to as part of particular forward-looking statements. The forward-looking statements are qualified in their entirety by reference to the important factors discussed under the heading "RISKS AND UNCERTAINTIES" and to those that may be discussed as part of particular forward-looking statements. Forward-looking statements involve known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Factors that could cause the actual results to differ include market prices, exploration success, continued availability of capital and financing, inability to obtain required regulatory approvals and general market conditions. These statements are based on a number of assumptions, including assumptions regarding general market conditions, the timing and receipt of regulatory approvals, the ability of the Company and other relevant parties to satisfy regulatory requirements, the availability of financing for proposed transactions and programs on reasonable terms and the ability of third-party service providers to deliver services in a timely manner. Forward-looking statements contained herein are made as of the date of this MD&A and the Company disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events or results or otherwise. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

On Behalf of the Board,
REDSTAR GOLD CORP.

"*Scott Weekes"*

Scott Weekes,
President