REDSTAR GOLD CORP.

Consolidated Financial Statements
March 31, 2007 and 2006

Index	**Page**
Management's Responsibility for Financial Reporting	1
Auditors' Report to the Shareholders	2
Consolidated Financial Statements	
Consolidated Balance Sheets	3
Consolidated Statements of Operations and Deficit	4
Consolidated Statements of Cash Flows	5
Notes to Consolidated Financial Statements	6-22

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The consolidated financial statements of Redstar Gold Corp. are the responsibility of the Company's management. The consolidated financial statements are prepared in accordance with accounting principles generally accepted in Canada and reflect management's best current estimates.

Management has developed and maintains a system of internal control to ensure that the Company's assets are protected from loss or improper use, transactions are authorized and properly recorded and financial records are reliable.

The Board of Directors carries out its responsibilities for these financial statements principally through its Audit Committee. The Audit Committee meets periodically with management and the auditors to review the consolidated financial statements and the results of audit examinations.

Smythe Ratcliffe LLP, Chartered Accountants, have audited the consolidated financial statements and their report outlines the scope of their examination and gives their opinion on the consolidated financial statements.

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

Vancouver, British Columbia
July 19, 2007

AUDITORS' REPORT

TO THE SHAREHOLDERS OF REDSTAR GOLD CORP.

We have audited the consolidated balance sheets of Redstar Gold Corp. as at March 31, 2007 and 2006 and the consolidated statements of operations and deficit and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2007 and 2006 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

"Smythe Ratcliffe LLP" (signed)

Chartered Accountants

Vancouver, British Columbia
July 19, 2007

7th Floor, Marine Building
355 Burrard Street, Vancouver, BC
Canada V6C 2G8

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REDSTAR GOLD CORP.
Consolidated Balance Sheets
March 31

	2007	2006
Assets		
Current		
Cash	$ 40,785	$ 292,260
Accounts receivable	1,143	35,842
Prepaid expenses and advances	14,090	7,428
	56,018	335,530
Mineral Properties (note 3)	1,370,745	876,798
Equipment, net (note 4)	17,792	19,293
	$ 1,444,555	$ 1,231,621
Liabilities		
Current		
Accounts payable and accrued liabilities	$ 92,223	$ 26,101
Due to related parties (note 6)	579,052	221,542
	671,275	247,643
Shareholders' Equity		
Capital Stock (note 5)	8,393,769	8,202,519
Option Compensation (note 5(c))	475,788	383,897
Share Purchase Warrants (note 5(a))	0	24,280
Contributed Surplus (note 5(d))	125,894	86,306
Deficit	(8,222,171)	(7,713,024)
	773,280	983,978
	$ 1,444,555	$ 1,231,621

Nature of Operations and Going-Concern (note 1)
Commitment (note 10)
Subsequent Events (note 11)

Approved by the Board:

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

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

REDSTAR GOLD CORP.
Consolidated Statements of Operations and Deficit
Years Ended March 31

	2007	2006
Expenses		
Salaries and benefits	$ 122,262	$ 87,060
Stock-based compensation (note 5(c))	107,199	127,423
Business promotion	68,501	112,826
Rent	57,436	33,689
Professional fees	38,558	48,874
Consulting	36,287	43,000
Office and miscellaneous	31,219	18,137
Insurance	25,380	0
Management fees	18,000	18,000
Regulatory fees	10,423	14,409
Transfer agent	6,243	9,593
Telephone	6,070	4,759
Interest and financing	0	48,831
Interest earned	(2,007)	(2,041)
Expense recoveries	(11,167)	(467)
Amortization	5,864	5,613
	520,268	569,706
Other Expenses (Income)		
Foreign exchange	3,607	442
General exploration	2,620	1,475
Mineral properties written down	2	1,494,440
Gain on sale of securities	(17,350)	0
	(11,121)	1,496,357
Net Loss for Year	509,147	2,066,063
Deficit, Beginning of Year	7,713,024	5,646,961
Deficit, End of Year	$ 8,222,171	$ 7,713,024
Loss Per Share	$ (0.02)	$ (0.07)
Weighted Average Number of Common Shares Outstanding	34,021,315	28,122,543

See notes to consolidated financial statements.

REDSTAR GOLD CORP.
Consolidated Statements of Cash Flows
Years Ended March 31

		2007		2006
Operating Activities				
Net loss	$	(509,147)	$	(2,066,063)
Items not involving cash				
Amortization		5,864		5,613
Gain on sale of marketable securities		(17,350)		0
Shares and warrants issued for finance costs		0		44,280
Stock-based compensation		107,199		127,423
Mineral properties written down		2		1,494,440
		(413,432)		(394,307)
Changes in non-cash working capital				
Accounts receivable		34,699		(32,538)
Prepaid expenses and advances		(6,662)		5,860
Accounts payable and accrued liabilities		66,122		(15,762)
Due to related parties		357,510		347,861
		451,669		305,421
Cash Provided by (Used in) Operating Activities		38,237		(88,886)
Investing Activities				
Mineral property exploration and development expenditures		(347,669)		(450,758)
Mineral property acquisition costs		(60,030)		(246,784)
Equipment		(4,363)		(9,499)
Proceeds from sale of marketable securities		122,350		0
Cash Used in Investing Activities		(289,712)		(707,041)
Financing Activities				
Private loan, net of repayment		0		60,000
Issuance of capital stock for cash		0		655,370
Cash Provided by Financing Activities		0		715,370
Decrease in Cash		(251,475)		(80,557)
Cash, Beginning of Year		292,260		372,817
Cash, End of Year	$	40,785	$	292,260

Supplemental Disclosure with Respect to Cash Flows (note 9)

1. NATURE OF OPERATIONS AND GOING-CONCERN

The Company is an exploration stage company engaged principally in the acquisition, exploration and development of mineral properties. The recovery of the Company's investment in mineral properties 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.

The Company's ability to continue as a going-concern is dependent on the Company being able to satisfy its liabilities as they become due. 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. These financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary, should the Company be unable to continue as a going-concern.

2. 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 as at March 31, 2007 and 2006 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 properties

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 exceeds its net recoverable amount that may be estimated by quantifiable evidence of an economic geological resource or reserve, joint venture expenditure commitments or the Company's assessment of its ability to sell the property for an amount exceeding the deferred costs, 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 properties are abandoned or the claims allowed to lapse.

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) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Capital stock

Capital stock issued for non-monetary consideration is recorded at fair market value on the dates of issuance 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.

The proceeds from shares issued under flow-through share financing agreements are credited to capital stock and the tax benefits of the exploration expenditures incurred under these agreements are transferred to the purchaser of the shares. Costs incurred for the issue of shares are deducted from capital stock.

(e) Loss per share

Loss per share is calculated using the weighted average number of common shares outstanding during the year using the treasury stock method for calculating diluted earnings per share. However, diluted loss per share has not been presented as the exercise of options and warrants would reduce the calculated loss per share.

(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; 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 net loss.

(g) Financial instruments

The carrying values of current assets and current liabilities approximate their fair values due to the relative short periods to maturity of these instruments. Management believes that the Company is not exposed to significant interest or credit risk.

(h) 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 uses of estimates include recoverability of mineral property interests, assumptions used in the determination of the fair value of stock-based compensation and 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.

(i) Asset retirement obligations

The Company accounts for the recognition and measurement of liabilities for obligations associated with the retirement of property, plant and equipment when those obligations result from the acquisition, construction, development or normal operations of the assets. As at March 31, 2007, the Company did not have any asset retirement obligations.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Stock-based compensation

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

(k) 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. MINERAL PROPERTIES

Expenditures made on mineral properties by the Company during the years are as follows:

	Red Lake, Ontario, Canada			**Nevada, USA**							
2007	West Red Lake	Biron Bay	Newman Todd	Nevada General	Pine Nut	Dry Gulch	North Bullfrog	Eagle Basin	Painted Hills	Richmond Summit	Total
	(note 3(a))	(note 3(b))	(note 3(c))		(note 3(e)(i))	(note 3(e)(ii))	(note 3(e)(iii))	(note 3(e)(iv))	(note 3(c)(v))	(note 3(e)(vi))	
Acquisition costs	$ 0	$ 0	$ 117,740	$ 91,020	$ 75,827	$ 0	$ 81,480	$ 23,987	$ 14,951	$ 7,437	$ 412,442
Acquisition costs recovered	0	0	0	0	(123,164)	(50,000)	(92,998)	0	0	0	(266,162)
	0	0	117,740	91,020	(47,337)	(50,000)	(11,518)	23,987	14,951	7,437	146,280
Deferred exploration Expenditures, net of recoveries											0
Assay	0	0	27,905	5,264	4,407	0	751	1,079	361	0	39,767
Consultants - geology	0	0	14,399	29,536	18,333	4,330	15,706	4,156	4,493	14,010	104,963
Contract labour	0	0	17,812	90	0	0	0	0	0	353	18,255
Camp and exploration support	0	0	9,240	4,352	332	79	243	57	39	0	14,342
Drilling	0	0	38,455	0	0	3,511	30,425	0	0	0	72,391
Land and tenure	0	0	8,842	0	522	33,207	2,193	0	0	0	44,764
Travel and accommodation	0	0	39,141	10,419	577	426	968	507	925	0	52,963
Equipment rental	0	0	224	0	0	0	0	0	0	0	224
	0	0	156,018	49,661	24,171	41,553	50,286	5,799	5,818	14,363	347,669
Balance, beginning of year	1	1	497,785	80,177	135,669	118,067	45,098	0	0	0	876,798
Less: Mineral properties written down	(1)	(1)	0	0	0	0	0	0	0	0	(2)
Balance, end of year	$ 0	$ 0	$ 771,543	$ 220,858	$ 112,503	$ 109,620	$ 83,866	$ 29,786	$ 20,769	$ 21,800	$1,370,745

3. MINERAL PROPERTIES (Continued)

	Red Lake, Ontario, Canada			Nevada, USA				
2006	West Red Lake	Biron Bay	Newman Todd	Nevada General	Pine Nut	Dry Gulch	North Bullfrog	Total
	(note 3(a))	(note 3(b))	(note 3(c))		(note 3(e)(i))	(note 3(e)(ii))	(note 3(e)(iii))	
Acquisition costs	$ 0	$ 0	$ 170,566	$ 0	$ 105,117	$ 83,287	$ 21,905	$ 380,875
Deferred exploration expenditures								
Assay	0	0	16,702	1,244	3,501	1,385	2,571	25,403
Consultants - geology	0	0	14,493	2,489	14,405	26,147	13,810	71,344
Contract labour	0	0	23,338	18,770	403	712	1,040	44,263
Camp and exploration support	0	0	(36)	6,021	354	126	1,279	7,744
Drilling	0	0	255,346	0	0	0	0	255,346
Land and tenure	1,639	0	2,624	0	0	0	0	4,263
Travel and accommodation	0	0	9,915	11,654	5,086	6,410	4,493	37,558
Equipment rental	0	0	4,837	0	0	0	0	4,837
	1,639	0	327,219	40,178	23,749	34,780	23,193	450,758
Balance, beginning of year	1,454,640	38,163	0	39,999	6,803	0	0	1,539,605
Less: Mineral properties written down	(1,456,278)	(38,162)	0	0	0	0	0	(1,494,440)
Balance, end of year	$ 1	$ 1	$ 497,785	$ 80,177	$ 135,669	$ 118,067	$ 45,098	$ 876,798

3. MINERAL PROPERTIES (Continued)

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

As at March 31, 2007, the Company has written-off its interest in the West Red Lake property.

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

As at March 31, 2007, the Company has written-off its interest in the Biron Bay property.

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

The Company has acquired a 100% interest in 13 freehold mineral claims located in the Red Lake District of Ontario by issuing to the vendor 700,000 common shares of which 250,000 common shares were previously issued and 450,000 common shares were issued during the year ended March 31, 2007.

The property is subject to an underlying agreement that requires a cash payment to the original vendors of the property of $20,000 due May 1, 2007 and advance royalty payments of $5,000 annually commencing May 1, 2010 and 1.75% and 2% net smelter royalties.

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 property exceeds 250,000 ounces of gold plus bonus common shares with a deemed value of $500,000.

The mineral claims are subject to an additional 1% net smelter royalty provided that the total net smelter royalties payable on any claims within the property do not exceed 2.75%.

(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 $961,791 spent to March 31, 2007) 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 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. On April 6, 2006, the Company renewed the agreement for a one-year term to March 9, 2007 (175,000 common shares issued to AngloGold on August 11, 2006) and on February 12, 2007 renewed the agreement for a further one-year term to March 9, 2008 (175,000 common shares issued to AngloGold on February 7, 2007).

3. MINERAL PROPERTIES (Continued)

(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 recoupable 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 subjected to a 2% net smelter return royalty.

3. **MINERAL PROPERTIES** (Continued)

(e) Nevada Properties (Continued)

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

(c) Under the agreement, the Company has the right to explore the mineral 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, and US $4,500 in 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) Under the agreement, the Company has the right to explore the mineral 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 and issue common shares having a value of US $2,000 at the time of issuance in year 2, and US $10,000 in years 3, 4 and 5. To purchase the property, the Company must pay US $350,000, 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) Under the agreement, the Company has the right to explore the mineral 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 in year 2, and US $4,500 in 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.

3. MINERAL PROPERTIES (Continued)

(e) Nevada Properties (Continued)

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

(f) Under the agreement, the Company has the right to explore the mineral 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 in year 2, and US $4,500 in 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.

(g) The Company also holds 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.

(iii) North Bullfrog Property, Nye County, Nevada

(a) 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 make cash payments and 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 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.

(b) The Company also holds 161 staked claims on the North Bullfrog Property.

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

3. MINERAL PROPERTIES (Continued)

(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.

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

- On or before March 15, 2008	US $500,000;
- 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;
- 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 agreement is in place.

(v) AngloGold maintains a one-time back-in right on the two projects to earn a 60% interest after the first US $750,000 is spent.

3. **MINERAL PROPERTIES** (Continued)

(g) 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.

(h) 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.

(i) Realization of assets

The investment in and expenditures on mineral properties 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 obtaining of permits, the satisfaction of governmental requirements and possible aboriginal claims, 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.

(j) 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.

4. EQUIPMENT

Equipment is comprised of office furniture and computer equipment and is recorded at cost, net of accumulated amortization of $31,100 (2006 - $25,235).

5. CAPITAL STOCK

Authorized
100,000,000 common shares without par value

Issued

	Number of Shares	Amount
Balance, March 31, 2005	26,541,221	$ 7,084,270
Private placement for cash, net of issuance costs	4,170,000	598,620
Exercise of share purchase warrants for cash	175,000	43,750
Exercise of stock options for cash	130,000	13,000
Issue of shares for debt	2,000,000	300,000
Bonus shares	200,000	20,000
Mineral properties	554,752	134,091
Fair value of stock options exercised	0	8,788
	7,229,752	1,118,249
Balance, March 31, 2006	33,770,973	8,202,519
Mineral properties	875,000	191,250
Balance, March 31, 2007	34,645,973	$ 8,393,769

During the year ended March 31, 2007, the Company issued 875,000 common shares valued at $191,250 for acquisition of mineral properties (2006 – 554,752 common shares valued at $134,091).

During the year ended March 31, 2006, the Company completed a private placement for 4,170,000 units at $0.15 per unit, each unit consisting of one common share and one-half of one purchase warrant exercisable at $0.25 to February 1, 2007. In relation to this private placement, 224,000 agent's warrants with the same terms were also issued and finders' fees and finance charges of $26,880 were paid.

During the year ended March 31, 2006, the Company arranged a private loan for a total of $100,000. The Company agreed to pay bonus common shares of 200,000 at a value of $20,000 as consideration for the loan. The loan had a term of one year bearing interest at a rate of 12% per annum, compounded monthly, resulting in an interest expense of $24,551 including the value of $20,000 for the bonus common shares issued. The loan was repaid during the year as to $40,000 cash, 400,000 common shares with a value of $60,000 and 200,000 share purchase warrants exercisable at $0.25 on or before February 10, 2007. The share purchase warrants have been ascribed a fair value of $24,280 calculated using the Black-Scholes option pricing model.

5. CAPITAL STOCK (Continued)

During the year ended March 31, 2006, the Company issued 1,600,000 common shares valued at $240,000 in settlement of debt with a related party (note 6(c)).

(a) Share purchase warrants

The following summarizes information about the fair value of share purchase warrants:

	2007	**2006**
Balance, beginning of year	$ 24,280	$ 14,500
Expiry of share purchase warrants	(24,280)	(14,500)
Issuance of share purchase warrants	0	24,280
Balance, end of year	$ 0	$ 24,280

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, 2005	5,067,700	$ 0.23
Issued	2,509,000	$ 0.25
Exercised	(175,000)	$ 0.25
Expired	(1,767,700)	$ 0.15
Balance, March 31, 2006	5,634,000	$ 0.26
Expired	(3,549,000)	$ 0.27
Balance, March 31, 2007	2,085,000	$ 0.25

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

Number of Shares			
2007	**2006**	Exercise Price	Expiry Date
0	3,125,000	$ 0.25 and $ 0.30	March 28, 2007
2,085,000	2,309,000	$ 0.25	February 1, 2008 *
0	200,000	$ 0.25	February 10, 2007
2,085,000	5,634,000		

* extended from February 1, 2007

5. CAPITAL STOCK (Continued)

(b) Stock options

As at March 31, 2007, the Company had stock options outstanding to directors, employees and consultants for the purchase of up to 4,297,500 common shares exercisable as follows:

Options Outstanding			Options Exercisable	
Number of Shares	Exercise Price	Expiry Date	Number of Shares	Exercise Price
130,000	$ 0.20	June 12, 2007 (expired)	130,000	$ 0.20
680,000	$ 0.12	April 4, 2008	680,000	$ 0.12
712,500	$ 0.18	September 11, 2008	712,500	$ 0.18
1,370,000	$ 0.10	October 1, 2009	1,370,000	$ 0.10
500,000	$ 0.20	February 25, 2010	500,000	$ 0.20
905,000	$ 0.18	January 4, 2011	678,750	$ 0.18
4,297,500			4,071,250	

A summary of the status of the Company's stock options as at March 31, 2007 and 2006 and changes during the years then ended is as follows:

	2007		**2006**	
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
Outstanding at beginning of year	4,397,500	$ 0.15	3,622,500	$ 0.14
Granted	0	$ 0.00	905,000	$ 0.18
Exercised	0	$ 0.00	(130,000)	$ 0.10
Cancelled	(100,000)	$ 0.20	0	$ 0.00
Outstanding at end of year	4,297,500	$ 0.15	4,397,500	$ 0.15

(c) Option compensation

The fair value of stock options granted to directors and employees that have vested has been recorded as an expense during the year and included in option compensation.

	2007	**2006**
Balance, beginning of year	$ 383,897	$ 265,262
Stock-based compensation	107,199	127,423
Exercise of options	0	(8,788)
Stock options cancelled	(15,308)	0
Balance, end of year	$ 475,788	$ 383,897

5. CAPITAL STOCK (Continued)

(c) Option compensation (Continued)

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

	2007	2006
Risk-free interest rate	N/A	3.79% - 3.99%
Expected dividend yield	N/A	0
Expected stock price volatility	N/A	127.22% - 184.16%
Expected option life in years	N/A	1 - 5

Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore, the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options.

(d) Contributed surplus

	2007	2006
Balance, beginning of year	$ 86,306	$ 71,806
Expiry of share purchase warrants	24,280	14,500
Stock options cancelled	15,308	0
Balance, end of year	$ 125,894	$ 86,306

6. 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 $848,027 (2006 - $554,491) for exploration costs and $244,496 (2006 - $193,072) to reimburse office and administrative costs. Of the $848,027 of exploration costs, the Company was reimbursed $573,299 under the terms of the option agreements with SMB. These transactions were made in the normal course of operations for consideration at industry standard rates established and accepted by the related parties. As at March 31, 2007, the Company owed $554,669 to that contractor.

(b) Management fees of $18,000 (2006 - $18,000) and $32,588 (2006 - $30,213) for rental of shared office premises was paid to a company in which a director is a principal; as at March 31, 2007, the Company owed that company $9,027 (2006 - $nil).

(c) During the year, under the terms of the option agreements with SMB, the Company recovered exploration expenditures of $728,468 from a Company with two directors in common.

(d) As at March 31, 2007, the Company owed $2,146 (2006 - $2,146) to a company with two directors in common.

6. RELATED PARTY TRANSACTIONS (Continued)

(e) Legal fees in the amount of $6,009 (2006 - $27,578) were paid to a firm in which an officer of the Company is a partner. As at March 31, 2007, the Company owed $13,210 to that firm.

7. INCOME TAXES

The Company has accumulated losses for tax purposes of approximately $1,748,000 that expire as follows:

2008	$	290,000
2009		113,000
2010		200,000
2014		252,000
2015		178,000
2016		354,000
2027		361,000
	$	1,748,000

Future income tax assets and liabilities are recognized for temporary differences between the carrying amounts of the balance sheet items and their corresponding tax values as well as for the benefit of losses available to be carried forward to future years for tax purposes.

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

		2007		**2006**
		34.12%		34.50%
Income tax benefit computed at Canadian statutory rates	$	173,721	$	712,792
Temporary differences not recognized in year		(2,003)		(517,173)
Stock-based compensation		(36,576)		(43,961)
Far value of share purchase warrants		0		(8,377)
Permanent differences not recognized		(894)		(27,654)
Unrecognized tax losses		(134,248)		(115,627)
	$	0	$	0

Significant components of the Company’s future tax assets and liabilities, after applying enacted corporate income tax rate of 34.12%, are as follows:

		2007		**2006**
Future income tax assets				
Temporary differences in assets	$	894,096	$	916,954
Net tax losses carried forward		596,578		543,879
		1,490,674		1,460,833
Valuation allowance		(1,490,674)		(1,460,833)
Future income tax assets, net	$	0	$	0

8. SEGMENTED INFORMATION

The Company has one operating segment, mineral exploration and development. All of the Company's assets are located in Canada and the United States of America.

9. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

		2007		2006
Issue of shares of mineral properties	$	191,250	$	134,091
Issue of shares for debt	$	0	$	300,000
Issue of shares for services	$	0	$	20,000
Interest paid during the year	$	1,162	$	5,218

10. 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 approximately $36,000.

11. SUBSEQUENT EVENTS

(a) 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 consists 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 consists 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. All securities issued pursuant to the private placement have a four-month hold period that expires on October 12, 2007.

(b) In May 2007, the Company granted director and employee incentive stock options to purchase 1,100,000 common shares at a price of $0.25 for a period of five years, subject to regulatory approval.

REDSTAR GOLD CORP.

Management's Discussion & Analysis

FORM 51-102F1

For the Period Ending

March 31, 2007

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 audited financial statements including the notes thereto for the periods ending March 31, 2007 and March 31, 2006, respectively.

The accompanying audited 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 July 19, 2007 ("Report Date"), are intended to provide investors with a reasonable basis for assessing the financial performance of the Company as well as forward-looking statements relating to the potential future performance. The information in the MD&A may contain forward-looking statements. These statements are subject to known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those implied by the forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statements were made, and readers are advised to consider such forward-looking statements in light of the risks as set forth below.

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 twelve month period ending March 31, 2007 the company did not raise any funds.

On May 2, 2007 the Company announced it has entered into an agreement with a syndicate of agents to raise up to $2,500,000 in gross proceeds by way of a private placement. The Company will issue up to 12,500,000 units at a priced of $0.20 per unit. Each unit will consist of one common share and one-half of one transferable share purchase warrant. Each whole warrant will entitle the holder to purchase one additional common share for a period of two years from the closing date.

Administrative expenses before stock-based compensation costs total $401,948. Exploration expenditures during the twelve month period total $493,949 of which $347,669 was spent on exploration while $146,280 was spent on acquisition. Including exploration and acquisition amounts from previous periods, the Company has spent $771,543 on the Red Lake property and $599,202 on the Nevada properties.

Selected Annual Information

The following selected information has been taken from the Company's audited annual financial statements for the previous three annual periods that have been prepared in accordance with accounting policies generally accepted in Canada. All dollar figures are expressed in Canadian currency.

	Revenues $	Net Income/ (Loss) $	Earnings (Loss) per share $	Total Assets $	Long term debt $	Cash Dividends $
2007	-	(509,147)	(0.02)	1,444,555	-	-
2006	-	(2,066,063)	(0.07)	1,231,621	-	-
2005	-	(544,582)	(0.03)	1,944,421	-	-

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 twelve month period ending March 31, 2007 totaled $509,147 representing a basic loss per share of $0.02. The Company does not report earnings on a diluted loss per share basis due to the potential to understate the Company's loss on shares that may or may not be realized through the exercise of share purchase warrants or incentive stock options.

The loss for the period ending March 31, 2007 includes a non-cash charge of $107,199 for stock-based compensation costs. The Company also spent $122,262 in contract wages for administration on the Company and $68,501 on business promotion.

Mineral exploration expenses of $493,949 were incurred on the Company's Red Lake and Nevada properties.

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

Summary of Quarterly Results

	Income (Loss) before discontinued operations $	Net Income (Loss) per share $	Revenue $
March 31, 2007	(194,265)	(0.01)	-
December 31, 2006	(72,833)	0.00	-
September 30, 2006	(187,374)	(0.01)	-
June 30, 2006	(54,675)	0.00	45,000*
March 31, 2006	(236,015)	(0.01)	-
December 31, 2005	(119,607)	0.00	-
September 30, 2005	(110,584)	0.00	-
June 30, 2005	(105,417)	0.00	-

*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 year the Company will have 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, raises 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, 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 2007.

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.

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.

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.

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 (±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 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.

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.

Liquidity

The financial statements are prepared on a 'going concern' basis, which contemplates that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. As at March 31, 2007 the Company had a working capital deficit of $615,257 and an accumulated deficit of $8,222,171. The Company's ability to continue as a going concern is dependent on the ability of the Company to raise additional funds or the attainment of profitable operations.

The Company also has the following share purchase warrants and incentive stock options as at the date hereof available for exercise:

Warrants

Number of Shares 2006	Exercise Price	*Expiry Date*
2,085,000	$0.25	February 1, 2008*
2,085,000		

* extended from February 1, 2007

Options

Options Outstanding		
Number of Shares	Exercise Price	Expiry Date
130,000	$ 0.20	June 12, 2007*
680,000	$ 0.12	April 4, 2008
712,500	$ 0.18	September 11, 2008
1,370,000	$ 0.10	October 1, 2009
500,000	$ 0.20	February 25, 2010
905,000	$ 0.18	January 4, 2011
4,297,500		

* expired

The Company has no long-term liabilities. Outstanding obligations include rent of an office premise, which is in the first year of a six-year lease.

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.

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

As at March 31, 2007, the Company has written-off its interest in the West Red Lake property.

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

As at March 31, 2007, the Company has written-off its interest in the Biron Bay property.

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

The Company has acquired a 100% interest in 13 freehold mineral claims located in the Red Lake District of Ontario by issuing to the vendor 700,000 common shares of which 250,000 common shares were previously issued and 450,000 common shares were issued during the year ended March 31, 2007.

The property is subject to an underlying agreement that requires a cash payment to the original vendors of the property of $20,000 due May 1, 2007 and advance royalty payments of $5,000 annually commencing May 1, 2010 and 1.75% and 2% net smelter royalties.

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 property exceeds 250,000 ounces of gold plus bonus common shares with a deemed value of $500,000.

The mineral claims are subject to an additional 1% net smelter royalty provided that the total net smelter royalties payable on any claims within the property do not exceed 2.75%.

(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 $961,791 spent to March 31, 2007) 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 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. On April 6, 2006, the Company renewed the agreement for a one-year term to March 9, 2007 (175,000 common shares issued to AngloGold on August 11, 2006) and on February 12, 2007 renewed the agreement for a further one-year term to March 9, 2008 (175,000 common shares issued to AngloGold on February 7, 2007).

(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 recoupable 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 subjected to a 2% net smelter return royalty.

(e) Nevada Properties (Continued)

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

(c) Under the agreement, the Company has the right to explore the mineral 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, and US $4,500 in 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) Under the agreement, the Company has the right to explore the mineral 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 and issue common shares having a value of US $2,000 at the time of issuance in year 2, and US $10,000 in years 3, 4 and 5. To purchase the property, the Company must pay US $350,000, 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) Under the agreement, the Company has the right to explore the mineral 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 in year 2, and US $4,500 in 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.

(e) Nevada Properties (Continued)

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

(f) Under the agreement, the Company has the right to explore the mineral 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 in year 2, and US $4,500 in 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.

(g) The Company also holds 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.

(iii) North Bullfrog Property, Nye County, Nevada

(a) 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 make cash payments and 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 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.

(b) The Company also holds 161 staked claims on the North Bullfrog Property.

As a result of the Nevada Exploration Partnership with AngloGold, the Company acquired three additional properties 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 50 staked claims near Humboldt County, Nevada.

(e) Nevada Properties (Continued)

(vi) Richmond Summit Property, Eureka County, Nevada

The Richmond Hill Property consists of 72 staked claims near Eureka County, 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.

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

- On or before March 15, 2008	US $500,000;
- On or before March 15, 2009	US $1,000,000;
- On or before March 15, 2010 and	US $2,000,000;
- 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.

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

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

- On or before March 15, 2008	US $250,000;
- On or before March 15, 2009	US $750,000;
- On or before March 15, 2010 and	US $1,500,000;
- 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 agreement is in place.

(v) AngloGold maintains a one-time back-in right on the two projects to earn a 60% interest after the first US $750,000 is spent.

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 that contractor $848,027 (2006 - $554,491) for exploration costs and $244,496 (2006 - $193,072) to reimburse office and administrative costs. As at March 31, 2007, the Company owed that contractor $554,669.

(b) Management fees of $18,000 (2006 - $18,000) and $32,588 (2006- $30,213) for rental of shared office premises was paid to a company in which a director is a principal. As at March 31, 2007, the Company owed that company $9,027.

(c) As at March 31, 2007, the Company owed $2,146 to a company with two directors in common.

(d) Legal fees in the amount of $6,009 (2006 - $27,578) were paid to a firm in which an officer of the Company is a partner. As at March 31, 2007, the Company owed $13,210 to that firm.

(e) During the year, under the terms of the option agreements with Strategic Nevada Resources (formerly Strategic Merchant Bancorp Ltd.), a company with two directors in common, the Company charged exploration expenditures of $728,468.

Disclosure Controls and Internal Controls Over Financial Reporting

The Company's President & Chief Executive Officer (CEO) and Chief Financial Officer (CFO) are responsible for establishing and maintaining disclosure controls and procedures and internal controls over financial reporting for the Company.

In accordance with the requirements of Multilateral Instrument 52-109, Certification and Disclosure in the Company's annual and interim filings, evaluations of the design and operating effectiveness of disclosure controls and procedures and the design effectiveness of internal control over financial reporting were carried out under the supervision of the CEO and CFO as of the end of the period covered by this report.

The CEO and CFO have concluded that the design and operation of disclosure controls and procedures were adequate and effective to provide reasonable assurance that material information relating the Company would have been known to them and by others within those entities. The CEO and CFO have also concluded that the Company's internal controls over financial reporting are designed effectively, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles.

While there were no changes that occurred for the most recent fiscal period that have materially affected the Company's internal control procedures, the CEO and CFO will continue to attempt to identify areas to improve controls and intend to incorporate such improvement over the next fiscal period.

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.

Subsequent Events

On May 2, 2007 the Company announced it has entered into an agreement with a syndicate of agents to raise up to $2,500,000 in gross proceeds by way of a private placement. The Company will issue up to 12,500,000 units at a priced of $0.20 per unit. Each unit will consist of one common share and one-half of one transferable share purchase warrant. Each whole warrant will entitle the holder to purchase one additional common share for a period of two years from the closing date.

On May 4, 2007 the Company announced it has granted director and employee incentive stock options to purchase 1,100,000 shares at a price of $0.25 for a period of five years.

On June 1, 2007 the Company announced that the brokered private placement announced on May 2, 2007 has now closed. The Company issued 12,500,000 units at a price of $0.20 per unit for gross proceeds of $2,500,000.

On Behalf of the Board,
REDSTAR GOLD CORP.

Scott Weekes,
President

REDSTAR GOLD CORP.

Management's Discussion & Analysis

FORM 51-102F1

For the Period Ending

March 31, 2007

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 audited financial statements including the notes thereto for the periods ending March 31, 2007 and March 31, 2006, respectively.

The accompanying audited 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 July 19, 2007 ("Report Date"), are intended to provide investors with a reasonable basis for assessing the financial performance of the Company as well as forward-looking statements relating to the potential future performance. The information in the MD&A may contain forward-looking statements. These statements are subject to known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those implied by the forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statements were made, and readers are advised to consider such forward-looking statements in light of the risks as set forth below.

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 twelve month period ending March 31, 2007 the company did not raise any funds.

On May 2, 2007 the Company announced it has entered into an agreement with a syndicate of agents to raise up to $2,500,000 in gross proceeds by way of a private placement. The Company will issue up to 12,500,000 units at a priced of $0.20 per unit. Each unit will consist of one common share and one-half of one transferable share purchase warrant. Each whole warrant will entitle the holder to purchase one additional common share for a period of two years from the closing date.

Administrative expenses before stock-based compensation costs total $401,948. Exploration expenditures during the twelve month period total $493,949 of which $347,669 was spent on exploration while $146,280 was spent on acquisition. Including exploration and acquisition amounts from previous periods, the Company has spent $771,543 on the Red Lake property and $599,202 on the Nevada properties.

Selected Annual Information

The following selected information has been taken from the Company's audited annual financial statements for the previous three annual periods that have been prepared in accordance with accounting policies generally accepted in Canada. All dollar figures are expressed in Canadian currency.

	Revenues $	Net Income/ (Loss) $	Earnings (Loss) per share $	Total Assets $	Long term debt $	Cash Dividends $
2007	-	(509,147)	(0.02)	1,444,555	-	-
2006	-	(2,066,063)	(0.07)	1,231,621	-	-
2005	-	(544,582)	(0.03)	1,944,421	-	-

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 twelve month period ending March 31, 2007 totaled $509,147 representing a basic loss per share of $0.02. The Company does not report earnings on a diluted loss per share basis due to the potential to understate the Company's loss on shares that may or may not be realized through the exercise of share purchase warrants or incentive stock options.

The loss for the period ending March 31, 2007 includes a non-cash charge of $107,199 for stock-based compensation costs. The Company also spent $122,262 in contract wages for administration on the Company and $68,501 on business promotion.

Mineral exploration expenses of $493,949 were incurred on the Company's Red Lake and Nevada properties.

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

Summary of Quarterly Results

	Income (Loss) before discontinued operations $	Net Income (Loss) per share $	Revenue $
March 31, 2007	(194,265)	(0.01)	-
December 31, 2006	(72,833)	0.00	-
September 30, 2006	(187,374)	(0.01)	-
June 30, 2006	(54,675)	0.00	45,000*
March 31, 2006	(236,015)	(0.01)	-
December 31, 2005	(119,607)	0.00	-
September 30, 2005	(110,584)	0.00	-
June 30, 2005	(105,417)	0.00	-

*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 year the Company will have 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, raises 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, 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 2007.

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.

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.

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.

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 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.

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.

Liquidity

The financial statements are prepared on a 'going concern' basis, which contemplates that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. As at March 31, 2007 the Company had a working capital deficit of $615,257 and an accumulated deficit of $8,222,171. The Company's ability to continue as a going concern is dependent on the ability of the Company to raise additional funds or the attainment of profitable operations.

The Company also has the following share purchase warrants and incentive stock options as at the date hereof available for exercise:

Warrants

Number of Shares		
2006	**Exercise Price**	*Expiry Date*
2,085,000	$0.25	February 1, 2008*
2,085,000		

* extended from February 1, 2007

Options

Options Outstanding		
Number of Shares	**Exercise Price**	**Expiry Date**
130,000	$ 0.20	June 12, 2007*
680,000	$ 0.12	April 4, 2008
712,500	$ 0.18	September 11, 2008
1,370,000	$ 0.10	October 1, 2009
500,000	$ 0.20	February 25, 2010
905,000	$ 0.18	January 4, 2011
4,297,500		

* expired

The Company has no long-term liabilities. Outstanding obligations include rent of an office premise, which is in the first year of a six-year lease.

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.

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

As at March 31, 2007, the Company has written-off its interest in the West Red Lake property.

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

As at March 31, 2007, the Company has written-off its interest in the Biron Bay property.

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

The Company has acquired a 100% interest in 13 freehold mineral claims located in the Red Lake District of Ontario by issuing to the vendor 700,000 common shares of which 250,000 common shares were previously issued and 450,000 common shares were issued during the year ended March 31, 2007.

The property is subject to an underlying agreement that requires a cash payment to the original vendors of the property of $20,000 due May 1, 2007 and advance royalty payments of $5,000 annually commencing May 1, 2010 and 1.75% and 2% net smelter royalties.

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 property exceeds 250,000 ounces of gold plus bonus common shares with a deemed value of $500,000.

The mineral claims are subject to an additional 1% net smelter royalty provided that the total net smelter royalties payable on any claims within the property do not exceed 2.75%.

(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 $961,791 spent to March 31, 2007) 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 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. On April 6, 2006, the Company renewed the agreement for a one-year term to March 9, 2007 (175,000 common shares issued to AngloGold on August 11, 2006) and on February 12, 2007 renewed the agreement for a further one-year term to March 9, 2008 (175,000 common shares issued to AngloGold on February 7, 2007).

(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 recoupable 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 subjected to a 2% net smelter return royalty.

(e) Nevada Properties (Continued)

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

(c) Under the agreement, the Company has the right to explore the mineral 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, and US $4,500 in 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) Under the agreement, the Company has the right to explore the mineral 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 and issue common shares having a value of US $2,000 at the time of issuance in year 2, and US $10,000 in years 3, 4 and 5. To purchase the property, the Company must pay US $350,000, 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) Under the agreement, the Company has the right to explore the mineral 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 in year 2, and US $4,500 in 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.

(e) Nevada Properties (Continued)

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

(f) Under the agreement, the Company has the right to explore the mineral 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 in year 2, and US $4,500 in 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.

(g) The Company also holds 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.

(iii) North Bullfrog Property, Nye County, Nevada

(a) 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 make cash payments and 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 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.

(b) The Company also holds 161 staked claims on the North Bullfrog Property.

As a result of the Nevada Exploration Partnership with AngloGold, the Company acquired three additional properties 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 50 staked claims near Humboldt County, Nevada.

(e) Nevada Properties (Continued)

(vi) Richmond Summit Property, Eureka County, Nevada

The Richmond Hill Property consists of 72 staked claims near Eureka County, 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.

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

- On or before March 15, 2008	US $500,000;
- On or before March 15, 2009	US $1,000,000;
- On or before March 15, 2010 and	US $2,000,000;
- 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.

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

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

- On or before March 15, 2008 US $250,000;
- 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 agreement is in place.

(v) AngloGold maintains a one-time back-in right on the two projects to earn a 60% interest after the first US $750,000 is spent.

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 that contractor $848,027 (2006 - $554,491) for exploration costs and $244,496 (2006 - $193,072) to reimburse office and administrative costs. As at March 31, 2007, the Company owed that contractor $554,669.

(b) Management fees of $18,000 (2006 - $18,000) and $32,588 (2006- $30,213) for rental of shared office premises was paid to a company in which a director is a principal. As at March 31, 2007, the Company owed that company $9,027.

(c) As at March 31, 2007, the Company owed $2,146 to a company with two directors in common.

(d) Legal fees in the amount of $6,009 (2006 - $27,578) were paid to a firm in which an officer of the Company is a partner. As at March 31, 2007, the Company owed $13,210 to that firm.

(e) During the year, under the terms of the option agreements with Strategic Nevada Resources (formerly Strategic Merchant Bancorp Ltd.), a company with two directors in common, the Company charged exploration expenditures of $728,468.

Disclosure Controls and Internal Controls Over Financial Reporting

The Company's President & Chief Executive Officer (CEO) and Chief Financial Officer (CFO) are responsible for establishing and maintaining disclosure controls and procedures and internal controls over financial reporting for the Company.

In accordance with the requirements of Multilateral Instrument 52-109, Certification and Disclosure in the Company's annual and interim filings, evaluations of the design and operating effectiveness of disclosure controls and procedures and the design effectiveness of internal control over financial reporting were carried out under the supervision of the CEO and CFO as of the end of the period covered by this report.

The CEO and CFO have concluded that the design and operation of disclosure controls and procedures were adequate and effective to provide reasonable assurance that material information relating the Company would have been known to them and by others within those entities. The CEO and CFO have also concluded that the Company's internal controls over financial reporting are designed effectively, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles.

While there were no changes that occurred for the most recent fiscal period that have materially affected the Company's internal control procedures, the CEO and CFO will continue to attempt to identify areas to improve controls and intend to incorporate such improvement over the next fiscal period.

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.

Subsequent Events

On May 2, 2007 the Company announced it has entered into an agreement with a syndicate of agents to raise up to $2,500,000 in gross proceeds by way of a private placement. The Company will issue up to 12,500,000 units at a priced of $0.20 per unit. Each unit will consist of one common share and one-half of one transferable share purchase warrant. Each whole warrant will entitle the holder to purchase one additional common share for a period of two years from the closing date.

On May 4, 2007 the Company announced it has granted director and employee incentive stock options to purchase 1,100,000 shares at a price of $0.25 for a period of five years.

On June 1, 2007 the Company announced that the brokered private placement announced on May 2, 2007 has now closed. The Company issued 12,500,000 units at a price of $0.20 per unit for gross proceeds of $2,500,000.

On Behalf of the Board,
REDSTAR GOLD CORP.

Scott Weekes,
President