

**REDSTAR GOLD CORP.**  
**Management's Discussion & Analysis**

**FORM 51-102F1**

**For the Period Ending  
December 31, 2006**

The following management discussion and analysis of the financial position of Redstar Gold Corp. ("Redstar" or the "Company") and results of operations of the Company should be read in conjunction with the unaudited and audited financial statements including the notes thereto for the periods ending December 31, 2006 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 February 28, 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](http://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 period ending September 30, 2006 the company did not raise any funds.

Administrative expenses during the first nine months of the fiscal year increased approximately 7.0 to \$357,554 (\$334,133 in 2005). Most of the increase resulted from increased salaries and stock based compensation costs. Salaries increased to \$92,262 (\$61,685 in 2005) due to increased use of contract geological services on the Company's Nevada projects. Stock based compensation, a non-cash charge, increased to \$84,133 in the period (\$43,290 in 2005). Capitalized exploration costs for the period on all of the Company's properties decreased slightly to \$257,930 (\$268,705 in 2005) with total acquisition costs decreasing to \$144,306 (\$203,328 in 2005).

## Summary of Quarterly Results

	Income (Loss) before discontinued operations	Net Income (Loss) per share	Revenue
	\$	\$	\$
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	-
March 31, 2005	(353,877)	(0.01)	-

\*Option income.

Fluctuations in the Company's expenditures reflect the seasonal variations of exploration and the ability of the Company to raise capital for its projects. For example in June 2005, the Company completed a staking and regional program in Nevada, which in turn, raised costs associated with promotion, travel, and general expenses. The loss in the quarter ending March 31, 2004 and March 31, 2005 is significantly higher due to stock-based compensation expense associated with the exercise of 671,834 options and mineral properties that have been written off. In fiscal 2004, the Company's Sobel Lake properties were written off and in fiscal 2005, the Atikokan properties were written off.

## **Results of Operations**

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### **Pine Nut Property, Nevada USA**

The Company announced the acquisition of the Pine Nut project in the Walker Lane Belt of north western Nevada 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. Under terms of an agreement announced previously, Strategic is earning a 70% interest in the project from Redstar, who is acting as operator.

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.

### **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 year, minor rock sampling and mapping was completed on the project. Subsequent to this period a gravity survey was initiated on the project to help define potential ore controlling structures. Contingent on drill availability, a drill program is planned for early 2007. All necessary permitting and bonding issues have been completed for the drill program.

### **North Bullfrog Property, Nevada USA**

The Company announced the acquisition of the North Bullfrog project in the southern portion of the Walker Lane Belt of south western Nevada 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.

Minor rock sampling, geological mapping and data compilation was completed by June 30, 2006. All available data has been compiled and incorporated into a GIS database. Numerous drill targets have been selected and all necessary permits and bonds are in place for an early 2007 drill program.

### **Eagle Basin Property, Nevada USA**

The Eagle Basin project consists of seventy-two unpatented mineral claims staked by Redstar 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 Redstar 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<sup>2</sup>). 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 Redstar 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.

Minor field work is planned before a diamond drill program in the spring of 2007.

#### **Newman Todd Property, Red Lake**

In March, 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 Redstar 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 period ending June 30, 2006, the Company completed six diamond drill holes on the Newman Todd property and released the final results May 11, 2006. Highlights of the program include drill hole NT-036 which collared in rhyolite with quartz veining containing values up to 6.67 g/t gold over 1.0 metre near the top of the hole. This hole was continued to a depth of 390 metres after intersecting wide zones of breccia mineralization with values up to 16.35 g/t gold over 1.0 metre within a 2.0 metre zone grading 12.08 g/t gold at a vertical depth of 189 metres. This hole was drilled over 850 metres northeast of the high grade mineralization intersected in 2005.

Additional drilling in the area of drill hole NT-031 continued to intersect wide zones of low-grade gold mineralization with occasional higher grade sections. These higher grade intercepts are hosted in an easterly dipping – north striking, massive to semi-massive sulphide replacement zone including pyrite, pyrrhotite and magnetite. In addition, Redstar'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.

The Company is pursuing a number of options to complete a significant drill program early in 2007.

## **Liquidity**

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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 December 31, 2006 the Company had a working capital deficit of \$314,883 and an accumulated deficit of \$8,027,907. 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**

<b>Number of Shares</b>		
<b>2006</b>	<b>Exercise Price</b>	<b>Expiry Date</b>
3,125,000	\$0.30	March 28, 2007
2,309,000	\$0.25	February 1, 2007
200,000	\$0.25	February 10, 2007
5,634,000		

**Options**

<b>Options Outstanding</b>		
<b>Number of Shares</b>	<b>Exercise Price</b>	<b>Expiry Date</b>
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		

The Company has no long-term liabilities. Outstanding obligations include rent of an office premise, which is in the second 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.

**Red Lake Properties**

The Company renegotiated their letter option agreement to acquire a 51% interest in 51 mineral claims located in the Red Lake District of Ontario. To exercise the option the Company must make, in stages, cash payments of \$200,000, issue 250,000 common shares, and issue \$75,000 of common shares at market value to the optionor and incur \$1,100,000 in exploration expenditures on the property as follows:

- (i) Shares and cash payments
  - 250,000 common shares on regulatory approval and \$25,000 on or before February 28, 2005 (issued and paid)
  - \$25,000 worth common shares at market value and \$25,000 on or before February 28, 2006 (issued and paid)

- \$25,000 worth common shares at market value and \$50,000 on or before February 28, 2007
- \$25,000 worth common shares at market value and \$100,000 on or before February 28, 2008

(ii) Work expenditures

- \$200,000 on or before February 28, 2007
- \$500,000 (aggregate) on or before February 28, 2008
- \$1,100,000 (aggregate) on or before February 28, 2009

An additional 9% interest can be earned by incurring \$3,000,000 in exploration expenditures on the property on or before February 28, 2013.

Certain of the mineral claims are subject to a 2% net smelter return royalty.

As at March 31, 2006, the Company, as a result of inactivity during the year, has written down the carrying value of its interest to a nominal value of \$1.

### **Biron Bay Property**

The Company signed a letter option agreement to acquire a 100% interest in 48 mineral claims located in Ball Township, Red Lake District of Ontario. To exercise the option the Company must make staged cash payments of \$50,000 and issue 100,000 common shares to the optionor as follows:

- 50,000 common shares within 5 days of and \$15,000 upon regulatory approval (issued and paid)
- 25,000 common shares (issued in 2004) and \$25,000 on or before May 14, 2004
- 25,000 common shares (issued in 2005) and \$10,000 on or before May 14, 2005
- 100,000 additional common shares if the mine is put into production.

The mineral claims are subject to a 1% net smelter royalty that may be purchased back for \$1,000,000.

As at March 31, 2006, the Company has not met all the terms of the option agreement and has written down the carrying value of its interest to a nominal value of \$1.

### **Newman Todd Property**

The Company has signed an agreement with AngloGold Ashanti giving the Company the option to earn a 100% interest in all of AngloGold Ashanti's Red Lake properties. The properties consist of 26-patented claims and 13 staked claims in the West Red Lake area of northern Ontario and include the Newman Todd property where previous work has outlined 3 zones of gold mineralization.

Under the terms of the agreement, Redstar will issue 700,000 shares to AngloGold Ashanti over a three-year period (250,000 shares issued to date) as well as a retained royalty. In addition, Redstar will convey to AngloGold Ashanti \$1,000,000 worth of shares if a mine is put into production within the property. An additional \$1,000,000 worth of shares will be issued once production exceeds 250,000 ounces of gold.

### **Nevada Geological Database**

The Company and AngloGold Ashanti North America Inc. ("AngloGold Ashanti") have signed a formal agreement outlining the terms of an exploration partnership to explore within the Great Basin (including Nevada and parts of all neighbouring states).

The initial agreement gave the Company exclusive rights to the AngloGold Ashanti database for a period of 18 months in exchange for 175,000 shares of the Company. The agreement has been extended for a period of a year in exchange for an additional 175,000 shares of the Company. AngloGold Ashanti will retain a back-in right on any property interest Redstar acquires in Nevada. Once Redstar has spent a total of \$750,000 on any particular project AngloGold Ashanti will have the one time right to back into the project for a 60% interest by spending \$1,500,000 within three years. The agreement is renewable on both parties consent for additional one-year terms. Once Redstar has spent \$3,000,000 on Great Basin exploration they will acquire a full copy of the database and the agreement will be terminated.

### **Pine Nut Property**

In July, 2005 the Company staked 53 mineral claims (approximately 1000 acres) and have been granted an option on six parcels of prospective land (approximately 40 acres) located in Douglas county, Nevada, for a five-year period. During that period the company has the choice of either purchasing the property outright (subject to a 1-per-cent net smelter royalty) or leasing the property for a 10-year renewable term (subject to a 2-per-cent net smelter royalty). For the right to explore, the Company must pay \$6,200 US and issue 29,550 shares in year one (issued), \$5,700 US and shares having a value of \$2,300 (U.S.) at the time of issuance in year two, and \$4,500 US in years three, four and five. To purchase the property, the company must pay \$150,000 US (subject to an inflation adjustment) and grant a 1-per-cent NSR. To lease the property, the company must make minimum advance royalty payments of \$10,000 (U.S.) per year and grant a 2-per-cent NSR.

In February, 2006, the Company optioned its Pine Nut Property in Nevada to Strategic Merchant Bancorp Ltd. giving Strategic the right to earn up to 70% of the Pine Nut project. To acquire a 60% interest in the Pine Nut project, Strategic must pay \$90,000 in cash, issue 450,000 shares and make expenditures of \$2,000,000 over four years. Strategic must spend an additional \$1,000,000 to earn an additional 10% interest. The Company will remain as operator during the life of this option agreement.

### **Dry Gulch Property**

In October, 2005 the Company staked 210 mineral claims known as the Dry Gulch project. The Dry Gulch project is a large land package strategically located within the Carlin trend in central Nevada. Geophysics indicates favourable structures can be traced from known deposits to the project area and recent mapping has indicated the presence of favourable host rocks.

In January, 2006, the Company optioned its Dry Gulch Property in Nevada to Strategic Merchant Bancorp Ltd. giving Strategic the right to earn up to 70% of the Dry Gulch project. To acquire a 60% interest in the Dry Gulch project, Strategic must pay \$90,000 in cash, issue 450,000 shares and make expenditures of \$2,000,000 over four years. Strategic must spend an additional \$1,000,000 to earn an additional 10% interest. The Company will remain as operator during the life of this option agreement.

**North Bullfrog Property**

In February, 2006 the Company acquired through staking nearly five square miles of claims in the northern portion of the Bullfrog district in south western Nevada. The North Bullfrog project is a large land package six miles north of the past producing Bullfrog Mine. The project covers areas of wide spread, low grade gold mineralization in volcanic rocks as well as high grade quartz veins.

In May 2006, the Company entered into four mining leases to purchase 100% interest in mineral claims located in Nye County, Nevada. The Company will make cash payments and grant a 2% to 4% net smelter royalty to each vendor. 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.

In February, 2006, the Company optioned its North Bullfrog Property in Nevada to Strategic Merchant Bancorp Ltd. giving Strategic the right to earn 65% of the North Bullfrog project. To acquire a 65% interest in the North Bullfrog project, Strategic must pay \$125,000 in cash, issue 500,000 shares and make expenditures of \$2,800,000 over four years. The Company will remain as operator during the life of this option.

**Eagle Basin Property**

In September of 2006 Redstar staked seventy-two unpatented mining claims in central Nevada, 45 miles west of Eureka. The claims were staked to cover an extensive alteration zone within a circular geophysical anomaly. Information from the AngloGold Ashanti database indicate the area has elevated arsenic, antimony, mercury and silver. The strong trace element signature, limited previous work and location within a circular geophysical anomaly highlight the potential of the project.

Redstar is actively seeking a partner to fund the exploration on this project.

**Painted Hills Property**

In September of 2006 Redstar staked fifty unpatented mining claims in northwestern Nevada, 83 miles northwest of Winemucca. The project represents an extremely rare opportunity in Nevada; the epithermal system outlined on the property has never been drilled. Surface sampling has outlined a mercury bearing opal-chalcedony vein system several hundred feet wide with anomalous arsenic, antimony and gold. The project has many similarities to multi-million ounce high-grade gold deposits of the northwestern Great Basin.

Redstar is actively seeking a partner to fund the exploration on this project.

**Transactions with Related Parties**

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- (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 \$786,147 (2005 - \$341,154) for exploration costs and \$177,469 (2005 - \$126,230) to reimburse office and administrative costs. As at December 31, 2006, the Company owed that contractor \$459,181.

- (b) Management fees of \$13,500 (2005 - \$13,500) and \$23,547 (2005 - \$22,513) for rental of shared office premises was paid to a company in which a director is a principal. As at December 31, 2006, the Company owed that company \$12,647.
- (c) As at December 31, 2006, the Company owed \$2,146 to a company with two directors in common.
- (d) Legal fees in the amount of \$6,243 (2005 - \$18,836) were paid to a firm in which an officer of the Company is a partner. As at December 31, 2006, the Company owed \$11,013 to that firm.

### **Changes in Accounting Policies and Initial Adoption**

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Effective April 1, 2003, the Company adopted CICA 3870 "Stock-Based Compensation and Other Stock-Based Payments" for accounting for stock-based compensation expense. Under this standard, stock-based payments to non-employees and employee awards that are direct awards of stock, call for settlement in cash or other assets, or stock appreciation rights that call for settlement by issuance of equity instruments, granted on or after April 1, 2003, are accounted for using the fair value based method and are recorded as an expense in the period the stock-based payment are vested or the awards or rights are granted.

During 2003, the CICA released amendments to Section 3870, which require an expense to be recognized in the financial statements for all forms of employee stock-based compensation, including stock options, commencing on January 1, 2004. The Company has elected for the early adoption of the amendments during the fourth quarter of fiscal 2004. Prior to the adoption, no compensation expense was recognized when stock options were granted to directors and employees if the exercise price of the stock options granted were at market value. However, the effects of accounting for stock-based compensation to directors and employees as compensation expense, using the fair-value based method, was disclosed as pro-forma information in the notes to the financial statements.

### **Risks and Uncertainties**

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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**

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In January 2007, Strategic Nevada Resources (formerly Strategic Merchant Bancorp Ltd.) notified the Company that it has withdrawn from all three option agreements with Redstar (Pine Nut, Dry Gulch and North Bullfrog). As a result Redstar has regained 100% ownership of these projects.

In January 2007, the Company received regulatory approval to extend the exercise period of 2,085,000 share purchase warrants for one additional year. The new expiry date for the warrants is February 1, 2008.

In February 2007, the Company acquired its sixth exploration project in Nevada. The Richmond Summit project covers an area of approximately two square miles and is located along the Carlin Trend.

On Behalf of the Board,  
**REDSTAR GOLD CORP.**

Scott Weekes,  
President