REDSTAR GOLD CORP.

Management's Discussion & Analysis

FORM 51-102F1

For the Year Ended
March 31, 2004

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 years ended March 31, 2004 and 2003.

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 August 13th, 2004 ("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 the Red Lake and Atikokan regions in northwestern Ontario. The overall interest in the mining sector over fiscal 2004 provided the company the ability to raise funds to conduct its exploration activities. For the year ending March 31, 2004, the Company raised $800,884 by issuing 7,883,709 shares through one private placement and the exercise of share purchase warrants.

Most of the funds raised during the period were expended on the Company's Red Lake properties. Capitalized costs on the Red Lake properties continue to grow the Company's asset base from $766,352 in fiscal 2003, to $1,526,700 in 2004. While an aggressive exploration strategy to develop the Red Lake properties was pursued, the Company has incurred a working capital deficiency of $196,660. The private placement that closed subsequent to the year end will not be sufficient to achieve the Company's planned exploration program and administrative expenses. Therefore, the Company's ability to continue as a going concern is dependent on the Company's ability to raise additional funds in the equity market.

Administrative expenses over the fiscal 2004 ($464,634) increased 33% over the previous period ($310,139). The increase is primarily due to an overall increase in corporate activity associated with the addition of administrative staff and business promotion. The Company anticipates that administrative expenses in Fiscal 2005 will not change materially from current levels.

Selected Annual Information

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

The Company is an exploration stage company and currently does not generate any revenue from its operations. Instead the Company relies on equity financings to meet its exploration obligations and administrative costs. The loss for the period ending March 31, 2004 before mineral property write-downs and extraordinary items totaled $464,634 representing a basic loss per share of $0.03 and, as previously mentioned, a 33% increase over fiscal 2003. 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 significant increase in expenses over fiscal 2003 is the result of the adoption of The Canadian Institute of Chartered Accountants ("CICA") rule 3870 which requires the Company to expense stock-based payments, which include the issuance of incentive stock options. Total stock-based compensation expenses to employees and non-employees totaled $96,340. Further information can be obtained from Item 2 (g) Stock Based Compensation in the notes of the Company's audited annual financial statements.

As previously mentioned, the Company's asset base grew 49% from $766,352 in fiscal 2003, to $1,526,700 in fiscal 2004. The primary reason for the increase in assets is due to the capitalized expenditures resulting from the exploration programs on the Company's Red Lake properties.

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

Results of Operations

In fiscal 2004, the Company completed a mechanical stripping, mapping and surface sampling program on the Biron Bay property in Red Lake. Detailed sampling and mapping outlined a gold mineralized structural zone within mafic and felsic volcanic rocks and sulphidized iron formations. The zone has been exposed in a series of four stripped outcrops (L1 – L4) along a strike length of approximately 1.1 kilometres. Zones L1, L2 and L3 are interpreted to occur along a single mineralized structure whereas the L4 zone is hosted within sulphidized iron formations.

Anomalous gold values were collected along the entire strike of the exposed areas, with significant values as high as 22.10 grams per ton over 0.50 meters (see Table 1 for significant values.) A table of results from the L1, L2 and L3 zones are set out below:

Zone	Au g/t	Channel Length (m)
L1	19.25	0.60
L1	8.54	0.50
L1	8.04	0.50
L1	4.94	0.60
L1	4.60	0.50
L1	4.47	0.50
L2	22.1	0.50
L2	5.97	0.50
L2	3.56	0.50
L2	2.77	1.00
L3	1.15	1.00
L4	2.70	2.00
L4	1.18	1.00
L4	7.78	0.10

Field crews also completed a geochemical soil sampling program on the Pipestone North and Wolf Bay properties. The Pipestone North property is located immediately north of Biron Bay and the Wolf Bay property is adjacent to the Redstar/Rubicon/AngloGold held Newman Todd property.

In January and Febraury 2004, the Company completed a metre diamond drill program designed to test previously undrilled high-grade surface showings discovered on the Biron Bay and Pipestone North targets. Of the four drill holes that were completed, three holes tested the ledge showings on the Biron Bay properties and one hole tested the 991 showing on the Pipestone North property

Biron Bay Drilling

The intersections in these holes are very similar to the mineralization observed on surface, and confirm the continuity of the Ledge showing at depth.

Hole WRL04-003 was drilled under the Ledge showing and intersected 7.66 g/t gold over 0.91 metres including 30.9 g/t gold over 0.14 metres. Hole WRL04-001 was drilled 200 metres along strike from WRL04-003 and intersected 3.25 g/t gold over 1.34 metres including 4.27g/t gold over 0.85 metres. This intersection is within a strongly biotite altered felsic volcanic unit with minor chalcopyrite bearing quartz veins. Drill hole WRL04-002 was drilled midway between holes 1 and 3 and encountered a mafic dyke unit at depth, and consequently no significant gold values were returned.

Pipestone North Drilling

Drill hole WRL04-004 was drilled under the 991 showing, and intersected a 200 metre wide zone of strongly quartz and sericite altered felsic stratigraphy with pyrite and chalcopyrite stringer mineralization and anomalous gold values. The zone consists of numerous intersections of copper up to 0.23% over 5.5 metres with isolated gold values up to 228 ppb. This is the widest zone of anomalous copper mineralization observed on the property, and previous work has indicated a correlation between gold grades and copper mineralization. In order to establish a framework for future drilling, the hole was designed to test stratigraphy and therefore did not test the north-south oriented gold bearing quartz veins previously sampled on surface. Additional drilling is planned to test these veins, as the 200 metre wide zone confirms the presence of a large mineralized system.

At the period ending March 31, 2004, the Company spent $1,398,742 in exploration on its Red Lake properties and to date has met the work expenditures as outlined in the agreement between the Company and Rubicon Minerals Corp. On or before September 1, 2004, the Company is required to make cash payments of $201,000 pursuant to underlying agreements with respect to the Red Lake properties and spend $650,000 in exploration by May 6, 2005.

Summary of Quarterly Results

	Income (Loss) before discontinued operations $	Net Income (Loss) per share $	Revenue $
March 31, 2004	(177,471)	(0.01)	-
December 31, 2003	(85,763)	(0.01)	-
September 30, 2003	(93,692)	(0.01)	-
June 30, 2003	(96,555)	(0.01)	-
March 31, 2003	(86,015)	(0.01)	-
December 31, 2002	(72,796)	(0.01)	-
September 30, 2002	(62,212)	(0.01)	-
June 30, 2002	(83,114)	(0.01)	-

Fluctuations in the Company's expenditures reflect the seasonal variations of exploration and the ability of the Company to raise capital for its projects. In June of 2002 and June of 2003, the Company had exploration programs on the Red Lake properties, which in turn, raises costs associated with promotion, travel, and general expenses. In addition, expenditures in these periods are also higher due to fund raising activities. The loss in the quarter ending March 31, 2004 is significantly higher due to stock-based compensation expense associated with the exercise of 671,834 options.

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, 2004, the Company has a working capital deficiency of $196,660 and an accumulated deficit of $5,102,379. The Company's ability to continue as a going concern is dependent on the ability of the Company to raise equity financing and 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:

Number of Shares	Exercise Price	Expiry Date
	Warrants	
713,000	$0.25	October 22, 2004
55,000	$0.20	October 22, 2004
100,000	$0.30	September 16, 2004
	Options	
10,834	$0.20	March 5, 2005
260,000	$0.20	June 12, 2007
680,000	$0.12	April 4, 2008
712,500	$0.18	September 11, 2008

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. To maintain its interest in the Red Lake properties, the Company must commit to the following:

- Make exploration expenditures of $650,000 by May 6, 2005;
- Make exploration expenditures of $875,000 by May 6, 2006;
- Issue 125,000 common shares by May 6, 2005;
- Issue 125,000 common shares by May 6, 2006;
- Cash payments to vendors pursuant to underlying agreements of $201,000 by September 1, 2004; and
- Make advance royalty payments of $40,000 per year starting in 2005.

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 $756,383 (2003 - $278,239) for exploration costs and $140,916 (2003 - $53,968) to reimburse office and administrative costs. As at March 31, 2004, the Company owed $252,759 to that contractor.

(b) Management fees of $30,000 (2003 - $30,000) and $17,936 (2003 - nil) for rental of shared office premises was paid to a company in which a director is a principal; as at March 31, 2004, the Company owed that company $2,728.

(c) The Company, during the year ended March 31, 2003, issued 810,824 common shares and 493,913 share purchase warrants to settle debts of $121,623 with companies in which a director is principal. Each warrant entitles the holder to acquire one common share at $0.20 per share on or before July 15, 2004.

(d) As at March 31, 2004, the Company owed $5,680 to a company with two directors in common.

Fourth Quarter

Adjustments or events in the fourth quarter affecting the Company's expenses include a stock-based compensation expense of $96,340, which represents the fair value of options granted during the year ending March 31, 2004.

Changes in Accounting Policies and Initial Adoption

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

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.