



**REDSTAR GOLD CORP.**

**MANAGEMENT'S DISCUSSION AND ANALYSIS – QUARTERLY HIGHLIGHTS  
FOR THE THREE MONTHS ENDED JUNE 30, 2018**

**OVERVIEW AND INTRODUCTORY COMMENT**

Redstar Gold Corp. (“Redstar” or the “Company”) is an exploration stage company engaged in the acquisition, exploration and development of mineral properties in North America. The Company is incorporated and domiciled in Canada under the Business Corporations Act (British Columbia), and its registered office is 1177 West Hastings Street, Suite 1710 Vancouver, BC, V6E 2L3. The Company is focused on High-Grade Gold Projects in the Americas with low geo-political risk, and currently advancing the Unga Gold Project in Alaska, USA. The Company is listed on the TSX Venture Exchange under the symbol “RGC”.

This MD&A is dated August 15, 2018 and discloses specified information up to that date. Unless otherwise noted, all currency amounts are expressed in Canadian dollars. The following information should be read in conjunction with the unaudited condensed consolidated interim financial statements and the related notes for the three months ended June 30, 2018 and the Company’s audited consolidated financial statements for the year ended March 31, 2018 and the related notes thereto.

Additional information relevant to the Company and the Company’s activities can be found on SEDAR at [www.sedar.com](http://www.sedar.com), and/or on the Company’s website at [www.redstargold.com](http://www.redstargold.com).

**MAJOR INTERIM PERIOD OPERATING MILESTONES**

Unga Gold Project

The Company’s 2017 geophysical program and two diamond drill programs confirmed that the Shumagin Gold Zone, previously with a known strike length of 350m at the end of 2015, and 950m at the end of 2016, now has shown continuity for approximately 1,750m, an expansion of 84% over 2016. The future plans for the Company’s Unga 2018 Exploration program will be based in large part on the conclusions contained in the NI 43-101 technical report that the Company engaged MDA to complete, as well as based on the analytical work currently being completed internally.

The technical report is focused on bringing together over a hundred years of geological information, including the review of multiple historical resources, the recent exploration and drill programs, and to provide the Company a high-level technical understanding of the project. The report will also assist in developing a detailed exploration strategy within the district scale nature of the Unga gold project, where multiple (i.e. greater than 25 identified to date) gold zones have been identified and partially tested.

Redstar filed the NI43-101 compliant technical report titled “Technical Report on the Unga Project, Southwest Alaska, USA” on August 8, 2018 and it can be accessed on SEDAR.COM. The report summarizes the exploration work completed to date on the project and also makes recommendations for future exploration work on the project.

In addition to the Shumagin Trend and the Apollo Sitka Trend, the Company is reviewing data from historical drill programs completed by Battle Mountain Gold Corporation on the neighboring Popof Island



known as the Centennial prospect. The historical work on the Centennial prospect indicates that there is a disseminated mineral inventory which starts at surface and extends to 60m. The Company is evaluating the relative priority of this prospect within the numerous prospects identified within the Unga Project. The Centennial prospect is approximately 3 km from the town of Sand Point's commercial airport and could be advanced, without seasonal disruptions.

#### Corporate Update

On June 7, 2018, the Company announced the departure of Peter Ball as a director and the appointment of Susan J. Mitchell as a director.

### **INTERIM PERIOD FINANCIAL CONDITION**

#### Capital Resources

During the three months ended June 30, 2018, 1,750,000 options were cancelled.

The Company is aware of the current conditions in the financial markets and has planned accordingly. The Company's current treasury and the future cash flows from equity issuances and the potential exercise of warrants and options, along with the planned developments within the Company will allow its efforts to continue throughout fiscal 2019. If the market conditions prevail or improve, the Company will make adjustment to budgets accordingly.

#### Liquidity

As at June 30, 2018, the Company had working capital of \$2,827,273 (March 31, 2018 – \$2,002,370). As at June 30, 2018, cash totaled \$2,837,100, an increase of \$704,747 from \$2,132,353 as at March 31, 2018. The increase was mainly due to the net proceeds of \$984,231 from selling 1,098,300 shares of NV Gold.

#### Operations

#### **For the three months ended June 30, 2018 compared with the three months ended June 30, 2017:**

During the three months ended June 30, 2018, the Company incurred only \$60,828 (2017 - \$1,585,267) in resources property expense which was a reduction from 2017 levels, during which an active drill program was underway.

Excluding the non-cash depreciation of \$1,426 (2017 - \$2,898), loss from investment in NV Gold of \$Nil (2017 - \$91,153) and share-based compensation of \$Nil (2017 - \$321,284), the Company's general and administrative expenses amounted to \$90,439 (2017 - \$236,445), a decrease of \$146,006. The change in the expenses was mainly due to decreases in: insurance (2018 - \$7,561; 2017 - \$14,240), investor relations (2018 - \$3,718; 2017 - \$69,566), management fees (2018 - \$31,250; 2017 - \$76,250) and professional fees (2018 - \$7,929; 2017 - \$30,417). All such decreases are a result of the Company's continued efforts to curtail expenses and conserve cash. The general and administrative expenses varied over the periods but the overall effect of these variances was not material.

During the three months ended June 30, 2018, the Company reported a loss of \$157,659 (2017 – \$2,219,956), a decrease of \$2,062,297 from 2017, as the Company had an active drill program in fiscal 2017.



## **SIGNIFICANT RELATED PARTY TRANSACTIONS**

During the quarter, there were no significant transactions with related parties.

## **COMMITMENTS, EXPECTED OR UNEXPECTED, OR UNCERTAINTIES**

As of the date of the MD&A, the Company had no outstanding commitments.

Other than disclosed in this MD&A – Quarterly Highlights, the Company does not have any commitments, expected or unexpected, or uncertainties.

## **RISK FACTORS**

In our MD&A filed on SEDAR June 28, 2018 in connection with our annual financial statements (the “Annual MD&A”), we set out our discussion of the risk factors which we believe are the most significant risks faced by Redstar. An adverse development in any one risk factor or any combination of risk factors could result in material adverse outcomes to the Company’s undertakings and to the interests of stakeholders in the Company including its investors. Readers are cautioned to take into account the risk factors to which the Company and its operations are exposed. To the date of this document, there have been no significant changes to the risk factors set out in our Annual MD&A.

## **DISCLOSURE OF OUTSTANDING SHARE DATA**

The authorized share capital of the Company consists of an unlimited number of common shares without par value. The following is a summary of the Company’s outstanding share data:

	Issued and Outstanding	
	June 30, 2018	August 15, 2018
Common shares outstanding	300,050,293	300,050,293
Stock options	14,040,000	14,040,000
Warrants	19,565,200	19,565,200
Fully diluted common shares outstanding	<u>333,655,493</u>	<u>333,655,493</u>

## **QUALIFIED PERSON**

William J. Burnett, MSc, CPG-11263, is the Company's qualified person, and has reviewed the exploration projects described throughout the MD&A and is responsible for the design and conduct of the exploration programs and the verification and quality assurance of analytical results.

### **Cautionary Statements**

This document contains “forward-looking statements” within the meaning of applicable Canadian securities regulations. All statements other than statements of historical fact herein, including, without limitation, statements regarding exploration results and plans, and our other future plans and objectives, are forward-looking statements that involve various risks and uncertainties. Such forward-looking statements include, without limitation, our estimates of exploration investment, the scope of our exploration programs, and our expectations of ongoing administrative costs. There can be no assurance that such statements will prove to be accurate, and future events and actual results could differ materially from those anticipated in such statements. Important factors that could cause actual results to differ materially from our expectations are disclosed in the Company’s documents filed from time to time via SEDAR with the Canadian regulatory agencies to whose policies we are bound. Forward-looking



statements are based on the estimates and opinions of management on the date the statements are made, and we do not undertake any obligation to update forward-looking statements should conditions or our estimates or opinions change, except as required by law. Forward-looking statements are subject to risks, uncertainties and other factors, including risks associated with mineral exploration, price volatility in the mineral commodities we seek, and operational and political risks. Readers are cautioned not to place undue reliance on forward-looking statements.