



**REDSTAR GOLD CORP.**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED**  
**MARCH 31, 2017 AND 2016**

# **REDSTAR GOLD CORP.**

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## Independent Auditors' Report

To the Shareholders of Redstar Gold Corp.:

We have audited the accompanying consolidated financial statements of Redstar Gold Corp., which comprise the consolidated statement of financial position as at March 31, 2017 and 2016, and the consolidated statements of comprehensive loss, changes in equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Redstar Gold Corp. as at March 31, 2017 and 2016 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

### *Emphasis of Matter*

Without qualifying our opinion, we draw attention to Note 1 to these consolidated financial statements, which states that Redstar Gold Corp. incurred significant losses from operations, negative cash flows from operating activities and has an accumulated deficit. These matters, along with other matters as described in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the ability of Redstar Gold Corp. to continue as a going concern.



Vancouver, British Columbia  
July 26, 2017

Chartered Professional Accountants

REDSTAR GOLD CORP.  
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
(Presented in Canadian Dollars)

	Note	March 31, 2017	March 31, 2016
<b>Assets</b>			
<b>Current</b>			
Cash and cash equivalents		\$ 1,414,971	\$ 101,892
Short-term investments	6	4,727,746	-
Marketable securities	7	42,208	30,232
Amounts receivable		8,260	7,052
Prepaid amounts and advances		117,276	19,767
		6,310,461	158,943
<b>Non-current</b>			
Deposit		-	7,428
Investment in NV Gold	8	1,991,095	-
Reclamation bond	9	7,889	19,914
Exploration and evaluation assets	9	3,920,544	3,845,717
Intangible assets	10	5,077	7,253
Equipment	11	33,226	11,582
		5,957,831	3,891,894
		\$ 12,268,292	\$ 4,050,837
<b>Liabilities</b>			
<b>Current</b>			
Accounts payable and accrued liabilities		\$ 63,955	\$ 158,909
Due to related parties	14	-	91,650
		63,955	250,559
<b>Shareholders' equity</b>			
Share capital	13	32,171,664	23,174,062
Reserves		4,091,078	4,101,048
Deficit		(24,058,405)	(23,474,832)
		12,204,337	3,800,278
		\$ 12,268,292	\$ 4,050,837

Event after the reporting period (Note 17)

These consolidated financial statements are authorized for issue by the Board of Directors on July 26, 2017. They are signed on the Company's behalf by:

/s/ Peter Ball  
Director

/s/ Ken Booth  
Director

REDSTAR GOLD CORP.  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS  
(Presented in Canadian Dollars)

	Note	Years ended March 31	
		2017	2016
<b>Exploration and evaluation</b>			
Resource property expense	9	\$ 1,436,474	\$ 1,280,578
<b>General and administrative</b>			
Amortization		10,139	8,230
Audit and legal		50,151	92,857
Consulting		69,516	30,255
Contract wages		-	16,463
Director fees	14	9,000	-
Insurance		27,749	33,300
Investor relations		201,365	192,114
Loss from investment in NV Gold	8	169,361	-
Management fees	14	258,000	232,600
Office operations		25,013	15,957
Regulatory fees		35,084	12,754
Rent		61,767	24,000
Share-based payments	13(c)	179,172	245,042
Transfer agent		25,283	9,344
Travel and promotion		66,359	51,157
		2,624,433	2,244,651
<b>Other (income) expense</b>			
(Gain) loss on foreign exchange		(10,976)	(47,482)
Interest (income)		(27,976)	(630)
(Gain) on sale of exploration and evaluation assets	8	(2,031,214)	-
Write-off of exploration and evaluation assets		29,306	
Write down of marketable securities		-	129,544
		(2,040,860)	81,432
<b>Net loss for the year</b>		583,573	2,326,083
<b>Other comprehensive income</b>			
Unrealized (gain) loss on available-for-sale securities		(11,976)	(104,989)
<b>Comprehensive loss for the year</b>		\$ 571,597	\$ 2,221,094
<b>Basic and diluted loss per share</b>		\$ 0.00	\$ 0.01
<b>Weighted average number of common shares outstanding</b>		256,319,792	191,330,142

REDSTAR GOLD CORP.  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
(Presented in Canadian Dollars)

	Note	Share Capital		Reserves					Total Shareholders' Equity
		Number of shares	Amount	Warrants	Options	Accumulated other comprehensive income	Subtotal	Deficit	
<b>Balance, March 31, 2015</b>		180,828,093	\$ 22,467,382	\$ 1,257,299	\$ 2,602,054	\$ (108,336)	\$ 3,751,017	\$ (21,148,749)	\$ 5,069,650
Shares issued for cash									
Private placement	13(b)	18,750,000	750,000	-	-	-	-	-	750,000
Share issuance costs		-	(43,320)	-	-	-	-	-	(43,320)
Share-based payments		-	-	-	245,042	-	245,042	-	245,042
Unrealized gain on marketable securities		-	-	-	-	104,989	104,989	-	104,989
Loss for the year		-	-	-	-	-	-	(2,326,083)	(2,326,083)
<b>Balance, March 31, 2016</b>		199,578,093	23,174,062	1,257,299	2,847,096	(3,347)	4,101,048	(23,474,832)	3,800,278
Shares issued for cash									
Private placement	13(b)	19,085,200	693,082	452,000	-	-	452,000	-	1,145,082
Private placement	13(b)	41,000,000	4,100,000	-	-	-	-	-	4,100,000
Share issuance costs		-	(205,098)	-	-	-	-	-	(205,098)
Broker's warrants		-	(18,000)	18,000	-	-	18,000	-	-
Exercise of warrants	13(b)	37,287,000	3,756,500	-	-	-	-	-	3,756,500
Value of warrants exercised		-	671,118	(671,118)	-	-	(671,118)	-	-
Share-based payments		-	-	-	179,172	-	179,172	-	179,172
Unrealized gain on marketable securities		-	-	-	-	11,976	11,976	-	11,976
Loss for the year		-	-	-	-	-	-	(583,573)	(583,573)
<b>Balance, March 31, 2017</b>		296,950,293	\$ 32,171,664	\$ 1,056,181	\$ 3,026,268	\$ 8,629	\$ 4,091,078	\$ (24,058,405)	\$ 12,204,337

REDSTAR GOLD CORP.  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
(Presented in Canadian Dollars)

	<b>Years ended March 31</b>	
	<b>2017</b>	<b>2016</b>
<b>Cash provided by (used in):</b>		
<b>Operating activities</b>		
Loss for the year	\$ (583,573)	\$ (2,326,083)
Items not affecting cash:		
Amortization	10,139	8,230
Share-based payments	179,172	245,042
Write down of marketable securities	-	129,544
Write-off of exploration and evaluation assets	29,306	
Unrealized gain on foreign exchange	(46,710)	-
Reclamation bond	12,025	-
Loss from investment in NV Gold	169,361	-
Sale of exploration and evaluation assets	(2,031,214)	-
Net change in non-cash working capital		
Amounts receivables	(1,208)	171
Prepaid amounts and advances	(90,081)	5,624
Accounts payable and accrued liabilities	(94,954)	59,410
Due to related parties	(91,650)	13,827
Short-term investments	(4,727,746)	-
	<b>(7,267,133)</b>	<b>(1,864,235)</b>
<b>Investing activities</b>		
Acquisition of exploration assets	(186,665)	(51,643)
Acquisition of equipment	(29,607)	-
	<b>(216,272)</b>	<b>(51,643)</b>
<b>Financing activities</b>		
Shares issued for cash	9,001,582	750,000
Share issue costs	(205,098)	(43,320)
	<b>8,796,484</b>	<b>706,680</b>
<b>Change in cash and cash equivalents</b>	<b>1,313,079</b>	<b>(1,209,198)</b>
<b>Cash and cash equivalents, beginning of the year</b>	<b>101,892</b>	<b>1,311,090</b>
<b>Cash and cash equivalents, end of the year</b>	<b>\$ 1,414,971</b>	<b>\$ 101,892</b>
<b>Schedule of Non-cash Investing and Financing Transactions</b>		
Fair value transfer on exercise of warrants	\$ 671,118	\$ -
Fair value of broker's warrants	\$ 18,000	\$ -

**1. NATURE OF OPERATIONS AND CONTINUANCE OF OPERATIONS**

Redstar Gold Corp. (the “Company” or “Redstar”) is 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 Suite 1710, 1177 West Hastings Street, Vancouver, BC, V6E 2L3.

These consolidated financial statements (the “Financial Statements”) have been prepared on the basis of the accounting principles applicable to a going concern, which assumes the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations.

There are several adverse conditions that may cast significant doubt upon the soundness of this assumption. The business of mining and exploration involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The recoverability of exploration and evaluation expenditures is dependent upon several factors. These include the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development of these properties, and future profitable production or proceeds from disposition of mineral properties.

Consistent with other companies in the sector of mineral exploration, the Company has incurred operating losses since inception, has limited sources of revenue, is unable to self-finance operations and has significant cash requirements to meet its overhead and maintain its mineral interests.

For the Company to continue to operate as a going concern it must continue to obtain additional financing to maintain operations; although the Company has been successful in the past at raising funds, there can be no assurance that this will continue in the future.

If the going concern assumption were not appropriate for these Financial Statements then adjustments would be necessary to the carrying value of assets and liabilities, the reported expenses and the statement of financial position classifications used and such adjustments could be material.

	<b>March 31,</b>	<b>March 31,</b>
Rounded to 000's	<b>2017</b>	<b>2016</b>
Working capital surplus (deficit)	\$ 6,247,000	\$ (92,000)
Accumulated (deficit)	\$ (24,058,000)	\$ (23,475,000)

## 2. BASIS OF PREPARATION

### a) Statement of compliance

These Financial Statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards (“IFRS”) and related IFRS Interpretations Committee (“IFRICs”) as issued by the International Accounting Standards Board (“IASB”).

### b) Basis of preparation

These Financial Statements have been prepared under the historical cost convention, except for certain financial instruments, as set out in the summary of significant accounting policies (note 3).

The preparation of the Financial Statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, profit and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

## 3. SIGNIFICANT ACCOUNTING POLICIES

### a) Basis of consolidation

These Financial Statements incorporate the financial statements of the Company and the entities controlled by the Company, which consist of:

- Redstar Gold USA Inc. (“Redstar USA”), which was incorporated in the State of Nevada, owned 100% by the Company.
- Redstar Gold (Alaska) Inc. (“Redstar Alaska”), which was incorporated in the State of Alaska, owned 100% by the Company.

Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. All significant intercompany transactions and balances have been eliminated.

Non-controlling interest in the net assets of consolidated subsidiaries are identified separately from the Company's equity. Non-controlling interest consists of the non-controlling interest at the date of the original business combination plus the non-controlling interest's share of changes in equity since the date of acquisition.

**3. SIGNIFICANT ACCOUNTING POLICIES** *(Continued)*

b) Foreign currency translation

These Financial Statements are presented in Canadian dollars, which is the functional and presentation currency of the parent. Each entity determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. The parent and its subsidiaries use the Canadian dollar as their functional currency.

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the end of reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the initial transaction dates. Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

Changes in the fair value of monetary securities denominated in foreign currency classified as available-for-sale are analyzed between translation differences and other changes in the carrying amount of the security. Translation differences are recognized in the income statement and other changes in carrying amount are recognized in equity.

Translation differences on non-monetary financial assets, such as investments in equity securities, classified as available-for-sale are reported as part of the fair value gain or loss and are included in equity.

c) Measurement uncertainty

The preparation of these Financial Statements, in conformity with IFRS, 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 amounts of revenues and expenses during the reporting period.

The Company bases its estimates and assumptions on current facts, historical experience, and various other factors that it believes to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities and the accrual of costs and expenses that are not readily apparent from other sources. These estimates require extensive judgment about the nature, cost and timing of the work to be completed, and may change with future changes to costs, environmental laws and regulations and remediation practices. The actual results experienced by the Company may differ materially and adversely from the Company's estimates. To the extent there are material differences between the estimates and the actual results, future results of operations will be affected. A summary of critical estimates and judgements can be found in Note 4.

d) Comprehensive income

Comprehensive income is the change in the Company's net assets that results from transactions, events and circumstances from sources other than the Company's shareholders and includes items that would not normally be included in net profit such as unrealized gains or losses on available-for-sale investments, gains or losses on certain derivative instruments and foreign currency gains or losses related to self-sustaining operations. The Company's comprehensive income, components of other comprehensive income, and cumulative translation adjustments are presented in the Consolidated Statement of Comprehensive Loss and the Consolidated Statement of Changes in Equity.

**3. SIGNIFICANT ACCOUNTING POLICIES** *(Continued)*

e) Cash and cash equivalents

The Company considers cash to include amounts held in banks and highly liquid investments with maturities at a point of purchase of three months or less.

f) Short-term investments

Short term investments consist of term deposits with maturity dates between 90 days and 1 year.

g) Marketable securities

The Company has classified all of its marketable securities as available-for-sale, thus securities are recorded at fair market value and any associated unrealized gain or loss, net of tax, are included as a separate component of shareholders' equity.

h) Exploration and evaluation assets

The Company is currently in the exploration stage with all of its mineral interests. Exploration and evaluation costs include the costs of acquiring licenses, costs incurred to explore and evaluate properties, and the fair value, upon acquisition, of mineral properties acquired in a business combination.

Exploration and evaluation expenditures are expensed in the period they are incurred except for expenditures associated with the acquisition of exploration and evaluation assets through a business combination or an asset acquisition. Significant property acquisition costs are capitalized only to the extent that such costs can be directly attributed to an area of interest where it is considered likely to be recoverable by future exploitation or sale. Development costs relating to specific properties are capitalized once management has made a development decision.

At each reporting date, the Company determines whether impairment indicators exist based on the Company's ability to raise financing and significant changes in an individual property's work program. The Company examines for indicators of impairment, such as the right or financial ability to perform work on a mineral property, future plans for exploration on a property, and management's intent to advance or not advance a property.

From time to time, the Company may acquire or dispose of mineral interests pursuant to the terms of option agreements. Due to the fact that options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded. Option payments are recorded in the period that the payments are made or received. The Company does not accrue costs to maintain mineral interests in good standing.

Restoration provisions

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of property, plant and equipment when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future rehabilitation cost estimates is capitalized along with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The rehabilitation asset is depreciated on the same basis as mining assets.

**3. SIGNIFICANT ACCOUNTING POLICIES** *(Continued)*

h) Exploration and evaluation assets *(Continued)*

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to mining assets with a corresponding entry to the rehabilitation provision. The Company's estimates are reviewed annually for changes in regulatory requirements, effects of inflation and changes in estimates.

Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit and loss for the period.

The costs of rehabilitation projects that were included in the rehabilitation provision are recorded against the provision as incurred. The cost of ongoing current programs to prevent and control pollution is charged against profit and loss as incurred.

The Company has determined that it has no restoration obligation as at March 31, 2017.

i) Share-based payments

The Company has a stock option plan that is described in Note 13. Share-based payments to employees are measured at the fair value of the instruments issued and are amortized over the vesting periods using a graded attribution approach. Share-based payments to non-employees are measured at the fair value of the goods or services received or at the fair value of the equity instruments issued (if it is determined the fair value of the goods or services cannot be reliably measured), and are recorded at the date the goods or services are received. If and when the stock options or warrants are ultimately exercised, the applicable amounts of reserves are transferred to share capital.

The fair value of the options is measured at grant date, using the Black-Scholes option pricing model, and is recognized during the period that the employees earn the options. The fair value is recognized as an expense with a corresponding increase in equity. The amount recognized as expense is adjusted to reflect the number of share options expected to vest. Forfeitures of stock options are accounted for as incurred.

j) Warrants

Warrants are classified as equity as they are derivatives over the Company's own equity that will be settled only by the Company exchanging a fixed amount of cash for a fixed number of the Company's own equity instruments.

When shares and warrants are issued at the same time, the proceeds are allocated first to warrants issued, according to their fair value using the Black-Scholes pricing model, and the residual value being allocated to shares. The Company does not measure the impact of modification to the terms of warrants previously issued.

k) Share capital

Share capital issued for non-monetary consideration is recorded at the amount of the proceeds in exchange for the Company's shares at the time of issuance.

**3. SIGNIFICANT ACCOUNTING POLICIES** *(Continued)*

l) Basic loss per share

Basic loss per share is computed using the weighted average number of common shares outstanding during the year. The computation of diluted earnings per share assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on earnings per share. The dilutive effect of convertible securities is reflected in diluted earnings per share by application of the "if converted" method. The effect of potential issuances of shares from the exercise of outstanding options and warrants would be anti-dilutive for the years presented and accordingly, basic and diluted losses per share are the same.

m) Intangible assets

Intangible assets are stated, in the consolidated statements of financial position, at cost less accumulated depreciation and accumulated impairment losses. Depreciation is charged so as to write off the cost of the asset over their estimated useful lives as follows:

Computer software	1-3 years
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n) Equipment

Equipment is depreciated using the declining balance method based on estimated useful lives. Land is not depreciated.

Where an item of equipment is comprised of major components with different useful lives, the components are accounted for as separate items of equipment.

Expenditures incurred to replace a component of an item of equipment that is accounted for separately, including major inspection and overhaul expenditures, are capitalized. Directly attributable expenses incurred for major capital projects and site preparation are capitalized until the asset is brought to a working condition for its intended use. These costs include dismantling and site restoration costs to the extent these are recognized as a provision.

Financing costs directly associated with the construction or acquisition of qualifying assets are capitalized at interest rates relating to loans specifically raised for that purpose, or at the average borrowing rate where the general pool of group borrowings is utilized. Capitalization of borrowing costs ceases when the asset is substantially complete.

The depreciation method, useful life and residual values are assessed annually.

Subsequent costs

The cost of replacing part of an item within equipment is recognized when the cost is incurred if it is probable that the future economic benefits will flow to the Company and the cost of the item can be measured reliably. All other costs are recognized as an expense as incurred.

Impairment

The Company's tangible and intangible assets are reviewed for an indication of impairment at each statement of financial position date. If indication of impairment exists, the asset's recoverable amount is estimated.

An impairment loss is recognized when the carrying amount of an asset, or its cash-generating unit ("CGU"), exceeds its recoverable amount. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Impairment losses are recognized in profit and loss for the period.

**3. SIGNIFICANT ACCOUNTING POLICIES** *(Continued)*

n) Equipment *(Continued)*

The recoverable amount is the greater of the asset's fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the CGU to which the asset belongs.

Reversal of impairment

An impairment loss is reversed if there is an indication that there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. An impairment loss with respect to goodwill is never reversed.

Depreciation is charged so as to write off the cost of the asset using the declining balance method over the estimated useful lives as follows:

Computer equipment	30%
Office equipment	20%
Vehicles	30%

o) Financial instruments

All financial instruments must be recognized, initially, at fair value on the statement of financial position. The Company has classified each financial instrument into the following categories: "held-to-maturity", "loans and receivables," "available-for-sale", and "other financial liabilities". Subsequent measurement of the financial instruments is based on their respective classification. Unrealized gains and losses on available-for-sale instruments are recorded in equity. The other categories of financial instruments are recognized at amortized cost using the effective interest method. The Company had made the following classifications:

Financial Asset or Liability	Category	Measurement Method
Cash and cash equivalents	Loans and receivables	Amortized cost
Short-term investments	Available-for-sale	Fair value
Marketable securities	Available-for-sale	Fair value
Amounts receivable	Loans and receivables	Amortized cost
Reclamation bond	Loans and receivables	Amortized cost
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost
Due to related parties	Other financial liabilities	Amortized cost

**3. SIGNIFICANT ACCOUNTING POLICIES** *(Continued)*

p) Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Other financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expenses over the corresponding period. The effective interest rate is the rate that exactly discounts estimated future cash payments over the expected life of the financial liability, or, where appropriate, a shorter period.

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

q) Impairment

Non-monetary assets are tested for impairment when events or changes in circumstance indicate that the carrying amount may not be recoverable. The recoverable amount is the higher of an asset's fair value costs to sell and value in use (being the present value of the expected future cash flows of the relevant asset). An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The Company evaluates impairment losses for potential reversals when events or circumstances warrant such consideration.

r) Equity investments

The Company holds equity investments in associates. An associate is an entity over which the Company has significant influence and is neither a controlled subsidiary nor a jointly controlled entity. The Company has significant influence when it has the power to participate in the financial and operating policy decisions of the associate but does not have control or joint control over those policies.

The Company accounts for equity investments using the equity method. Under the equity method, the Company's investment in an associate is initially recognized at cost and is subsequently increased or decreased to recognize the Company's share of earnings or losses of the associate, and for impairment losses after the initial recognition date. The Company's share of an associate's losses that are in excess of its investment in the associate are recognized only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate. The Company's share of earnings or losses of associates are recognized through net income or loss during the year. Cash distributions received from an associate are accounted for as a reduction in the carrying amount of the Company's investment in the associate.

**3. SIGNIFICANT ACCOUNTING POLICIES** *(Continued)*

r) Equity investments *(Continued)*

At the end of each reporting period, the Company assesses whether there is any objective evidence that an investment in an associate is impaired. Objective evidence includes observable data indicating that there is a measurable decrease in the estimated future cash flows of the associate's operations. When there is objective evidence that an investment in an associate is impaired, the carrying amount of such investment is compared to its recoverable amount, being the greater of its fair value less costs to sell and value in use (i.e. present value of its future cash flows). If the recoverable amount of an investment in an associate is less than its carrying amount, then an impairment loss is recognized in that period. When an impairment loss reverses in a subsequent period, the carrying amount of the investment in an associate is increased to the revised estimate of the recoverable amount to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had an impairment loss not been previously recognized. A reversal of an impairment loss is recognized through net income or loss in the period in which the reversal occurs.

The Company holds a 22.3% interest in NV Gold. NV Gold has an August 31 year end, which differs from the year end of the Company. For the purpose of applying the equity method of accounting, the Company used the fiscal 6 months ended February 28, 2017 financial statements of NV Gold adjusting for any significant events between February 28 and the Company's year end.

The financial statements of NV Gold for the year ended March 31, 2017 are consistent with the Company's accounting policies.

s) Environmental

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 materials and other matters. The Company may also be held liable should environmental problems be discovered that were caused by the 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 accordance 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 a material liability to the Company.

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 resource properties, the potential of production on the properties may be diminished or negated.

**3. SIGNIFICANT ACCOUNTING POLICIES** *(Continued)*

t) Income taxes

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the statement of comprehensive loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable income or loss. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

u) Recent accounting pronouncements

There were no new accounting standards adopted in the current year that had a material impact of the consolidated financial statements. The following new standards and amendments to standards have been issued but are not effective during the year ended March 31, 2017:

- IFRS 9 Financial Instruments addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. The Standard is effective for accounting periods beginning on or after January 1, 2018. Early adoption is permitted. The Company is currently evaluating the impact of this standard.
- IFRS 15 Revenue from Contracts with Customers deals with revenue recognition and establishes principles of reporting useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity's contracts with customers. It is effective for annual periods beginning on or after January 1, 2018 and earlier application is permitted. The Company is still in the process of assessing the impact, if any, on the financial statements of this new standard.
- IFRS 16 Leases is a new standard that sets out the principles for recognition, measurement, presentation, and disclosure of leases including guidance for both parties to a contract, the lessee and the lessor. The new standard eliminates the classification of leases as either operating or finance leases as is required by IAS 17 and instead introduces a single lessee accounting model. The Standard is effective for accounting periods beginning on or after January 1, 2019. Early adoption is permitted.

#### **4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS**

In the application of the Company's accounting policies, which are described in note 3, management is required to make judgments, estimates and assumptions about the carrying amount and classification of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revisions affect only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

The following are the critical judgments and areas involving estimates, that management have made in the process of applying the Company's accounting policies and that have the most significant effect on the amount recognized in the Financial Statements.

a) Key sources of estimation uncertainty

Share-based payments

Management assesses the fair value of stock options granted in accordance with the accounting policy stated in note 3. The fair value of stock options granted is measured using the Black-Scholes option pricing model, which was created for use in estimating the fair value of freely tradable, fully transferable options. The Company's stock options have characteristics significantly different from those of traded options, and changes in the highly subjective input assumptions can materially affect the calculated values. The fair value of stock options granted using the Black-Scholes option pricing model do not necessarily provide a reliable measure of the fair value of the Company's stock option awards.

Impairment

Judgment is involved in assessing whether there is any indication that an asset may be impaired. This assessment is made based on the analysis of, amongst other factors, changes in the market or business environment, events that have transpired that have impacted the asset, and information from internal reporting.

Income taxes

Provisions for income taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by tax authorities. Where the final outcome of these tax-related matters is different from the amounts that were originally recorded, such differences will affect the tax provisions in the period in which such determination is made.

Decommissioning provision

The value of decommissioning liabilities depends on estimates of current risk-free interest rates, future restoration and reclamation expenditures and the timing of those expenditures.

#### 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS *(Continued)*

b) Key sources of judgment uncertainty

Determination of functional currency

In accordance with IAS 21, The Effects of Changes in Foreign Exchange Rates, management determined that the functional currency of the Company and its wholly owned subsidiaries is the Canadian dollar.

Going concern evaluation

As discussed on note 1, these Financial Statements have been prepared under the assumptions applicable to a going concern. If the going concern assumption were not appropriate for these Financial Statements then adjustments would be necessary to the carrying value of assets and liabilities, the reported expenses and the statement of financial position classifications used and such adjustments could be material.

The Company reviews the going concern assessment at the end of each reporting period. There were no material changes to the assessment as at March 31, 2017.

Exploration and evaluation assets

The carrying value of the Company's exploration and evaluation assets is reviewed by management quarterly, or whenever events or circumstances indicate that its carrying amount may not be recovered. Management considers certain impairment indicators such as market capitalization of the Company, metal price changes, plans for the properties and the results of exploration to date.

Significant influence

Management determines its ability to exercise significant influence over an investment in shares of other companies by looking at its percentage interest and other qualitative factors including but not limited to its voting rights, representation on the board of directors, participation in policy-making processes, material transactions between the Company and the associate, interchange of managerial personnel, provision of essential technical information and operating involvement.

#### 5. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

a) Financial instrument classification and measurement

Financial instruments of the Company carried on the Consolidated Statement of Financial Position are carried at amortized cost with the exception of marketable securities, which are carried at fair value.

The fair value of the Company's marketable securities are quoted in active markets. The Company classifies the fair value of these transactions according to the following hierarchy.

- Level 1 – quoted prices in active markets for identical financial instruments.
- Level 2 – quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets.
- Level 3 – valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

The Company's marketable securities have been assessed on the fair value hierarchy described above and classified as Level 1.

**5. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT** *(Continued)*

b) Fair values of financial assets and liabilities

The Company's financial instruments include cash and cash equivalents, short-term investments, marketable securities, amounts receivable, reclamation bond, accounts payable and accrued liabilities, and due to related parties. As at March 31, 2017 and March 31, 2016, the carrying value of cash and cash equivalents is fair value. Marketable securities are marked to fair value at each financial statement reporting date. Amounts receivable, reclamation bond, accounts payable and accrued liabilities, and due to related parties approximate their fair value due to their short-term nature.

c) Market risk

Market risk is the risk that changes in market prices will affect the Company's earnings or the value of its financial instruments. Market risk is comprised of commodity price risk and interest rate risk. The objective of market risk management is to manage and control exposures within acceptable limits, while maximizing returns. The Company is not exposed to significant market risk.

d) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its bank accounts. The Company's bank accounts are held with major banks in Canada and the United States; accordingly, the Company believes it not exposed to significant credit risk.

e) Interest rate risk

Interest rate risk is the risk of losses that arise as a result of changes in contracted interest rates. The Company is not exposed to significant interest rate risk.

f) Currency risk

The Company's main property interest in Alaska, USA make it subject to foreign currency fluctuations which may adversely affect the Company's financial position, results of operations and cash flows. The Company is affected by changes in exchange rates between the Canadian Dollar and the US Dollar. The Company does not invest in foreign currency contracts to mitigate the risks. The Company has net monetary assets of approximately \$1.4 million dominated in US dollars. A 1% change in the absolute rate of exchange in US dollars would affect its net loss by approximately \$14,600.

g) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company controls liquidity risk by ensuring that it has sufficient cash resources to pay for its financial obligations. As at March 31, 2017, the Company had a cash balance of \$1,414,971 to settle current liabilities of \$63,955.

**6. SHORT-TERM INVESTMENTS**

As at March 31, 2017, the Company has short-term investments of \$4,727,746 including accrued interest of \$21,996. The short-term investments are held in a Guaranteed Investment Certificates ("GICs") and maturing on September 29, 2017 and October 27, 2017. The Company pledged \$5,750 as collateral for a credit card.

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**7. MARKETABLE SECURITIES**

<b>March 31, 2017</b>		<b>Shares</b>	<b>Cost</b>	<b>Accumulated Realized and Unrealized Gain (Loss)</b>	<b>Total</b>
Palisades Ventures Inc.	(i)	5,555	\$ 30,000	\$ (29,611)	\$ 389
Confederation Minerals Ltd.		65,000	56,250	(15,950)	40,300
True Grit Resources Ltd.		20,000	70,400	(69,800)	600
Brocade Metals Corp.		320,000	4	-	4
American Potash Corp.		11,443	5,722	(4,807)	915
			\$ 162,376	\$ (120,168)	\$ 42,208

<b>March 31, 2016</b>		<b>Shares</b>	<b>Cost</b>	<b>Accumulated Realized and Unrealized Gain (Loss)</b>	<b>Total</b>
Palisades Ventures Inc.	(i)	5,555	\$ 30,000	\$ (29,694)	\$ 306
Confederation Minerals Ltd.		650,000	56,250	(27,000)	29,250
True Grit Resources Ltd.		40,000	70,400	(70,300)	100
Brocade Metals Corp.		320,000	4	-	4
American Potash Corp.		11,443	5,722	(5,150)	572
			\$ 162,376	\$ (132,144)	\$ 30,232

(i) Formerly, Uranium Standard Resources Ltd.

For the year ended March 31, 2017, the Company has impaired \$nil (2016 - \$129,544) of marketable securities and recorded in profit and loss due to prolonged and/or significant decrease in fair value. As at March 31, 2017, the Company had an accumulated unrealized gain of \$8,629 (2016 – accumulated unrealized loss of \$3,347) on marketable securities recorded in accumulated other comprehensive income.

**8. INVESTMENT IN NV GOLD CORPORATION**

On September 1, 2016, the Company entered into a purchase and sale agreement with NV Gold Corporation and its subsidiary, NV Gold Corporation (USA) (“NV Gold”), Canadian junior exploration company trading on the TSX Venture Exchange. As part of this agreement, NV Gold acquired the right to a 100% ownership of Great Basin Database and 100% interest in eleven Nevada Properties (see Note 9). On September 29, 2016, the Company completed the sale of Nevada Properties for consideration of 29.9% of the outstanding common shares of NV Gold. As of March 31, 2017, the Company’s ownership of NV Gold was 22.27%.

The Company accounts for its investment in NV Gold using the equity method of accounting. Under the equity method of accounting, the investment in NV Gold, is initially recognized at cost and adjusted thereafter for the post-acquisition change in the net assets.

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**8. INVESTMENT IN NV GOLD CORPORATION** *(Continued)*

This transaction has resulted in a non-cash income on sale of exploration and evaluation of assets and calculated as follows:

Acquisition of 6,172,730 shares at cost	\$ 2,160,456
Less carrying value of exploration and evaluation assets	(82,532)
Foreign exchange related to exploration and evaluation assets	(46,710)
Sale of exploration and evaluation assets	\$ 2,031,214
<hr/>	
Investment in NV Gold	\$ 2,160,456
Proportionate share of net loss	(169,361)
March 31, 2017	\$ 1,991,095

The Company is not exposed to any additional losses beyond its initial investment amount. No dividends or cash distributions were received by the Company from NV Gold during the period.

The Company recorded an equity loss of \$169,361 for the six months ended March 31, 2017 which represents the proportionate share of NV Gold's net loss through three months ended February 28, 2017. NV Gold has an August fiscal year end and it is impractical to prepare financial statements to March 31, 2017 as NV Gold is a listed entity. It is expected that the difference in reporting dates is immaterial.

The following is a summary of the consolidated financial information of NV Gold on a 100% basis as at and for the six months ended February 28, 2017 and year ended August 31, 2016, which is the most recent publicly available information for NV Gold. These amounts are presented in Canadian dollars.

	February 28, 2017	August 31, 2016
Total current assets	\$ 1,401,826	\$ 334,333
Total non-current assets	2,793,453	154,042
Total current liabilities	(89,490)	(85,138)
Total non-current liabilities	-	-
<hr/>		
Loss before other items	760,486	308,016
Other items	2,308	(261,656)
Total loss and comprehensive loss	762,794	46,360

The investment is reviewed regularly for indicators of impairment and no impairment was identified as of March 31, 2017.

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**9. EXPLORATION AND EVALUATION ASSETS**

The Company has interests in mineral properties; the details of which follow for the years ended March 31, 2017 and 2016:

	March 31, 2016	Acquisition (Disposition/Wr ite-off) costs	March 31, 2017
<b>Property acquisition costs</b>			
<b>Alaska</b>			
Unga project	\$3,733,879	\$ 186,665	\$ 3,920,544
<b>Nevada</b>			
Seven Devils	139,648	(139,648)	-
Painted Hills	32,701	(32,701)	-
Larus	20,943	(20,943)	-
Long Island	17,866	(17,866)	-
Gold Cloud	7,545	(7,545)	-
Queens	2,110	(2,110)	-
Oasis	704	(704)	-
Baker Spring	(7,237)	7,237	-
Cooks Creek	(34,308)	34,308	-
Richmond Summit	(37,278)	37,278	-
Root Spring	(60,162)	60,162	-
	82,532	(82,532)	-
<b>Canada</b>			
Newman Todd	29,306	(29,306)	-
<b>Total</b>	<b>\$3,845,717</b>	<b>\$ 74,827</b>	<b>\$ 3,920,544</b>

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**9. EXPLORATION AND EVALUATION ASSETS** *(Continued)*

The Company has the following exploration expenditures during the years ended March 31, 2017 and 2016:

	<b>Alaska</b>	<b>Nevada</b>	<b>Canada</b>	
	<b>Unga</b>	<b>General</b>	<b>Newman Todd</b>	<b>Total</b>
<b>Exploration expenditures</b>				
Drilling	\$ 503,447	\$ -	\$ -	\$ 503,447
Geological	439,288	12,847	-	452,135
Supplies and materials	146,006	-	-	146,006
Admin and camp	126,782	-	-	126,782
Assaying	117,300	-	-	117,300
Travel and accommodation	26,335	-	-	26,335
Transportation and surface access	27,867	-	-	27,867
Equipment rental	14,488	-	-	14,488
Maps and reports	9,985	-	9,477	19,462
Land tenure	1,339	1,313	-	2,652
<b>Balance - March 31, 2017</b>	<b>\$1,412,837</b>	<b>\$ 14,160</b>	<b>\$ 9,477</b>	<b>\$ 1,436,474</b>
Drilling	\$ 393,475	\$ -	\$ -	\$ 393,475
Geological	441,817	775	-	442,592
Supplies and materials	143,466	-	-	143,466
Travel and accommodation	93,017	-	-	93,017
Equipment rental	61,640	-	-	61,640
Admin and camp	59,054	-	-	59,054
Land tenure	-	56,528	-	56,528
Assaying	37,891	-	-	37,891
Maps and reports	6,498	-	-	6,498
Recoveries	-	(13,585)	-	(13,585)
<b>Balance - March 31, 2016</b>	<b>\$1,236,858</b>	<b>\$ 43,718</b>	<b>\$ -</b>	<b>\$ 1,280,576</b>

**9. EXPLORATION AND EVALUATION ASSETS** *(Continued)*

**(a) Unga Project, Alaska, USA**

The Unga Project is approximately 250 sq. kms and is comprised of patented and Alaska State claims and Alaskan Native Corporation lands.

On 19 May 2011, the Company entered into an option agreement with NGAS Production Co. ("NGAS"), a subsidiary of Magnum Hunter Resources Corp. ("Magnum"), to acquire, subject to underlying advance royalty payments of US\$2,000 per month to a maximum of US\$450,000, a 100% interest in patented land/claims in consideration for making the following payments:

	Cash (US\$)	Shares (US\$) <sup>(i)</sup>
May 19, 2011	\$ 100,000 <sup>(ii)</sup>	\$ -
June 30, 2011	-	250,000
July 15, 2011	500,000 <sup>(ii)</sup>	-
January 1, 2012	200,000 <sup>(ii)</sup>	250,000
	<u>\$ 800,000</u>	<u>\$ 500,000</u>

<sup>(i)</sup> The Company issued common shares the equivalent dollar-value as stated above.

<sup>(ii)</sup> Paid and/or issued

In addition, at the option of NGAS, a final option payment of US\$1,500,000 in cash (US\$1,000,000 on or before September 1, 2012 and US\$500,000 on or before September 1, 2013) or the number of common shares of the Company equivalent to US\$1,500,000 on or before October 1, 2012.

On August 31, 2012, NGAS elected to be paid US\$1,000,000 in cash on September 1, 2012 (paid) and US\$500,000 in cash on or before September 1, 2013 (collectively, the "Payments"). With respect to the US\$1,000,000 due September 1, 2012, NGAS granted the Company an extension of 180 days from and after September 1, 2012 to make the US\$1,000,000 payment due to NGAS, in consideration for making cash payment to NGAS of US\$100,000 on signing of the extension agreement (paid), and issuing in the aggregate 875,000 shares in stages, as to 125,000 shares on the TSX approval of the extension agreement (issued), and 125,000 shares each on the 30th, 60th, 90th, 120th, 150th and 180th days after September 1, 2012 (all issued).

In respect of the US\$1,000,000 originally due on September 1, 2012 and subsequently extended to February 28, 2013, NGAS granted the Company a second extension of 180 days to September 1, 2013, to make the US\$1,000,000 payment due to NGAS, in consideration for making cash payment to NGAS of US\$100,000 on signing of the extension agreement (paid) and share issuances to NGAS of 125,000 shares on the TSX approval of the extension agreement (issued), and additional staged share issuances to NGAS until such time as the Payments are made (625,000 shares issued). All commitments having been met, the Company now owns 100% of the Unga Property.

On February 18, 2014, the Company signed a Letter of Intent ("LOI") with Full Metal Minerals Ltd ("FMM"), to take an assignment of FMM's interest in its agreement with The Aleut Corporation ("TAC") and to acquire a 100% interest in six Alaskan State Mineral claims. Under the terms of the LOI, the Company may acquire a 100% undivided interest in the property, upon issuance of 4,000,000 shares and payment of a total of US\$50,000 (US\$10,000 paid) to FMM, subject to regulatory approval, completion of a definitive agreement including the consent of TAC to the assignment, and satisfying the Underlying Agreements. The LOI supersedes all other agreements with FMM in respect of the TAC lands and the state claims.

**9. EXPLORATION AND EVALUATION ASSETS** *(Continued)*

**(a) Unga Project, Alaska , USA** *(Continued)*

On September 8, 2014, the Company announced that, together with FMM and TAC it has signed an Assignment and Novation Agreement in respect to the TAC lands, which replaces the LOI signed on February 18, 2014, whereby all rights and interests held previously by FMM are assigned to Redstar. Pursuant to the Agreement, Redstar is required to perform the following:

	Cash (CAD\$)	Cash (US\$)	Shares issued to Full Metal	Exploration Expenditure on the Property (US\$)
On signing of the agreement	\$ 125,000 <sup>(i)</sup>	50,000 <sup>(i)</sup>	750,000 <sup>(i)</sup>	\$ -
January 1, 2015	-	55,000 <sup>(i)</sup>	-	400,000 <sup>(ii)</sup>
January 1, 2016	-	60,000 <sup>(i)</sup>	-	500,000 <sup>(ii)</sup>
January 1, 2017	-	60,000 <sup>(i)</sup>	-	500,000 <sup>(ii)</sup>
January 1, 2018	-	-	-	1,000,000
January 1, 2019	-	-	-	1,000,000
	\$ 125,000	225,000	750,000	\$ 3,400,000

<sup>(i)</sup> Paid or issued

<sup>(ii)</sup> Incurred

**(b) Nevada Properties, USA**

AngloGold-Ashanti Agreements

On March 9, 2005, the Company entered into a Data Base Purchase and Buy Back Agreement with AngloGold-Ashanti North America Inc. ("AngloGold") whereby the Company acquired the right to a 100% ownership of an exploration and geological database covering Nevada, Utah, Idaho and California ("Great Basin Database"), in consideration for the issuance of shares and making certain expenditures within the Great Basin. The agreement was subject to AngloGold retaining the right to back into projects for a 60% interest by making certain additional expenditures on specified properties. On May 8, 2008, the Company completed the purchase of the database, eliminating AngloGold's back-in option on various properties, and the agreement was terminated. Pursuant to a subsequent agreement, the back-in rights on properties acquired prior to May 2008 (Eagle Basin, Richmond Summit, Cooks Creek, Root Spring and Oasis) were converted to royalties of 1% to 2%, depending on the price of gold.

On September 1, 2016, the Company entered into a purchase and sale agreement with NV Gold (see Note 8). Pursuant to this agreement, the Company sold its right to a 100% ownership of Great Basin Database, the Nevada properties and AngloGold royalties.

**9. EXPLORATION AND EVALUATION ASSETS** *(Continued)*

**(b) Nevada Properties, USA** *(Continued)*

Nevada Properties and AngloGold royalty

Properties	Staked Claims (#)	AngloGold Royalty (%)
Baker	22	-
Cooks Creek	66	1-2
Gold Cloud	20	-
Larus	7	-
Long Island	27	-
Oasis	10	1-2
Painted Hills	14	-
Queens	4	-
Richmond Summit	10	1-2
Root Springs	61	1-2
Seven Devils	54	-

2014 Agreement

An earlier agreement in 2014 with True Grit Resources Ltd. ("True Grit") was terminated on December 21, 2015. In connection with the termination, True Grit transferred to Redstar ownership of the reclamation bond on the Cooks Creek property in the amount of US\$15,353 (\$19,914) of which the Company received US\$9,426 (\$12,025) from the State of Nevada during fiscal 2017.

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

In 2007, the Company acquired a 100% interest in the Newman Todd area properties ("Todd Properties") (comprised of several properties) by issuing 700,000 common shares to the vendor. The mineral claims are subject to a 1% net smelter return ("NSR") royalty provided that the total NSR royalties payable on any claims within the property does not exceed 2.75%. Should a mine be placed into production, the Company is required to issue common shares with a value in the aggregate of \$1,000,000. Should production exceed 250,000 ounces of gold, the Company is required to issue additional common shares with a value of \$1,000,000.

On November 19, 2010, the Company entered into an option agreement with Confederation Minerals Ltd. ("Confederation") whereby Confederation could earn up to a 70% undivided interest in the Company's 100% owned Todd Properties in Red Lake, Ontario.

On April 14, 2011, the Company acquired, under joint acquisition with Confederation, a 50% interest in 18 mineral claims adjacent to the Todd Properties ("Adjacent Property"). Of the 50% interest acquired by the parties from the vendor, Confederation acquired an undivided 35% interest in the Adjacent Property (being 70% of vendor's interest) and the Company acquired an undivided 15% interest in the Adjacent Property (being 30% of the vendor's interest) for the sum of \$70,000. The remaining 50% interest in the claims is held by Rubicon Minerals Corporation.

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**9. EXPLORATION AND EVALUATION ASSETS** *(Continued)*

**(c) Newman Todd Property, Red Lake District, Ontario, Canada** *(Continued)*

Under the terms of the agreement, Confederation could earn an initial 50% interest in the project by funding \$5,000,000 in exploration and development work, issuing shares of Confederation and making payments to the Company as follows:

	Cash	Shares	Exploration Expenditures on Projects
November 19, 2010	50,000 <sup>(i)</sup>	100,000 <sup>(i)</sup>	-
November 19, 2011	50,000 <sup>(i)</sup>	100,000 <sup>(i)</sup>	2,000,000 <sup>(ii)</sup>
November 19, 2012	75,000 <sup>(i)</sup>	150,000 <sup>(i)</sup>	1,500,000 <sup>(ii)</sup>
November 19, 2013	75,000 <sup>(i)</sup>	150,000 <sup>(i)</sup>	1,500,000 <sup>(ii)</sup>
	<u>250,000</u>	<u>500,000</u>	<u>5,000,000</u>

<sup>(i)</sup> Received

<sup>(ii)</sup> Incurred

Having earned an initial 50% interest in the project, Confederation could earn an additional 20% interest by providing a Preliminary Assessment of the property, at Confederation's cost, and issuing 500,000 shares of Confederation to the Company. In addition, to maintain the second option in good standing, Confederation would make minimum annual expenditures of \$250,000 commencing on the third anniversary and until the earlier of (a) the full exercise of the second option, and (b) the expiry of the second option.

On March 24, 2015, Confederation earned their additional 20% interest in the project by providing a Preliminary Assessment and issuing 500,000 shares to the Company.

During the year ended March 31, 2017, the Company wrote-off \$29,306 of its capitalized cost related to the Newman Todd project. As a result of the impairment, the carrying value of the Newman Todd project as at March 31, 2017 is \$nil (2016 - \$29,306).

**10. INTANGIBLE ASSETS**

	<b>Computer software</b>	
<b>Cost or deemed cost</b>		
Balance - April 1, 2015	\$	10,986
Additions		-
Balance - March 31, 2016		<u>10,986</u>
Additions		-
Balance - March 31, 2017	\$	<u>10,986</u>
<b>Accumulated depreciation</b>		
Balance - April 1, 2015	\$	625
Depreciation		<u>3,108</u>
Balance - March 31, 2016		<u>3,733</u>
Depreciation		<u>2,176</u>
Balance - March 31, 2017	\$	<u>5,909</u>
<b>Carrying amounts</b>		
As at March 31, 2016	\$	7,253
As at March 31, 2017	\$	<u>5,077</u>

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**11. EQUIPMENT**

	Computers	Equipment	Vehicles	Total
<b>Cost or deemed cost</b>				
Balance - April 1, 2015	\$ 77,911	\$ 27,016	\$ 29,100	\$ 134,027
Additions	-	-	-	-
Balance - March 31, 2016	77,911	27,016	29,100	134,027
Additions	-	7,210	22,397	29,607
Balance - March 31, 2017	\$ 77,911	\$ 34,226	\$ 51,497	\$ 163,634
<b>Accumulated depreciation</b>				
Balance - April 1, 2015	\$ 70,161	\$ 22,471	\$ 24,691	\$ 117,323
Depreciation	2,325	909	1,888	5,122
Balance - March 31, 2016	72,486	23,380	26,579	122,445
Depreciation	1,628	1,088	5,246	7,963
Balance - March 31, 2017	\$ 74,114	\$ 24,468	\$ 31,825	\$ 130,408
<b>Carrying amounts</b>				
As at March 31, 2016	\$ 5,425	\$ 3,636	\$ 2,521	\$ 11,582
As at March 31, 2017	\$ 3,797	\$ 9,758	\$ 19,672	\$ 33,226

**12. CAPITAL MANAGEMENT**

The Company's capital consists of shareholders' equity. The Company's objective when managing capital is to maintain adequate levels of funding to support the development of its businesses and maintain the necessary corporate and administrative functions to facilitate these activities. This is done primarily through equity financing, selling assets, and incurring debt. Future financings are dependent on market conditions and there can be no assurance the Company will be able to raise funds in the future. The Company invests all capital that is surplus to its immediate operational needs in short-term, highly liquid, high-grade financial instruments. There were no changes to the Company's approach to capital management during the period. The Company is not subject to externally imposed capital requirements.

**13. SHARE CAPITAL**

(a) Authorized:

At March 31, 2017, the authorized share capital was comprised of an unlimited number of common shares. The common shares do not have a par value. All issued shares are fully paid.

(b) Share issuances:

- i. On April 29, 2016, the Company closed a non-brokered private placement of 19,085,200 units (the "Units") at a price of \$0.06 per Unit for gross proceeds of \$1,145,082. The Company recorded \$25,097 of share issuance cost. Each Unit consisted of one common share and one common share purchase warrant. Each whole Warrant can be exercised into one common share of the Company at a price of \$0.14 per share for a period of three years from the date of closing. The warrants were ascribed a value of \$452,000 under the Black-Scholes valuation model (Note 13(d)) with the residual being allocated to share capital.

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**13. SHARE CAPITAL** (Continued)

(b) Share issuances: (Continued)

- ii. On September 13, 2016, the Company closed a non-brokered private placement and issued 41,000,000 common shares at a price of \$0.10 per share for gross proceeds of \$4,100,000. The Company recorded \$191,177 of share issuance cost including an aggregate of issued 480,000 broker warrants. Each broker Warrant can be exercised into one common share of the Company at a price of \$0.20 per share for a period of two years from the date of closing.
- iii. During the year ended March 31, 2017, 37,287,000 warrants were exercised for total proceeds of \$3,756,500.
- iv. On September 9, 2015, the Company closed a non-brokered private placement and issued 18,750,000 common shares at a value of \$0.04 per share, raising gross proceeds of \$750,000. The Company recorded \$43,320 of share issuance cost.

(c) Share Purchase Option Compensation Plan:

The Company has established a stock option plan whereby the Company may grant options to directors, officers, employees and consultants of up to 10% of the common shares outstanding at the time of grant. The exercise price, term and vesting period of each option are determined by the board of directors within regulatory guidelines.

Stock option transactions and the number of stock options for the year ended March 31, 2017 are summarized as follows:

Expiry date	Exercise price	March 31, 2016	Granted	Exercised	Expired / Cancelled	March 31, 2017
May 4, 2017	(a) \$ 0.09	500,000	-	-	-	500,000
May 18, 2017	(b) \$ 0.29	200,000	-	-	-	200,000
July 26, 2017	(b) \$ 0.20	400,000	-	-	-	400,000
March 2, 2018	(a) \$ 0.05	200,000	-	-	-	200,000
September 30, 2018	\$ 0.10	540,000	-	-	-	540,000
April 30, 2019	\$ 0.06	450,000	-	-	-	450,000
September 10, 2019	\$ 0.06	1,000,000	-	-	-	1,000,000
October 29, 2019	\$ 0.06	400,000	-	-	-	400,000
May 4, 2020	\$ 0.06	2,200,000	-	-	-	2,200,000
January 25, 2021	\$ 0.05	2,500,000	-	-	-	2,500,000
March 21, 2021	\$ 0.05	5,200,000	-	-	-	5,200,000
December 20, 2021	\$ 0.16	-	3,000,000	-	-	3,000,000
Options outstanding		13,590,000	3,000,000	-	-	16,590,000
Options exercisable		13,327,500	3,000,000	-	-	16,590,000
Weighted average exercise price		\$ 0.06	\$ 0.16	\$ -	\$ -	\$ 0.08

(a) Subsequent to March 31, 2017, all options were exercised.

(b) Subsequent to March 31, 2017, all options expired without being exercised.

As of March 31, 2017, the weighted average contractual remaining life is 3.43 years (March 31, 2016 – 4.14 years).

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**13. SHARE CAPITAL** (Continued)

(c) Share Purchase Option Compensation Plan: (Continued)

Stock options transactions and the number of stock options for the year ended March 31, 2016 are summarized as follows:

Expiry date	Exercise price	March 31, 2015	Granted	Exercised	Expired / Cancelled	March 31, 2016
June 5, 2015	\$ 0.20	475,000	-	-	(475,000)	-
October 28, 2015	\$ 0.18	860,000	-	-	(860,000)	-
February 23, 2016	\$ 0.30	100,000	-	-	(100,000)	-
September 7, 2016	\$ 0.50	500,000	-	-	(500,000)	-
December 5, 2016	\$ 0.10	400,000	-	-	(400,000)	-
May 4, 2017	\$ 0.09	-	500,000	-	-	500,000
May 18, 2017	\$ 0.29	1,675,000	-	-	(1,475,000)	200,000
July 26, 2017	\$ 0.20	400,000	-	-	-	400,000
March 2, 2018	\$ 0.05	-	200,000	-	-	200,000
September 30, 2018	\$ 0.10	940,000	-	-	(400,000)	540,000
April 30, 2019	\$ 0.06	450,000	-	-	-	450,000
September 10, 2019	\$ 0.06	1,750,000	-	-	(750,000)	1,000,000
October 29, 2019	\$ 0.06	1,600,000	-	-	(1,200,000)	400,000
May 4, 2020	\$ 0.06	-	2,200,000	-	-	2,200,000
January 25, 2021	\$ 0.05	-	2,500,000	-	-	2,500,000
March 21, 2021	\$ 0.05	-	5,200,000	-	-	5,200,000
Options outstanding		9,150,000	10,600,000	-	(6,160,000)	13,590,000
Options exercisable		6,925,000	10,475,000	-	-	13,327,500
Weighted average exercise price	\$	0.16	\$ 0.05	\$ -	\$ 0.19	\$ 0.06

The fair value of options vested during the year ended March 31, 2017 were \$179,172 (2016 - \$245,042).

The fair value of each option grant is estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted average assumptions:

	2017	2016
Expected dividend yield	0.00%	0.00%
Expected stock price volatility	75.00%	65-78%
Risk-free interest rate	1.06%	0.60%
Forfeiture rate	0.00%	0-30%
Expected life of options	5.0 years	2.0-3.5 years

The Black-Scholes Option Pricing Model was created for use in estimating the fair value of freely tradable, fully transferable options. The Company's employee stock options have characteristics significantly different from those of traded options, and because changes in the highly subjective input assumptions can materially affect the calculated values, management believes that the accepted Black-Scholes model does not necessarily provide a reliable measure of the fair value of the Company's stock option awards.

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**13. SHARE CAPITAL** (Continued)

(d) Warrants:

The continuity of warrants for the year ended March 31, 2017 is as follows:

Expiry date	Exercise price	March 31, 2016	Issued	Exercised	Expired	March 31, 2017
October 21, 2016	(a) \$ 0.10	39,383,363	-	(35,897,000)	(3,486,363)	-
January 27, 2017	\$ 0.12	27,566,667	-	(1,390,000)	(26,176,667)	-
September 13, 2018	\$ 0.20	-	480,000	-	-	480,000
April 29, 2019	\$ 0.14	-	19,085,200	-	-	19,085,200
Outstanding		66,950,030	19,565,200	(37,287,000)	(29,663,030)	19,565,200
Weighted average exercise price		\$ 0.11	\$ 0.14	\$ 0.10	\$ 0.12	\$ 0.14

The continuity of warrants for the year ended March 31, 2016 is as follows:

Expiry date	Exercise price	March 31, 2015	Issued	Exercised	Expired	March 31, 2016
August 27, 2015	\$ 0.09	27,566,666	-	-	(27,566,666)	-
October 21, 2016	(a) \$ 0.10	39,383,363	-	-	-	39,383,363
January 27, 2017	\$ 0.12	27,566,667	-	-	-	27,566,667
Outstanding		94,516,696	-	-	(27,566,666)	66,950,030
Weighted average exercise price		\$ 0.10	\$ -	\$ -	\$ 0.09	\$ 0.11

(a) On October 13, 2015, the Company extended the expiration date of these warrants from October 21, 2015 to October 21, 2016.

As of March 31, 2017, the weighted average contractual life is 2.06 years (March 31, 2016 – 0.67 years).

The fair value of each warrant issued is estimated on the date of issuance using the Black-Scholes option-pricing model with the following weighted average assumptions:

	2017	2016
Expected dividend yield	0.00%	Nil
Expected stock price volatility	68-92%	Nil
Risk-free interest rate	0.51-0.73%	Nil
Forfeiture rate	0.00%	Nil
Expected life of warrants	2-3 years	Nil

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**14. RELATED PARTY TRANSACTIONS**

Name and principal position	Fiscal period	Remuneration or fees <sup>(i)</sup>	Share-based compensation	Amounts payable
Ariston Capital Corp., a company controlled by the CEO - management fees	2017	\$ 160,000	\$ 148,333	\$ 4,316
	2016	\$ 30,000	\$ -	\$ 12,350
Director and Chairman of the Board - management fees	2017	\$ 50,000	\$ -	\$ -
	2016	\$ 50,000	\$ -	\$ 40,494
Clearline Chartered Professional Accountants, a company of which the former CFO is a director - management fees	2017	\$ 48,000	\$ -	\$ 7,142
	2016	\$ 85,000	\$ -	\$ 23,521
Highwood Advisory, a company controlled by the former CEO - management fees	2017	\$ -	\$ -	\$ -
	2016	\$ 67,600	\$ -	\$ 15,285
Directors' fees	2017	\$ 9,000	\$ 29,667	\$ 9,000
	2016	\$ -	\$ -	\$ -
Total	2017	\$ 267,000	\$ 178,000	\$ 20,458
	2016	\$ 232,600	\$ -	\$ 91,650

<sup>(i)</sup> Remuneration or fees were paid or accrued to the related party.

The above transactions are measured at their exchange amount, which is the amount of consideration established and agreed to by the related parties. Amounts due to related parties are unsecured, non-interest bearing and have no fixed term of repayment.

**15. SEGMENTED DISCLOSURE**

The Company has one reportable segment being the exploration and evaluation of mineral properties. The company's assets and liabilities are held within Canada and the US as follows:

<i>Rounded to 000's</i>	Canada	United States	Total
<b>March 31, 2017</b>			
<i>Current assets</i>	\$ 6,234,000	\$ 76,000	\$6,310,000
<i>Non-current assets</i>			
Reclamation bond	-	8,000	8,000
Investment in NV Gold	1,991,000	-	1,991,000
Exploration and evaluation assets	-	3,921,000	3,921,000
Intangible assets	5,000	-	5,000
Equipment	9,000	24,000	33,000
<i>Current liabilities</i>	64,000	-	64,000
<b>March 31, 2016</b>			
<i>Current assets</i>	\$ 154,000	\$ 5,000	\$ 159,000
<i>Non-current assets</i>			
Deposit	7,000	-	7,000
Reclamation bond	-	20,000	20,000
Exploration and evaluation assets	29,000	3,816,000	3,845,000
Intangible assets	7,000	-	7,000
Equipment	9,000	3,000	12,000
<i>Current liabilities</i>	251,000	-	251,000

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**16. INCOME TAXES**

The following table reconciles the expected income taxes (recovery) at the Canadian statutory income tax rates to the amounts recognized in the consolidated statements of loss and comprehensive loss for the years ended March 31, 2017 and 2016:

	March 31, 2017	March 31, 2016
Income (loss) before taxes	\$ (583,573)	\$ (2,221,094)
Statutory tax rate	26.00%	26.00%
Expected income tax (recovery)	(151,729)	(577,484)
Non-deductible items	(4,033)	(37,693)
Changes in estimates	(265,998)	(335,051)
Functional currency adjustments	(131,222)	(110,008)
Foreign tax rate difference	(47,691)	(105,037)
Change in deferred tax asset not recognized	600,673	1,165,273
<b>Total income tax (recovery)</b>	<b>\$ -</b>	<b>\$ -</b>

Deferred tax assets (liabilities) at March 31, 2017 and 2016 are as follows:

	March 31, 2017	March 31, 2016
Property and equipment	\$ (296)	\$ (1,159)
Net operating losses	296	1,159
<b>Total deferred tax assets (liabilities)</b>	<b>\$ -</b>	<b>\$ -</b>

The unrecognized deductible temporary differences at March 31, 2017 and 2016 are as follows:

	March 31, 2017	March 31, 2016
<b>Canada:</b>		
Property and equipment	\$ 26,397	\$ 36,353
Exploration and evaluation assets	4,250,594	5,027,236
Financial instruments	120,167	132,143
Investment credits	143,972	143,972
Non-capital losses	7,191,070	6,482,058
Unrealized foreign exchange loss	382,891	-
<b>Total unrecognized deductible temporary differences</b>	<b>\$ 12,115,091</b>	<b>\$ 11,821,762</b>
<b>USA:</b>		
Exploration and evaluation assets	\$ 7,052,251	\$ 7,664,778
Property and equipment	2,642	-
Net operating losses	12,514,567	10,223,897
<b>Total unrecognized deductible temporary differences</b>	<b>\$ 19,569,460</b>	<b>\$ 17,888,675</b>

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**16. INCOME TAXES** (Continued)

The Company has non-capital loss carry forwards of approximately \$7,191,070 (March 31, 2016 - \$6,482,058) which may be carried forward to apply against future year income tax for Canadian income tax purposes, subject to the final determination by taxation authorities, expiring in the following years:

Year of expiry	
2027	352,138
2028	675,557
2029	447,735
2030	113,279
2031	219,706
2032	730,366
2033	918,870
2034	1,019,524
2035	957,897
2036	1,046,986
2037	709,012
	\$ 7,191,070

In addition, the Company has available tax losses in the US that total \$12,517,103 (2016 - \$10,223,897). The remaining losses can be carried forward to offset against future taxable income for US tax purpose with expiry periods in 20 years.

Year of expiry	
2029	136,937
2030	609,356
2031	1,093,925
2032	1,311,871
2033	1,394,106
2034	2,854,528
2035	1,041,698
2036	2,705,810
2037	1,368,872
	\$ 12,517,103

The deferred tax assets have not been recognized because at this stage of the Company's development, it is not determinable that future taxable profit will be available against which the Company can utilize such deferred tax assets.

**17. EVENT AFTER THE REPORTING PERIOD**

On April 11, 2017, the Company granted 3,100,000 options to its directors, officers and consultants at an exercise price of \$0.14 per share expiring on April 11, 2022 (See Note 13 (c)).