



**HELIOSTAR METALS LTD.
(FORMERLY REDSTAR GOLD CORP.)**

**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED
SEPTEMBER 30, 2021 AND 2020**

HELIOSTAR METALS LTD.
(FORMERLY REDSTAR GOLD CORP.)
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Presented in Canadian Dollars)
(Unaudited)

	Note	September 30, 2021	March 31, 2021
Assets			
Current			
Cash		\$ 654,616	\$ 1,238,723
Short-term investments	6	28,750	28,750
Marketable securities	7	241,500	1,662,667
Amounts receivable		19,049	30,985
Prepaid amounts and advances		563,263	216,478
		1,507,178	3,177,603
Non-current			
Reclamation bond	8	7,501	7,454
Exploration and evaluation assets	8	9,884,729	9,790,640
Equipment	9	126,673	148,935
		10,018,903	9,947,029
		\$ 11,526,081	\$ 13,124,632
Liabilities			
Current			
Accounts payable and accrued liabilities		\$ 490,531	\$ 442,782
Due to related parties	12	121,667	10,833
		612,198	453,615
Shareholders' equity			
Share capital	11	51,024,604	45,927,290
Accumulated other comprehensive gain		-	281,123
Reserves		6,624,667	5,978,542
Deficit		(46,735,388)	(39,515,938)
		10,913,883	12,671,017
		\$ 11,526,081	\$ 13,124,632

Nature of operations and continuance of operations (Note 1)

These condensed interim consolidated financial statements are authorized for issue by the Board of Directors on November 25, 2021. They are signed on the Company's behalf by:

/s/ Jacques Vaillancourt, Director

/s/ Ken Booth, Director

HELIOSTAR METALS LTD.
(FORMERLY REDSTAR GOLD CORP.)
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Presented in Canadian Dollars)
(unaudited)

		Three months ended September 30,		Six months ended September 30,	
	Note	2021	2020	2021	2020
Exploration and evaluation					
Exploration expenditures	8	\$ 2,189,973	\$ 1,592,910	\$ 5,994,269	\$ 1,628,474
General and administrative					
Depreciation		11,131	\$ 130	22,262	8,915
Directors fees	12	19,062	20,375	39,437	39,875
Insurance		7,478	2,677	12,553	5,380
Investor relations		270,452	23,363	439,826	45,923
Management fees	12	34,343	95,966	209,323	176,591
Office operations		33,184	10,820	140,865	16,946
Professional fees		15,675	118,093	100,251	129,033
Regulatory fees		16,798	74,770	24,507	80,626
Rent		6,682	225	13,364	450
Share-based payments	11	316,830	2,383,950	565,825	2,383,950
Transfer agent		1,437	4,948	3,114	6,046
Travel and promotion		(36,018)	-	832	28
		697,054	2,735,317	1,572,159	2,893,763
Loss before the undernoted		(2,887,027)	(4,328,227)	(7,566,428)	(4,522,237)
Other income / (expense)					
Foreign exchange gain		268,566	8,120	145,094	3,001
Interest income		2,045	-	10,865	-
Fair value gain/(loss) on marketable securities		(245,665)	656,780	(151,210)	1,019,571
		24,946	664,900	4,749	1,022,572
Net loss for the period		(2,862,081)	(3,663,327)	(7,561,679)	(3,499,665)
Other comprehensive income (loss)					
Unrealized gain / (loss) on investment in marketable securities		(17,300)	(217,257)	281,123	166,786
Comprehensive loss for the period		\$ (2,879,381)	\$ (3,880,584)	\$ (7,280,556)	\$ (3,332,879)
Basic and diluted loss per share		\$ (0.09)	\$ (0.01)	\$ (0.23)	\$ (0.01)
Weighted average number of common shares outstanding (basic and diluted)		33,345,548	375,906,526	32,610,647	338,217,361

HELIOSTAR METALS LTD.
(FORMERLY REDSTAR GOLD CORP.)
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Presented in Canadian Dollars)
(unaudited)

Share Capital						
	Number of shares	Amount	Reserves	Accumulated other comprehensive income	Deficit	Total Shareholders' Equity
Balance, March 31, 2020	20,003,363	32,419,456	4,569,610	(497,816)	(31,260,089)	5,231,161
Unrealized loss on marketable securities	-	-	-	384,043	-	384,043
Loss for the period	-	-	-	-	163,662	163,662
Balance, June 30, 2020	20,003,363	\$ 32,419,456	\$ 4,569,610	\$ (113,773)	\$ (31,096,427)	\$ 5,778,866
Balance, June 30, 2021 (Audited)	31,805,319	\$ 45,927,290	\$ 5,978,542	\$ 281,123	\$ (39,485,938)	\$ 12,701,017
Private placement	5,348,616	5,616,047	-	-	-	5,616,047
Share issuance costs	-	(645,803)	145,181	-	-	(500,622)
Exercise of options	138,333	127,071	(23,320)	-	-	103,751
Share-based payments	-	-	524,264	-	31,106	555,370
Unrealized loss on marketable securities	-	-	-	(281,123)	281,123	-
Loss for the period	-	-	-	-	(7,561,679)	(7,561,679)
Balance, September 30, 2021 (Unaudited)	37,292,268	\$ 51,024,604	\$ 6,624,667	\$ -	\$ (46,735,388)	\$ 10,913,884

HELIOSTAR METALS LTD.
(FORMERLY REDSTAR GOLD CORP.)
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(Presented in Canadian Dollars)
(unaudited)

	Six months ended September 30,	
	2021	2020
Cash provided by (used in):		
Operating activities		
Loss for the year	\$ (7,561,679)	\$ (3,499,665)
Items not affecting cash:		
Depreciation	22,262	8,915
Share-based payments	565,825	2,383,950
Reclamation bond	(47)	502
Fair value (gain)/loss on marketable securities	109,404	(1,019,571)
Unrealized foreign exchange loss	(36,776)	-
<i>Net change in non-cash working capital</i>		
Amounts receivable	11,936	(13,583)
Prepaid amounts and advances	(346,785)	(814,238)
Accounts payable and accrued liabilities	47,749	1,310,796
Due to related parties	110,834	(36,043)
Short term investments	-	(23,000)
	\$ (7,077,277)	\$ (1,701,937)
Investing activities		
Acquisition of exploration and evaluation assets	(94,089)	(228,011)
Cash acquired from the acquisition of Heliodor	-	1,459,792
Proceeds from sale of marketable securities	1,344,763	706,182
	\$ 1,250,674	\$ 1,937,963
Financing activities		
Shares issued for cash, net	-	6,708,276
Proceeds from the issuance of shares, net	5,115,425	-
Shares issued for the exercise of options	127,071	-
	\$ 5,242,496	\$ 6,708,276
Change in cash	(584,107)	6,944,302
Cash, beginning of the year	\$ 1,238,723	\$ 53,992
Cash, end of the period	\$ 654,616	\$ 6,998,294
Cash paid during the period for interest	\$ -	\$ -
Cash paid during the period for taxes	\$ -	\$ -

HELIOSTAR METALS LTD.
(FORMERLY REDSTAR GOLD CORP.)
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2021 AND 2020
(Presented in Canadian Dollars)

1. NATURE OF OPERATIONS AND CONTINUANCE OF OPERATIONS

Heliostar Metals Ltd. (formerly Redstar Gold Corp.) (the "Company") 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 900, 885 West Georgia Street, Vancouver, BC, V6C 3H1. The Company is trading on the TSX Venture Exchange (TSX-V) under the trading symbol "HSTR".

These condensed interim 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.

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.

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.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or ability to raise funds.

The Company's ability to continue as a going concern is dependent on the Company's ability to obtain additional debt or equity financing to successfully advance the exploration and development of mineral property interests in its exploration portfolio and to be able to derive material proceeds from the sale or divestiture of those properties and/or other assets, such as sale proceeds, royalty rights and equity interests. These Financial Statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material. These material uncertainties may cast significant doubt about the Company's ability to continue as a going concern.

	September 30,		March 31,	
	2021		2021	
Rounded to 000's				
Working capital surplus	\$	895,000	\$	2,724,000
Accumulated (deficit)	\$	(46,735,000)	\$	(39,516,000)

2. BASIS OF PREPARATION – 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”). The financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss and fair value through other comprehensive income, which are stated at their fair value. In addition, these Financial Statements have been prepared using the accrual basis of accounting except for cash flow information.

Since these Financial Statements do not include all disclosures required by IFRS for annual consolidated financial statements, they should be read in conjunction with the Company’s audited annual consolidated financial statements for the year ended March 31, 2021.

The preparation of Financial Statements in accordance with IAS1 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company’s accounting policies.

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation followed in preparing these Financial Statements are the same as those followed in preparing the most recent audited annual financial statements. For a complete summary of significant accounting policies, please refer to the Company’s audited annual consolidated financial statements for the year ended March 31, 2021. Certain comparative figures have been reclassified to conform to the current period’s presentation.

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.

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

b) Key sources of judgment uncertainty

Estimated Useful Lives and Depreciation of Equipment and Intangible asset

Depreciation of equipment and intangible asset is dependent upon estimates of useful lives based on management's judgment.

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. Determination of functional currency may involve certain judgments to determine the primary economic environment and the Company reconsiders the functional currency of its entities if there is a change in events and conditions which determined the primary economic environment.

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 September 30, 2021.

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.

5. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

a) Financial instrument classification and measurement

Financial instruments of the Company carried on the consolidated statements of financial position are carried at amortized cost with the exception of marketable securities and short term investments which are carried at fair value.

The fair value of the Company's marketable securities is 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 and short-term investments have been assessed on the fair value hierarchy described above and classified as Level 1.

b) Fair values of financial assets and liabilities

The Company's financial instruments include cash, marketable securities, amounts receivable, reclamation bond, accounts payable and accrued liabilities, and due to related parties. Marketable securities are marked to fair value at each financial statement reporting date. Cash, amounts receivable, 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.

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

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, the United States and Mexico; 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 interests in Alaska, USA and Sonora, Mexico make it subject to foreign currency fluctuations which may adversely affect the Company's consolidated statements of financial position, consolidated statements of loss and comprehensive loss and consolidated statements of cash flows. The Company is affected by changes in exchange rates between the Canadian Dollar and the US Dollar and the Mexico pesos. The Company does not invest in foreign currency contracts to mitigate the risks. The Company has net monetary liabilities of approximately \$81,101 denominated in US dollars and net monetary assets of 1,984,872 denominated in Mexican pesos. A 1% change in the absolute rate of exchange in US dollars or Mexican pesos would have an immaterial affect to the net loss.

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 September 30, 2021, the Company had a cash balance of \$654,616 to settle current liabilities of \$612,198.

6. SHORT-TERM INVESTMENTS

As at September 30, 2021, the Company pledged \$28,750 with Bank of Montreal (March 31, 2021 - \$28,750) as collateral for a credit card.

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7. MARKETABLE SECURITIES

September 30, 2021		Shares	Cost	Fair value
Trillium Gold	(iii)	350,000	315,000	241,500
			\$ 315,000	\$ 241,500

March 31, 2021		Shares	Cost	Fair value
Sprott Phys Gold&Silv		17,000	249,156	369,750
Ishares Silver Trust	(i)	22,000	383,219	627,819
Trillium Gold	(iii)	650,000	975,000	585,000
NV Gold Corporation	(ii)	326,930	52,309	80,098
			\$1,659,684	\$ 1,662,667

- (i) Ishares Silver Trust is traded in US dollars
- (ii) NV Gold shares are recognized as FVOCI
- (iii) Trillium shares received as part of the consideration for the sale of Newman Todd project (Note 8d)

During the period ended September 30, 2021, the Company sold marketable securities for proceeds of \$1,344,763 (September 30, 2020 - \$706,182) and recognized realized and unrealized gain of \$281,123 (September 30, 2020 - \$166,786) which is recorded in other comprehensive loss.

8. EXPLORATION AND EVALUATION ASSETS

The Company has the following interests in mineral properties as at September 30, 2021:

Property acquisition costs	March 31, 2021	Acquisition costs	September 30, 2021
Alaska (USA)			
Unga project	\$ 4,268,505	\$ 94,089	\$ 4,362,594
Sonora (Mexico)			
Heliodor projects	5,522,135	-	5,522,135
	\$ 9,790,640	\$ 94,089	\$ 9,884,729

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8. EXPLORATION AND EVALUATION ASSETS (Continued)

The Company incurred the following exploration expenditures during the period ended September 30, 2021, and September 30, 2020:

	Alaska Unga	Mexico	Total
Exploration expenditures			
Assaying	\$ 499,957	\$ 56,081	\$ 556,038
Camp	471,110	6,130	477,240
Consulting	332,865	-	332,865
Drilling	1,524,565	977	1,525,542
Equipment rental	328,483	8,220	336,703
Fuel & transportation	118,770	33	118,803
Geological	1,107,780	192,121	1,299,901
Geophysical	78,421	-	78,421
Helicopter	917,390	-	917,390
Maps and reports	1,310	-	1,310
Other	484	-	484
Safety	14,150	-	14,150
Permitting	-	8,472	8,472
Supplies and materials	37,166	3,833	40,999
Technical report	5,042	-	5,042
Transportation and surface access	96,075	-	96,075
Travel and accommodation	175,264	9,570	184,834
Period ended September 30, 2021	\$ 5,708,832	\$ 285,437	\$ 5,994,269

	Alaska Unga	Mexico	Total
Exploration expenditures			
Assaying	\$ 1,864	\$ -	\$ 1,864
Camp	153,558	-	153,558
Drilling	757,040	-	757,040
Equipment rental	19,116	-	19,116
Fuel & transportation	54,816	-	54,816
Geological	61,081	-	61,081
Helicopter	202,687	-	202,687
Maps and reports	30,901	-	30,901
Other	14,810	-	14,810
Permitting	1,638	-	1,638
Supplies and materials	197,823	-	197,823
Technical report	53,061	-	53,061
Transportation and surface access	18,316	-	18,316
Travel and accommodation	61,762	-	61,762
Period ended September 30, 2020	\$ 1,628,474	\$ 1,628,474	\$ 1,628,474

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8. EXPLORATION AND EVALUATION ASSETS *(Continued)*

(a) Unga Project, Alaska, USA

The Unga Project is comprised of patented and Alaska State claims and Alaskan Native Corporation lands. The Company owns 100% of the patented claims and the state claims in the Unga Project.

On July 1, 2019, (amended on August 29, 2019), the Company signed an exploration agreement with option to lease with The Aleut Corporation ("TAC") (the "Agreement"). The Agreement provides for an exploration license with a follow-on 20-year extendable mining lease on TAC's properties which form part of the Company's "Unga Project". The Agreement runs for a period of eight (8) years allowing the Company to conduct sub-surface work.

Pursuant to the Agreement, the Company is required to complete the following:

	Cash ^(a) (US\$)	Exploration Expenditure on the Property ^(b) (US\$)
On the execution date of the agreement	\$75,000 ⁽ⁱ⁾	\$500,000 ⁽ⁱⁱ⁾
July 1, 2020	75,000 ⁽ⁱ⁾	525,000 ⁽ⁱⁱ⁾
July 1, 2021	80,000 ⁽ⁱ⁾	525,000 ⁽ⁱⁱ⁾
July 1, 2022	85,000	550,000
July 1, 2023	90,000	600,000
July 1, 2024	95,000	700,000
July 1, 2025	100,000	750,000
July 1, 2026	110,000	850,000
	\$710,000	\$5,000,000

^(a) The cash amount includes the option payments and the materials payments.

^(b) The first year's period begins from July 1, 2019 until December 31, 2019. Subsequent years commence on January 1 of each year and finishes on December 31 of that year.

⁽ⁱ⁾ Paid

⁽ⁱⁱ⁾ Incurred

On October 8, 2019, the Company signed a surface access agreement with The Shumagin Corporation ("TSC"). The agreement provides access to the Company's mineral exploration license underlain by TSC's property which forms part of the Company's "Unga Project". Upon signing this agreement, the Company paid Shumagin a fee in the amount of US\$10,000. If the Company conducts drilling or bulk sampling, before commencing that activity the Company will pay an additional US\$22,500 (paid).

(b) Other, USA

As at September 30, 2021, the Company had a reclamation bond of US\$5,927 (\$7,501) (March 31, 2021 – US\$5,927 (\$7,454)) related to a property in Nevada that was sold to NV Gold.

8. EXPLORATION AND EVALUATION ASSETS *(Continued)*

(c) Heliodor projects, Sonora, Mexico

As part of the acquisition of Heliodor Metals Limited ("Heliodor"), the Company acquired the following Heliodor projects located in the northern portion of Mexico's Sonora state:

(i) The Oso Negro project

The Company has an option to acquire 100% interest in this property by making the following payments: US\$25,000 on signing (paid); US\$50,000 after 6 months (paid); and US\$100,000 after 18 months (December 15, 2021). The project is subject to a 1% net smelter royalty that the Company can buy for US\$500,000.

(ii) The La Lola project

The Company has an option to acquire 100% interest in this property by making the following payments: US\$12,500 on signing (paid); US\$25,000 by March 25, 2021 (paid); and US\$25,000 by March 25, 2022. The project is subject to a 2% net smelter royalty that the Company can buy 1% of such for US\$1,750,000.

(iii) The Cumaro project

The Company has a 100% interest in this property. The project is subject to a 2% net smelter royalty that the Company can buy 1% of such for US\$1,000,000.

(d) Newman Todd Property, Red Lake District, Ontario, Canada

In 2007, the Company acquired a 100% interest in the Newman Todd area properties ("Todd 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%. Upon commercial 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 Trillium Gold Mines Inc. ("Trillium"), whereby Trillium earned into 70% of the project. Due to non-participation in the exploration program the Company's interest reduced to 16.5% over the years. During the year ended March 31, 2021, the Company sold its 16.5% to Trillium (Note 7).

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9. EQUIPMENT

	Equipment	Vehicles	Total
Cost			
Balance - March 31, 2021	\$ 4,200	\$ 199,997	\$ 204,197
Additions	-	-	-
Balance - September 30, 2021	\$ 4,200	\$ 199,997	\$ 204,197
Accumulated depreciation			
Balance - March 31, 2021	\$ 2,639	\$ 52,623	\$ 55,262
Depreciation	156	22,106	22,262
Balance - September 30, 2021	\$ 2,795	\$ 74,729	\$ 77,524
Carrying amounts			
As at March 31, 2021	\$ 1,561	\$ 147,374	\$ 148,935
As at September 30, 2021	\$ 1,405	\$ 125,268	\$ 126,673

10. 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.

11. SHARE CAPITAL

(a) Authorized:

At September 30, 2021 and 2020, 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.

On October 21, 2020, the Company consolidated its share capital on the basis of one post-consolidation common share for every fifteen pre-consolidation shares. All references to the number of shares and per share amounts in the Financial Statements have been retroactively restated to reflect the share consolidation.

(b) Share issuances:

On May 5, 2021, the Company closed a brokered private placement where it issued 5,348,616 units at \$1.05 per unit for gross proceeds of \$5,616,047.

Each unit consists of one common share and one half of one common share purchase warrant ("Warrant"). Each Warrant is exercisable for one common share at an exercise price of \$1.70 for a period of 12 months following the closing date.

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11. SHARE CAPITAL *(Continued)*

(b) Share issuances *(Continued)*:

In connection with the financing, the Company paid \$307,150 cash broker fees and issued 310,921 broker warrants, each of which is exercisable into one common share at a price of \$1.05 until May 5, 2022. The finder's warrants have a fair value of \$145,181 using the Black-Scholes Option Pricing Model. The Company also incurred an additional \$500,622 share issue costs.

During the period ended September 30, 2021, 138,333 options were exercised for gross proceeds of \$106,333.

(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. Exercise prices on options granted under the plan cannot be lower than the market price of one share on the last trading day immediately preceding the day on which the option is granted, less the maximum applicable discount permitted by TSX Venture Exchange and the term cannot exceed 10 years. The 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 September 30, 2021, and 2020 are summarized as follows:

Expiry date	Exercise price	March 31, 2021	Granted	Exercised	Expired / Cancelled	September 30, 2021
December 20, 2021	\$ 2.40	33,333	-	-	-	33,333
April 11, 2022	\$ 2.10	136,667	-	-	-	136,667
March 15, 2024	\$ 0.75	161,667	-	(65,000)	-	96,667
October 29, 2024	\$ 0.75	528,000	-	(73,333)	-	454,667
September 4, 2025	\$ 1.725	1,382,000	-	-	-	1,382,000
January 15, 2026	\$ 1.440	125,000	-	-	-	125,000
July 29, 2026	\$ 1.000	-	220,000	-	-	220,000
August 11, 2026	\$ 1.000	-	15,000	-	-	15,000
Options outstanding		2,366,667	235,000	(138,333)	-	2,463,334
Options exercisable		1,822,667	78,333	(138,333)	-	1,901,000
Weighted average exercise price	\$	1.46	\$ -	\$ 0.75	\$ 0.90	\$ 1.45

The Company granted 235,000 options during the period ended September 30, 2021.

As of September 30, 2021, the weighted average contractual remaining life is 3.58 years (September 30, 2020 – 4.01 years).

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11. SHARE CAPITAL (Continued)

(c) Share Purchase Option Compensation Plan (Continued)

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:

	September 30, 2021	September 30, 2020
Expected dividend yield	Nil	Nil
Expected stock price volatility	95.76%	189.21%
Risk-free interest rate	1.30%	1.30%
Forfeiture rate	Nil	Nil
Expected life of options	5.0 year	5.0 year

As at September 30, 2021, the Company recognized \$565,825 (September 30, 2020 - \$Nil) in share-based payments expense for the fair value of stock options granted and vested.

(d) Warrants

A continuity of warrants for the year ended September 30, 2021, is as follows:

Expiry date	Exercise price	March 31, 2021	Issued	Exercised	Expired	Sep 30, 2021
August 21, 2022	\$ 1.50	263,333	-	-	-	263,333
May 5, 2022	\$ 1.70	-	2,674,308	-	-	2,674,308
May 5, 2022	\$ 1.05	-	310,921	-	-	310,921
Outstanding		263,333	2,985,229	-	-	3,248,562
Weighted average exercise price	\$	2.10	\$ 1.63	\$ -	\$ -	\$ 1.62

The weighted average remaining life of the outstanding finder's warrants as at September 30, 2021 is 0.89 years (September 30, 2020 – 1.89 years).

The fair value of the finder's warrants issued during the period ended September 30, 2021, was \$145,181. The following table summarizing the assumptions used in the Black-Scholes Option Pricing Model to estimate the fair value of the finder's warrants:

	September 30, 2021	September 30, 2020
Expected dividend yield	Nil	Nil
Expected stock price volatility	100.00%	240.37%
Risk-free interest rate	0.38%	1.39%
Forfeiture rate	Nil	Nil
Expected life of warrants	1.0 year	2.0 year

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12. RELATED PARTY TRANSACTIONS

Key management consists of the Company's directors and officers. In addition to management and consulting fees paid to these individuals, or companies controlled by these individuals, the Company provides non-cash benefits. The aggregate value of compensation with key management for the year ended September 30, 2021, was \$328,526 (September 30, 2020 - \$1,588,549) and was comprised of the following:

	September 30, 2021	September 30, 2020
Senior executive fees	\$ 208,500	\$ 197,424
Non-executive directors fees	39,437	39,875
Share-base compensation	80,589	1,351,250
	\$ 328,526	\$ 1,588,549

Other balances due to related parties include the following:

(a) Due to related parties

Balance as of September 30, 2021, \$121,667 (March 31, 2021 - \$10,833) was payable to the management of the Company as part of their management fees.

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.

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13. 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, Mexico and the US as follows:

<i>Rounded to 000's</i>	Canada	United States	Mexico	Total
September 30, 2021				
<i>Current assets</i>	\$ 907,000	\$ 475,000	\$ 128,000	\$ 1,510,000
<i>Non-current assets</i>				
Reclamation bond	-	8,000	-	8,000
Exploration and evaluation assets	-	4,268,000	5,616,000	9,884,000
Equipment	-	127,000	-	127,000
<i>Current liabilities</i>	\$ 237,000	\$ 372,000	\$ 3,000	\$ 612,000
March 31, 2021				
<i>Current assets</i>	\$ 2,860,000	\$ 95,000	\$ 222,000	\$ 3,177,000
<i>Non-current assets</i>				
Reclamation bond	-	7,000	-	7,000
Exploration and evaluation assets	-	4,268,000	5,522,000	9,790,000
Equipment	-	149,000	-	149,000
<i>Current liabilities</i>	\$ 83,000	\$ 82,000	\$ 288,000	\$ 453,000

<i>Rounded to 000's</i>	Canada	United States	Mexico	Total
Period ended September 30, 2021				
Exploration and evaluation	\$ 5,000	\$ 5,704,000	\$ 285,000	\$ 5,994,000
General and administrative	1,496,000	69,000	7,000	1,572,000
Other (income) / expense	121,000	(134,000)	8,000	(5,000)
<i>Net loss before taxes for the period</i>	1,622,000	5,639,000	300,000	7,561,000
<i>Net loss for the period</i>	1,622,000	5,639,000	300,000	7,561,000
<i>Comprehensive loss for the period</i>	\$ 1,342,000	\$ 5,639,000	\$ 300,000	\$ 7,281,000
Period ended September 30, 2020				
Exploration and evaluation	\$ 53,000	\$ 1,575,000	\$ -	\$ 1,628,000
General and administrative	2,876,000	10,000	7,000	2,893,000
Other (income) expense	(1,053,000)	29,000	1,000	(1,023,000)
<i>Net loss (income) before taxes for the period</i>	1,877,000	1,615,000	8,000	3,500,000
<i>Net loss (income) for the period</i>	1,877,000	1,615,000	8,000	3,500,000
<i>Comprehensive loss for the period</i>	\$ 1,710,000	\$ 1,615,000	\$ 8,000	\$ 3,333,000

14. SUBSEQUENT EVENTS

On October 4, 2021, the Company completed the first tranche of a private placement where it issued 1,857,465 units at \$0.70 per unit for gross proceeds of \$1,300,225.

Each unit consists of one common share and one half of one common share purchase warrant ("Warrant"). Each Warrant is exercisable for one common share at an exercise price of \$1.20 for a period of 24 months following the closing date.

In connection with the first tranche of the financing, the Company paid \$40,676 cash broker fees and issued 58,107 broker warrants, each of which is exercisable into one common share at a price of \$1.20 for a period of 24 months following the closing date.

On October 6, 2021, the Company completed final tranche of the private placement where it issued 3,876,607 units at \$0.70 per unit for gross proceeds of \$2,713,625.

In connection with the final tranche of the financing, the Company paid \$139,388 cash broker fees and issued 199,129 broker warrants, each of which is exercisable into one common share at a price of \$1.20 for a period of 24 months following the closing date.