

Fundamental

Research Corp.

Investment Analysis for Intelligent Investors

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Redstar Gold Corp. (TSX.V: RGC) – Initiating Coverage; Exploration Partnership in Nevada

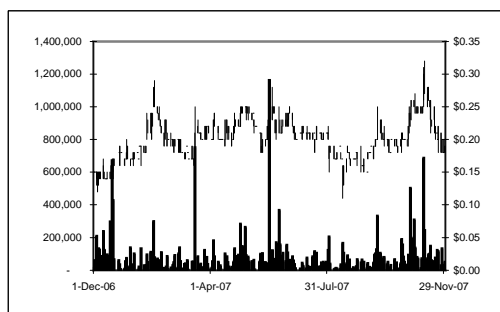
Sector/Industry: Junior Mining/Gold

www.redstargold.com

Market Data (as of January 15, 2008)

Current Price	C\$0.18
Fair Value	C\$0.31
Rating*	BUY
Risk*	5 (Highly Spec)
52 Week Range	C\$0.11 – C\$0.32
Shares O/S	47,889,723
Market Cap	C\$8.62 mm
Current Yield	N/A
P/E (forward)	N/A
P/B	2.92
YoY Return	50.0%
YoY TSXV	-1.0%

*see back of report for rating and risk definitions



Investment Highlights

- The company's most advanced asset, the Newman Todd property, is located in Red Lake, Ontario. Red Lake is a world class mining camp, and Newman Todd represents a potential new discovery.
- The company is planning a third drilling program on Newman Todd to further delineate the structure.
- Through a strategic partnership with AngloGold Ashanti (NYSE: AU), the company utilizes AngloGold's exploration database to acquire and farm out prospective properties in Nevada.
- Four of the company's Nevada properties are joint ventured at this time.
- Two properties are optioned to Gold Fields (NYSE: GFI), one of the top gold producers in the world. Gold Fields has committed \$1.4 million in exploration expenditures to these two properties in 2008.

Risks

- Redstar's properties are all in the very early stages of exploration. The success of drilling, resource expansion and development are very important for the company's future prospects.

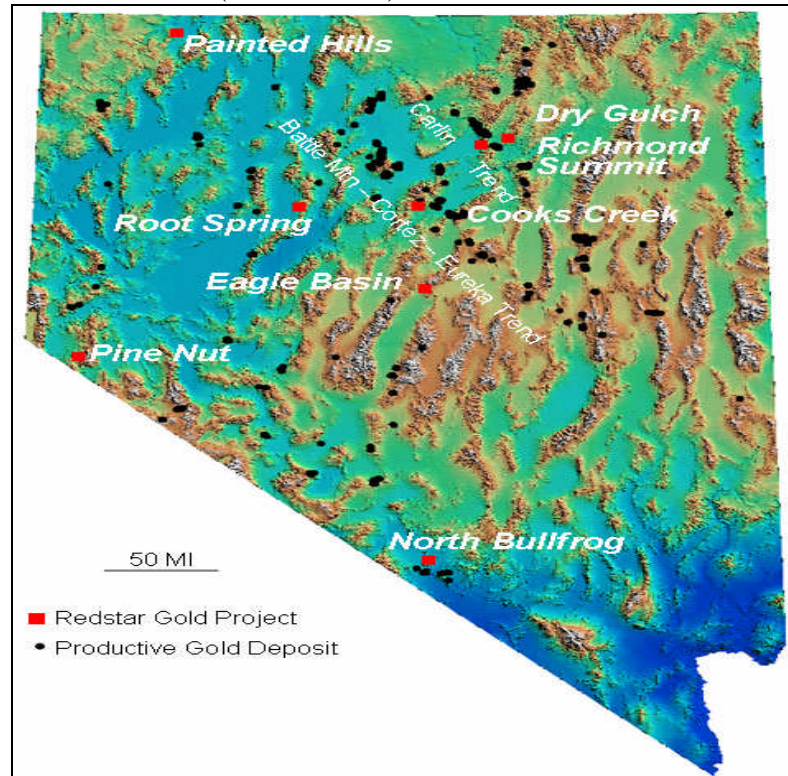
Key Financial Data (FYE - March 31) (C \$)

	2005	2006	Q2-2007 6 mo
Cash	292,260	40,785	1,313,268
Working Capital	87,887	(615,257)	1,432,518
Mineral Assets	876,798	1,370,745	1,496,977
Total Assets	1,231,621	1,444,555	2,966,876
Net Income	(2,066,063)	(509,147)	(352,790)
EPS	(0.07)	(0.02)	(0.01)

Redstar is advancing the highly prospective Newman Todd property in the Red Lake mining district. This property has geologic potential for a high grade Red Lake style deposit. They are also focused on prospect generation utilizing the joint venture model in Nevada. They currently hold 8 properties in Nevada, 4 of which are optioned at this time.

Company Overview

Redstar Gold Corp. is focused on advancing the Newman Todd property, which represents a potential new discovery in the world-class, prolific Red Lake mining camp of Ontario. In addition, they utilize their exclusive access to AngloGold Ashanti's exploration database to acquire and joint venture underexplored properties in Nevada. The company holds eight properties in Nevada, as shown below, two of which are joint ventured to Gold Fields Ltd, one of the world's top ten gold producers, and another two which are joint ventured to International Tower Hill Mines (TSX.V: ITH).



Source: Redstar Gold Corp.

Corporate History

The company was formed in its current inception in April 2002, when members of the current management team were appointed, the name of the company was changed to Redstar Gold Corp, the shares were consolidated on a 6:1 basis, and the company began trading on the TSX Venture Exchange. In 2000, Redstar Resources Corp was involved in tech ventures, but shifted their focus to resources that year.

AngloGold Partnership

Redstar has an exclusive agreement with AngloGold Ashanti, which gives the company access to AngloGold's large, extensive, and thorough exploration database for the Great Basin states, including Nevada, California, Idaho, Utah, Wyoming and Arizona. The company uses AngloGold's database to acquire properties in Nevada and become a prospect generator. Under the terms of the agreement, AngloGold Ashanti has a one time back-in right after Redstar has spent a total of \$750,000 on any particular project. AngloGold will have to spend \$1.5 million within three years to back in for 60%. When Redstar spends \$3.0 million on exploration within the Great Basin they will acquire a full copy of the exploration database and the agreement will be terminated. The company has renewed their contract with AngloGold twice, and the current agreement extends until June 23, 2008.

Joint Venture Model

Redstar is using the joint venture model to advance their properties in Nevada. This model was conceived to minimize risk while simultaneously advancing many properties. Through this model, the underlying owner is rewarded for the acquisition of the property, and the joint venture partner funds exploration and development. The underlying owner then has increased exposure to the success of these joint ventured properties with little risk. The joint venture model has been criticized in the past by investors who want a company to focus on fewer projects, and this model does reduce upside potential. However, many companies adopted this model during the market downturn at the end of the 1990s, when exploration companies recognized the value of reducing risk and capital expenditures while advancing many projects. Now, there are many junior mining companies that aim to become prospect generators and joint venture their properties.

Newman Todd

Property Overview: The 100% owned Newman Todd property is the company's flagship property and most advanced asset. A third drilling program is planned for Q1-2008.

Ownership: The company announced that they had earned 100% interest in the property from AngloGold Ashanti in September 2007. The only outstanding obligation is a share payment upon commencement of gold production from Newman Todd.

Historic Exploration/Production: The most significant historic exploration was completed by Noranda Inc. between 1980 and 1987. Noranda completed mapping, trenching, surface sampling, a geophysical survey program, and 28 drill holes. These holes targeted the Heath Bull Zone, as well as an unnamed subparallel zone associated with banded iron formations. This drilling tested the Heath Bull Zone over a strike length of 1,000 meters, but no drilling tested these zones deeper than 100 vertical meters. The subparallel zone, located approximately 500 meters east of the Heath Bull Zone, returned a significant hole grading 19.04 g/t gold over 2.9 meters as well as good trenching results including 7.9 meters of 2.26 g/t gold.

The company began exploration on the property in 2003, in conjunction with their joint venture partner at the time, AngloGold Ashanti. They started with a Titan geophysical survey and a magnetic survey. These surveys discovered a folded ultramafic deposit that is intersected by a northwest-southeast trending gold bearing structure. This intersection was the company's first priority target. This intersection model is similar to the geologic setting of the high-grade zone at Goldcorp's (TSX: G, NYSE: GG) Red Lake Mine.

The company completed a Phase I drilling program consisting of four holes to test this alteration zone in 2005. They followed up this program with a Phase II program consisting of 2,000 meters in six holes in 2006. Both drill programs have been successful in intersecting high grade intervals, including 1.0 meter grading 69.02 g/t gold within a 3.0 meter zone grading 24.84 g/t gold, and 16.35 g/t gold over 1 meter within a 2 meter zone grading 12.08 g/t gold at a vertical depth of 189 meters. More importantly, the company has gained better controls on the structure of mineralization, which will guide them in identifying the best areas for further testing.

Accessibility and Infrastructure: Red Lake is a large, world-class mining camp and is

well served for mining and exploration infrastructure. The property is located 25 kilometers west of the city of Red Lake and is accessible by gravel logging roads or by boat.

Geology and Mineralization: The company has identified gold mineralization associated with quartz veins in a large breccia zone, gold associated with iron formations, and gold associated with a felsic-mafic contact zone. The company is targeting the Heath Bull Zone, which is a carbonate/silica breccia zone with gold sulfide mineralization, including visible gold.

In Red Lake, as in many other quartz vein gold structures around the world, the best deposits are found at the intersection of cross structures or associated with dilational areas along the structure. Redstar has identified such a structure on the property, and the small drilling programs to date have been successful in identifying high-grade mineralization. Although further drilling is required, we believe the geologic potential for a high grade gold deposit is good.

Current Status: Redstar is planning a drilling program for Q1-2008 to follow up on previous high grade intercepts and test mineralization at greater depths. They are planning 12-15 holes totaling 3,000 to 3,500 meters. This program has an estimated cost of \$1.0 million. This program is focused on structure delineation and is a critical program to unlock the value of Newman Todd.

Resource Estimates: This property does not have any historic or NI 43-101 compliant resource estimates at this time.

North Bullfrog

Property Overview: The 1,200 hectare North Bullfrog property is the most advanced in the company's Nevada portfolio. This property is joint ventured to International Tower Hill Mines Ltd. (TSX.V:ITH).

Ownership: The property was acquired in January 2006. Under the terms of the option agreement, International Tower Hill Mines can earn 60% interest in the project by paying US\$190,000 and spending US\$4.0 million on the property over 4 years. They can increase their interest by 10% by taking the project to feasibility. International Tower Hill will pay Redstar 5,000 shares on every anniversary of the option agreement.

Historic Exploration/Production: The North Bullfrog property is 8 kilometers north of the Bullfrog Mine, operated by Barrick Gold from 1989-1999. This mine produced approximately 2.3 million ounces of gold from several open pits. The property has seen extensive but non-systematic historic exploration. In the early 1900s, several high grade vein systems were exploited on a small scale. An extensive soil and rock geochemical survey has outlined numerous priority targets.

Geology and Mineralization: North Bullfrog is a bulk tonnage, low-grade gold target, consisting of high-grade epithermal veins within broad, low grade mineralized stockwork zones.

Current Status: The North Bullfrog property was essentially drill ready when acquired and ITH completed a Phase I drilling program in June 2007. This drilling focused on untested structural targets within large low-grade stockwork zones. A drilling program is planned for January 2008.

Resource Estimates: This property does not have any historic or NI 43-101 compliant resource estimates at this time.

Painted Hills

Property Overview: The Painted Hills property is a high-grade gold vein target similar to the Midas and Sleeper mines in Nevada. This property is joint ventured to International Tower Hill Mines Ltd. (TSX.V:ITH).

Ownership: This property was acquired in September 2006. Under the terms of the option agreement, International Tower Hill Mines can earn 60% interest in the project by paying US\$150,000 and spending US\$2.5 million on the property over 4 years. They can increase their interest by 10% by taking the project to feasibility. International Tower Hill will pay Redstar 5,000 shares on every anniversary of the option agreement.

Historic Exploration/Production: Historic work at Painted Hill consists of rock sampling and geologic mapping, which has identified vein style mineralization and extensive silica alteration over a 1.5 kilometer strike length. Anomalous to low-grade gold has been sampled at surface. No drilling was completed prior to Redstar's involvement. The property is located 85 kilometers northwest of the Sleeper Mine, and the company believes Painted Hills has similar geologic features to this bonanza grade vein system.

Geology and Mineralization: The project covers a volcanic hosted epithermal vein/alteration system with anomalous gold values at surface. The geological evidence supports the theory that the surface represents the upper levels of an epithermal system and higher grades are likely at depth. The company draws geologic similarities to bonanza grade vein gold mines in Nevada, including Sleeper and Midas/Ken Snyder. These mines produced over five million ounces of gold in total at high grades.

Current Status: A ground CSAMT geophysical survey was completed in the spring of 2007 to map silicification, trace exposed veins, and identify potentially mineralized faults covered by overburden. ITH completed a 4 hole, 1,852 meter drilling program in September - November 2007. All four holes intersected silicified and altered material with anomalous gold mineralization. These holes will be useful for guiding future exploration, but they were too shallow to intersect the potential high grade zone.

Resource Estimates: This property does not have any historic or NI 43-101 compliant resource estimates at this time.

Dry Gulch

Property Overview: The Dry Gulch property is located on the Carlin Trend, and preliminary geologic evidence suggests potential for sediment hosted Carlin style mineralization. There is no historic exploration drilling on the property.

Ownership: This property was acquired in October 2005. It was joint ventured to Strategic Nevada Resources in 2006, and they dropped the option to pursue more advanced properties in January 2007. This property was optioned to Gold Fields Netherlands Services BV, a subsidiary of Gold Fields Ltd. (NYSE:GFI) in January 2008. Under the terms of the agreement, Gold Fields can earn a 60% interest by spending US\$2.0 million on exploration and paying US\$190,000 over a four-year period. They can earn an additional 10% interest by spending US\$5.0 million.

Current Status: This property has been joint ventured. Drilling is planned in 2008.

Resource Estimates: This property does not have any historic or NI 43-101 compliant resource estimates at this time.

**Richmond
Summit**

Property Overview: The Richmond Summit property is located in the Carlin trend. The company acquired the property through staking in January 2007. It is prospective for Lower Plate, bonanza grade gold mineralization.

Ownership: This property has been optioned to Gold Fields Netherlands Services BV, a subsidiary of Gold Fields Ltd. (NYSE:GFI). Under the terms of the agreement, Gold Fields can earn a 60% interest by spending US\$3.5 million on exploration and paying US\$290,000 over a four-year period. They can earn an additional 10% interest by spending US\$7.5 million.

Historic Exploration/Production: Historic exploration has focused on near surface mineralization in the Upper Plate, which is generally lower-grade. Only three deep holes have been drilled.

The property is located along the Carlin Trend and sits among producing mines and advanced deposits under the control of Newmont Mining. The Mike deposit, which has 8.5 million ounces of gold in resources, is 4 miles to the southeast, and the Carlin-West Leeville deposit, with greater than 10 million ounces of gold in past production and reserves, is 5.5 miles to the north.

Geology and Mineralization: Several areas of sediment hosted, Upper Plate gold mineralization grading approximately 0.125 oz/ton have been identified. The property is located on the southern corner of the Lynn Window into lower plate carbonate rocks, which host most of the gold mineralization in the Carlin trend. Lower Plate carbonate rocks have been mapped within the property.

Current Status: This property has been joint ventured. Considering the size of Gold Fields, we do not believe they will have any difficulty in funding an extensive deep drilling program, and drilling is planned for 2008.

Resource Estimates: This property does not have any historic or NI 43-101 compliant resource estimates at this time.

Pine Nut

Property Overview: The Pine Nut property is prospective for copper-gold mineralization and low sulphidation epithermal gold mineralization.

Ownership: This property was acquired in August 2005 (100% ownership). It was joint ventured to Strategic Nevada Resources in 2006, and they dropped the option to pursue more advanced properties in January 2007.

Historic Exploration/Production: Cordex, a successful exploration syndicate in Nevada, drilled the property in 1992. AngloGold drilled the property in 2000. Both programs intersected high-grade narrow intervals in vein structures. Strategic Nevada Resources completed one drilling program in 2006 that identified several areas of low-grade gold mineralization.

Current Status: This property is awaiting joint venture.

Resource Estimates: This property does not have any historic or NI 43-101 compliant resource estimates at this time.

Root Spring

Property Overview: The Root Spring property is prospective for low grade gold and silver mineralization in large quartz vein systems.

Ownership: This property was acquired in July 2007 (100% ownership).

Historic Exploration/Production: A small, seven hole drilling program in 1987 returned several mineralized intervals. The property is located 16 miles east of the Rochester silver mine owned by Coeur d'Alene Mines Corporation, and there are geologic similarities at Root Spring to the Rochester Mine.

Geology and Mineralization: Historic exploration has identified a 4,000 foot long quartz vein and stockwork system hosted by volcanic rocks. Two quartz veins, up to 15 feet thick and separated by 300 feet, have good surface samples including 8.49 g/t gold and 854 g/t silver. The surrounding wallrocks contain low grade gold (0.5-1 g/t).

Current Status: This property is awaiting joint venture.

Resource Estimates: This property does not have any historic or NI 43-101 compliant resource estimates at this time.

Eagle Basin

Property Overview: The Eagle Basin property is prospective for a high sulphidation epithermal gold deposit or a porphyry style copper-gold-moly deposit. The property is located along a regional trend, which encompasses many of Nevada's largest mines including Cortez-Pipeline, Northumberland, Bullfrog, Manhattan, and Meikle-Goldstrike-Gold Quarry.

Ownership: This property was acquired in September 2006 (100% ownership).

Historic Exploration/Production: Previous exploration consists of a single shallow drilling program in 1986-1987 by Dome Exploration. Assay results from this program are not available.

Current Status: This property is awaiting joint venture.

Resource Estimates: This property does not have any historic or NI 43-101 compliant resource estimates at this time.

Cooks Creek

Property Overview: The Cooks Creek project is about 8 miles west of the world-class Pipeline mine in north-central Nevada along the Battle Mountain – Eureka mineral belt, also referred to as the Cortez trend. The project contains sediment-hosted Carlin-type gold mineralization.

Ownership: The 5 square-mile property consists of 100% Redstar-owned mining claims staked in November 2007.

Historic Exploration/Production: The Pipeline and adjacent Cortez and Cortez Hills Carlin-type gold deposits contain more than 20 million ounces of gold (production plus reserves/resources); the mines are operated by the Cortez Joint Venture (Barrick Gold Corporation and Kennecott Explorations Australia Ltd.). At Cooks Creek, historic drilling by AngloGold identified near-surface gold mineralization.

Geology and Mineralization: The main gold zone at Cooks Creek covers an area of at least 2,900 by 2,500 feet (890 x 760m) with surface rock-chip assays reaching 1.26 ppm gold. Historic drilling also intersected near-surface gold mineralization, including 70 feet grading 0.068 opt (21.3m grading 2.32 g/t)

Current Status: Redstar is continuing its analysis of the historic data and plans to joint venture the project.

Resource estimates: This property does not have any historic or NI 43-101 compliant resource estimates at this time.

Management & Board of Directors

Scott M. Weekes, B.Sc. - President

Mr. Weekes brings over nineteen years in field-based mineral exploration in Canada and internationally. His past achievements include Senior Project Geologist of Granges Inc. and more recently his involvement in the evaluation, generation and management of the Company's past and present properties in the Yukon and Ontario.

Douglas A. Fulcher – Director

Mr. Fulcher has over twenty-eight years experience in mining exploration and project management with Pamicon Developments Ltd., a geological consulting firm in Vancouver, British Columbia. He also has over sixteen years in budgeting and financial management. Mr. Fulcher has also been a director of a number of junior mining companies including Abacus Mining & Exploration Corp.

Michael D. McInnis, B.Sc. (honours), P.Geo – Director

Mr. McInnis has over 30 years of experience in mineral exploration, in North America and overseas. He is Chairman and a Director of International Curator Resources Ltd., which he joined in 1981. He also has 15 years experience in running publicly traded companies. Mr. McInnis provides solid management expertise and has an impressive track record in acquiring high quality base and precious metal projects.

John P. Nicol, MBA - Director

Mr. Nicol has over twelve years experience in the mining industry with the past eight in public company management. He is also a Director in Abacus Mining & Exploration Corp.

Bob Singh, BSc, Pgeo - Exploration Manager, Canada

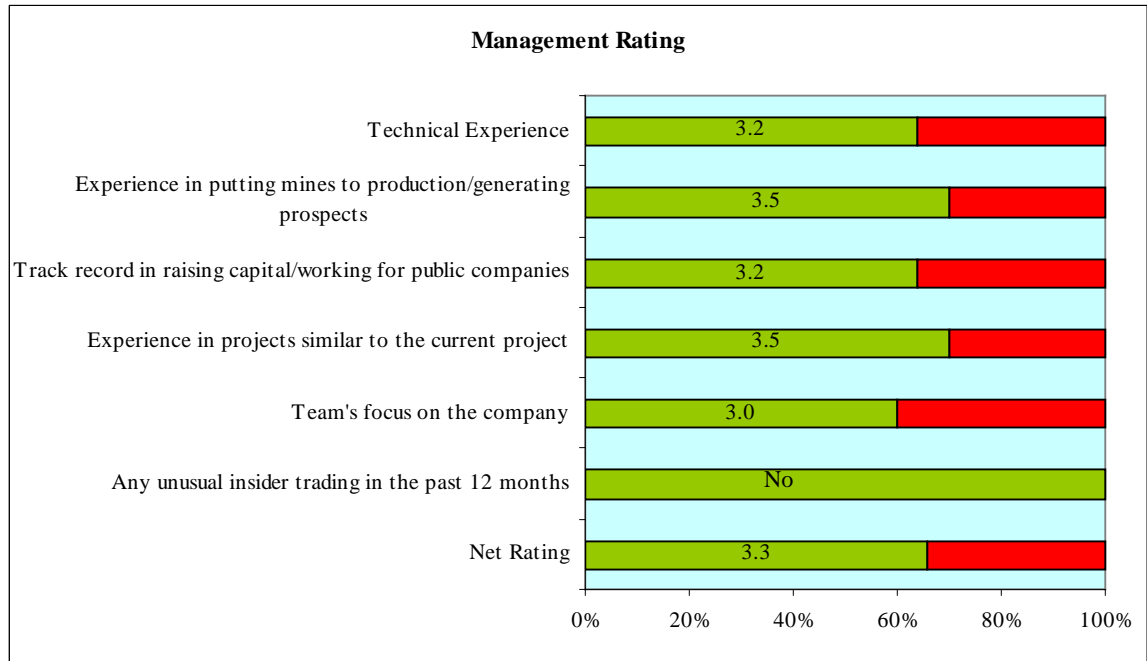
Bob is a professional geologist and Exploration Manager with extensive experience in the mineral exploration industry. Since graduating from the University of British Columbia in 1991, Bob has worked for both Junior and Major mining companies. Bob also started his own software company that developed new technologies for recording and analyzing geological data. Bob has a wide range of geological, data analysis, computer and project management skills. Recently Bob was involved in the discovery of high-grade mineralization at Redstar's Newman Todd property and is Canadian Exploration Manager for Skygold Ventures Ltd. and Redstar Gold Corporation in Vancouver B.C.

Jacob Margolis (MSc, PhD) - Exploration Manager – USA

Dr. Margolis has 25 years of experience in gold exploration and gold deposit research. He has held senior exploration positions with Homestake Mining Company and AngloGold-Ashanti and consulted for the junior sector. He has served as exploration manager at a major mining operation in Nevada and successfully developed and explored many grassroots projects in Nevada. His experience spans a broad spectrum of gold deposits, including Carlin-type sediment-hosted gold, volcanic-hosted epithermal gold-silver and porphyry copper-gold systems. Dr. Margolis is responsible for Redstar's Nevada project development and exploration programs.

**Management
Rating**

We believe that the most important aspect of a junior mining company is its management. Therefore we have developed a management rating system as a quantitative way to rate management based on a number of factors, including technical experience, the ability to raise financing, and management's time commitment to the company. We also analyzed trading records to identify for evidence of unusual trading by management. **Our net rating for Redstar Gold Corp. (see below) was 3.3, which we have rated average.** Redstar's management strengths are in recognizing prospects to acquire and farm out. They have achieved great exploration success at Newman Todd.



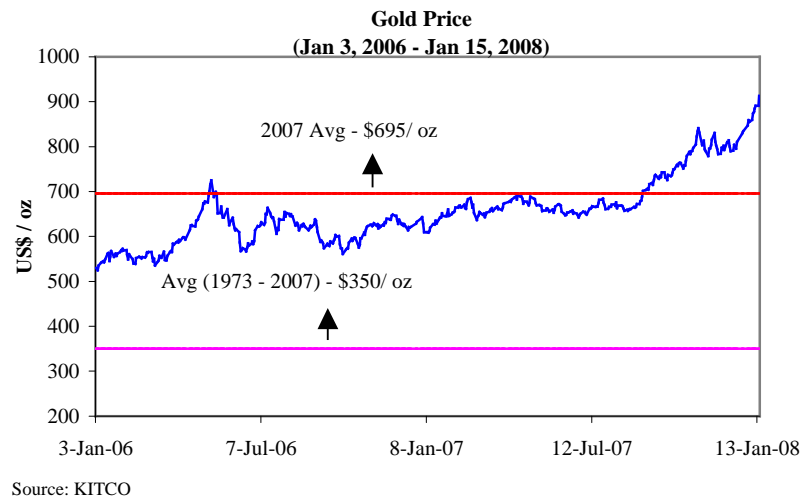
Strength of Board

The Toronto Stock Exchange recommends that the Board of Directors of every company include independent or unrelated directors who are free of any relationship or business that could materially interfere with the director’s ability to act in the best interest of the company. An unrelated/independent director can be a shareholder. In this report, we introduce our strength of board rating for Redstar, which uses information available from the company’s annual “Management Information Circular” to ensure that the company has an independent Board of Directors, Audit Committee, and Compensation Committee. This report also identifies any non-arms length transactions and management’s compensation.

Redstar’s Board of Directors is made up of 4 individuals: Scott Weekes, John Patrick Nicol, Doug Fulcher, and Michael McInnis. Michael McInnis is the only director that does not hold any shares in the company. The unrelated/independent board members are Doug Fulcher and Michael McInnis. The remaining directors are executive officers of the company, and are thus not independent. The Audit Committee is made up of John Patrick Nicol, Dough Fulcher, and Michael McInnis. Redstar conducts exploration activities through a company in which Doug Fulcher is a principal. Fees for rental of office space are also through a company in which Doug Fulcher is a principal.

Outlook for Gold

The chart below shows gold prices since January 2006. Gold prices are currently trading at their record highs, and as of January 15, 2007, was trading at US\$913, which reflects a YOY increase of 46%.



Although gold prices have risen considerably in the second half of 2007, and early 2008, and are currently trading at record highs, we have maintained our positive outlook on gold due to the following macro economic conditions:

The U.S. dollar is expected to depreciate with respect to other major global currencies, based on an expected slow down in the U.S. economy, and relatively lower real interest rates in the U.S., compared to other major countries in the world.

The U.S. housing industry is not expected to recover before the end of 2008, and recently, the U.S. economy reported job losses for the first time in four years. Both these factors further signal a slowdown in the U.S. economy. Even though the U.S. Federal Reserve cut interest rates from 5.25% to 4.25% in their last three meetings, we expect to see further rate cuts in the first half of 2008, to tackle the ongoing credit crunch problems and the softening U.S. housing industry. The rate cuts in turn, will add to inflationary pressures, and simultaneously depreciate the value of the U.S. dollar, which we believe is an ideal condition for gold prices to move higher.

We have also noticed a positive correlation between gold and oil prices, in times of high oil prices. High oil prices create inflationary expectations among investors and lead them to drift towards gold. Oil is currently trading just above US\$90/bbl, and prices are expected to stay above \$80/bbl through 2010, which we believe will also have a positive effect on the demand for gold.

Therefore, based on a forecasted depreciation in the U.S. dollar, higher inflationary expectations, relatively lower U.S. real interest rates, and high oil prices, we continue to be bullish on gold prices. Although we do not expect prices to move up as fast as they did in the past few months, we expect prices to gradually move up, as the U.S. economy moves closer to a recession. The average revised forecasts for gold prices are US\$825/oz in 2008, and US\$860/oz in 2009. We continue to use a long-term gold price forecast of US\$600/oz in our

valuation models.

Financials

In the first six months of FY2007 (ended September 2007), the company posted a net loss of \$0.35 million (EPS: -\$0.01), compared to \$0.29 million (EPS: -\$0.01) in the comparable period in the previous year. We estimate the company had a burn rate (cash spent on operating and investing activities) of \$0.20 million per month in the first six months of FY2007, compared to \$0.07 million per month in FY2006 (12-month period ended March 2007).

The table below shows the company's cash and liquidity position.

	2005	2006	Q2-2007 (6 mo)
Cash	292,260	40,785	1,313,268
Working Capital	87,887	(615,257)	1,432,518
LT Debts/ Assets	-	-	-
Burn Rate/Month (incl exploration costs)	(91,779)	(68,791)	(195,991)
Cash from financing activities	715,370	-	2,448,427

At the end of September 2007, the company had cash and working capital of \$1.31 million and \$1.43 million, respectively, versus cash of \$0.04 million and a working capital deficit of \$0.62 million at the end of FY2006.

Stock Options and Warrants: At the end of September 2007, the company has 5.27 million stock options outstanding (3.67 million are currently 'in-the-money' - assuming that none of the outstanding options were exercised since the end of September 2007), with a weighted average exercise price of \$0.17, and maturity periods between April 2008 and May 2012. The company also had 8.71 million warrants outstanding (none are currently 'in-the-money'), with a weighted average exercise price of \$0.29, and maturity periods between February 2008 and May 2009.

Conclusions: Assuming that the company will continue to burn cash at the same rate as the first six months of FY2007 (\$0.20 million per month), we believe the company's current cash position will be sufficient until March – April 2008.

Valuation

None of the company's projects have known resource estimates. Therefore, we have valued the company based on the average ratio of enterprise value (EV) to mineral assets (book value) of the company's peers. Although EV/mineral assets does not really capture the upside potential of a junior exploration company, we believe it is a good metric (and probably the only metric) to determine the fair value of a company possessing very early stage exploration projects with no known resource estimates. All the comparables that we used in our analysis follow a joint venture model.

Comparables Valuation Model						
	Company	SYM	Price	Enterprise Value	Mineral Assets	EV / Mineral Assets
1	Miranda Gold Corp.	MAD	\$1.03	\$34,549,658	\$1,328,405	26.0
2	Almaden Minerals Ltd.	AMM	\$2.71	\$105,631,237	\$8,100,782	13.0
3	Cornerstone Capital Resources Inc.	CGP	\$0.48	\$26,230,447	\$7,310,145	3.6
4	Redstar Gold Corp. ¹	RGC	\$0.18	\$8,306,882	\$2,496,977	3.3
5	Eagle Plains Resources	EPL	\$0.43	\$18,731,905	\$9,105,016	2.1
Average ²						5.9
Fair Value of RGC						\$0.31

1. Expected Mineral Assets at the end of 2008

2. Ratios of (1) and (2) were discounted by 25% to determine the average

- Stock prices are as of January 15, 2008

Based on the average EV/mineral assets ratio of 5.9, we believe RGC should trade at \$0.31 per share. We will revise our valuation if and when we are in a position to determine resource estimates for any of the company's projects.

Note that, we have discounted the ratios of MAD and AMM by 25%, as their projects are in relatively advanced stages compared to RGC's projects.

Conclusions & Rating

We believe Redstar's Newman Todd property represents an excellent prospect in the prolific Red Lake Mining Camp. The company's fruitful relationship with AngloGold Ashanti also provides important business opportunities for the company. Through joint ventures, the company has the opportunity to participate in new discoveries with minimal cost and risk.

Our valuation on the company at this time does not take into account any of the company's upside potential. Based on our current valuation, we initiate coverage on RGC with a BUY rating and a fair value estimate of \$0.31 per share.

Risks

The following risks, though not exhaustive, will cause our estimates to differ from actual results:

- The company, as with all other junior mining companies, is subject to delays affecting the entire mining industry.
- The success of drilling, expansion and the determination of favorable resource estimates are important long-term factors for the success of the company.
- The value of the company depends on commodity prices, specifically gold.

Fundamental Research Corp. Equity Rating Scale:

Buy – Annual expected rate of return exceeds 12% or the expected return is commensurate with risk

Hold – Annual expected rate of return is between 5% and 12%

Sell – Annual expected rate of return is below 5% or the expected return is not commensurate with risk

Suspended or Rating N/A— Coverage and ratings suspended until more information can be obtained from the company regarding recent events.

Fundamental Research Corp. Risk Rating Scale:

1 (Low Risk) - The company operates in an industry where it has a strong position (for example a monopoly, high market share etc.) or operates in a regulated industry. The future outlook is stable or positive for the industry. The company generates positive free cash flow and has a history of profitability. The capital structure is conservative with little or no debt.

2 (Below Average Risk) - The company operates in an industry where the fundamentals and outlook are positive. The industry and company are relatively less sensitive to systematic risk than companies with a Risk Rating of 3. The company has a history of profitability and has demonstrated its ability to generate positive free cash flows (though current free cash flow may be negative due to capital investment). The company's capital structure is conservative with little to modest use of debt.

3 (Average Risk) - The company operates in an industry that has average sensitivity to systematic risk. The industry may be cyclical. Profits and cash flow are sensitive to economic factors although the company has demonstrated its ability to generate positive earnings and cash flow. Debt use is in line with industry averages, and coverage ratios are sufficient.

4 (Speculative) - The company has little or no history of generating earnings or cash flow. Debt use is higher. These companies may be in start-up mode or in a turnaround situation. These companies should be considered speculative.

5 (Highly Speculative) - The company has no history of generating earnings or cash flow. They may operate in a new industry with new, and unproven products. Products may be at the development stage, testing, or seeking regulatory approval. These companies may run into liquidity issues, and may rely on external funding. These stocks are considered highly speculative.

Disclaimers and Disclosure

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