REMSTAR RESOURCES LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the years ended July 31, 2011 and 2010

The Management's Discussion and Analysis ("MD&A") of Remstar Resources Ltd. (the "Company" or "Remstar") for the years ended July 31, 2011 and 2010 has been prepared by management in accordance with the requirements of National Instrument 51-102 as of November 23, 2011 and should be read in conjunction with the audited consolidated financial statements and related notes thereto of the Company as at and for the years ended July 31, 2011and 2010, which were prepared in accordance with Canadian generally accepted accounting principles. The Company is presently a "Venture Issuer", as defined in NI 51-102.

This MD&A may contain "forward-looking statements" which reflect the Company's current expectations regarding the future results of operations, performance and achievements of the Issuer, including potential business or mineral property acquisitions and negotiation and closing of future financings. The Issuer has tried, wherever possible, to identify these forward-looking statements by, among other things, using words such as "anticipate," "believe," "estimate," "expect" and similar expressions. The statements reflect the current beliefs of the management of the Company, and are based on currently available information. Accordingly, these statements are subject to known and unknown risks, uncertainties and other factors, which could cause the actual results, performance, or achievements of the Issuer to differ materially from those expressed in, or implied by, these statements.

The Company undertakes no obligation to publicly update or review the forward-looking statements whether as a result of new information, future events or otherwise, other than as required by applicable law.

Historical results of operations and trends that may be inferred from the following discussions and analysis may not necessarily indicate future results from operations.

Caution Regarding Adjacent or Similar Mineral Properties

This MD&A contains information with respect to adjacent or similar mineral properties in respect of which the Company has no interest or rights to explore or mine. Readers are cautioned that the Company has no interest in or right to acquire any interest in any such properties, and that mineral deposits on adjacent or similar properties, and any production therefore or economics with respect thereto, are not indicative of mineral deposits on the Company's properties or the potential production from, or cost or economics of, any future mining of any of the Company's mineral properties.

Description of Business

The Company is a junior resource exploration company with a focus on the acquisition, exploration and development of precious metals and energy based resource properties primarily rare earth elements.

The Company currently has a right to acquire an interest in resource properties located in Canada as follows:

During the year ended July 31, 2011, the Company entered into an option agreement with Zimtu Capital Corp. and 877384 Alberta Ltd. (collectively the "Vendors) dated January 12, 2011 to acquire a 60% interest in the Snip and Seebach 02-03 properties ("Properties") located in the Carbo area of northeastern British

Columbia. Under the terms of the agreement, the Company may earn a 60% interest in the Properties by making cash payments of $250,000 and incurring $5,000,000 in exploration expenditures over a period of four years. The Vendors will retain a 2% Net Smelter Royalty ("NSR") on the Properties.

On June 17, 2011, the Company renegotiated the terms of the option agreement with the Vendors to acquire a 100% interest in the properties by paying $50,000, issuing an aggregate of 4,000,000 common shares over two years and incurring exploration expenditures of $850,000 over three years.

The Properties are located within the immediate vicinity of Spectrum Mining Corporation's Wicheeda Rare Earth Element ("REE") discovery as well as the Carbo Project which is currently being drilled by Canadian International Minerals Inc. (TSX-V: CIN) and Commerce Resources Corp. (TSX-V: CCE).

The Snip Property is located approximately 8 kilometers northwest of, and along trend from the Wicheeda discovery and was staked to cover a distinct, oval, approximately 1 to 2 kilometer diameter, airborne magnetic low. The known REE occurrences in the Carbo area, such as the Wicheeda discovery, are related to regional magnetic highs and lows. The magnetic feature is flanked by two areas of above background magnetics, indicating a complex magnetic environment, similar to that observed at Wicheeda.

The Seebach 02-03 Property is located approximately 9 kilometers south to southwest of Wicheeda, and covers a distinct, circular, aeromagnetic high.

A map showing the location of the claims as well as the Wicheeda and Carbo Properties has been uploaded to the Company's website at: www.remstarresources.com

According to Graf et al. (2009) the Wicheeda discovery is comprised of several intrusive carbonatite bodies which form a northwest to southeast trend about 2 km wide by 15 km long. The Wicheeda "Main Zone" is coincident with an area of anomalous soil geochemistry of more than 400 ppm cerium, measuring about 500 by 1,000 m. The north side of the "Main Zone" is coincident with a magnetic geophysical anomaly measuring approximately 500 by 1,000 m. During 2008 and 2009, the "Main Zone" was drill tested with 15 drill holes at three sites. Highlights included:

2008-02: 3.55% REE across 48.64 m
2009-02: 2.2% REE across 144 m
2009-07: 2.92% REE across 72 m.

The Snip Property encompasses four claims totalling 1,835 hectares and the Seebach 02-03 Property consists of two claims covering approximately 790 hectares. The claims are located 80 kilometers northeast of Prince George, B.C. via Hwy #97, then east along the all-weather Chuchinka Forest Service Road. The Snip and Seebach 02-03 Projects were acquired by the vendors in 2009 before there was significant staking in the area and before the announcement of the Wicheeda discovery.

Darren L. Smith, M.Sc., P.Geol., a qualified person as defined by National Instrument 43-101, supervised the preparation of the technical information contained herein.

Properties Update:

The Company is currently conducting ground exploration to follow up on a recently completed airborne geophysical survey on the Snip rare earth property. This phase of exploration includes a property-wide stream sediment sampling program and prospecting.

Asset-Backed Commercial Paper ("ABCP")

During the year ended July 31, 2011, the Company disposed of its ABCP holdings with a par value of approximately $2.4 million for proceeds of $1.46 million.

Please see a full discussion of the Company's ABCP investments under "*Liquidity and Capital Resources*" below.

Risk Factors

The Company is in the business of acquiring, exploring and, if warranted, developing and exploiting natural resource properties. Due to the nature of the Company's business and the present stage of exploration of its mineral properties (which are primarily early stage exploration properties with no known resources or reserves that have not been explored by modern methods), the following risk factors, among others, will apply:

Mining Industry is Intensely Competitive: The Company's business of the acquisition, exploration and development of mineral properties is intensely competitive. The Company may be at a competitive disadvantage in acquiring additional mining properties because it must compete with other individuals and companies, many of which have greater financial resources, operational experience and technical capabilities than the Company. Increased competition could adversely affect the Company's ability to attract necessary capital funding or acquire suitable producing properties or prospects for mineral exploration in the future.

Resource Exploration and Development is Generally a Speculative Business: Resource exploration and development is a speculative business and involves a high degree of risk, including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but from finding mineral deposits which, though present, are insufficient in size to return a profit from production. The marketability of natural resources that may be acquired or discovered by the Company will be affected by numerous factors beyond the control of the Company. These factors include market fluctuations, the proximity and capacity of natural resource markets, government regulations, including regulations relating to prices, taxes, royalties, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital. The great majority of exploration projects do not result in the discovery of commercially mineable deposits of ore.

Fluctuation of Metal Prices: Even if commercial quantities of mineral deposits are discovered by the Company, there is no guarantee that a profitable market will exist for the sale of the metals produced.

Factors beyond the control of the Company may affect the marketability of any substances discovered. The prices of various metals have experienced significant movement over short periods of time, and are affected by numerous factors beyond the control of the Company, including international economic and political trends, expectations of inflation, currency exchange fluctuations, interest rates and global or regional consumption patterns, speculative activities and increased production due to improved mining and production methods. The supply of and demand for metals are affected by various factors, including political events, economic conditions and production costs in major producing regions. There can be no assurance that the price of any mineral deposit will be such that any of its mineral properties could be mined at a profit.

Permits and Licenses: The operations of the Company will require licenses and permits from various governmental authorities. There can be no assurance that the Company will be able to obtain all necessary licenses and permits that may be required to carry out exploration, development and mining operations at its projects, on reasonable terms or at all. Delays or a failure to obtain such licenses and permits or a failure to comply with the terms of any such licenses and permits that the Company does obtain, could have a material adverse effect on the Company.

No Assurance of Profitability: The Company has no history of earnings and, due to the nature of its proposed business, there can be no assurance that the Company will ever be profitable. The Company has not paid dividends on its shares since incorporation and does not anticipate doing so in the foreseeable future. The only present source of funds available to the Company is from the sale of its common shares or, possibly, the sale or optioning of a portion of its interest in its mineral properties. Even if the results of exploration are encouraging, the Company may not have sufficient funds to conduct the further exploration that may be necessary to determine whether or not a commercially mineable deposit exists. While the Company may generate additional working capital through further equity offerings or through the sale or possible syndication of its properties, there can be no assurance that any such funds will be available on favourable terms, or at all. At present, it is impossible to determine what amounts of additional funds, if any, may be required. Failure to raise such additional capital could put the continued viability of the Company at risk.

Consolidated financial statements have been prepared assuming the Company will continue on a going concern basis: Remstar's consolidated financial statements have been prepared on the basis that it will continue as a going concern. At July 31, 2011, Remstar had working capital of $367,887 as compared to working capital of $686,341 as at July 31, 2010. During the year ended July 31, 2011, the Company generated cash of $1,460,827 from the sale of its ABCP and settled loans of $999,377. As a result, management has estimated that the Company has adequate funds from existing working capital to meet its obligations for the next twelve months. If Remstar is unable to obtain adequate additional financing, it may be required to curtail operations and exploration activities. Furthermore, failure to continue as a going concern would require that Remstar's assets and liabilities be restated on a liquidation basis which would likely differ significantly from their going concern assumption carrying values.

Uninsured or Uninsurable Risks: Exploration, development and mining operations involve various hazards, including environmental hazards, industrial accidents, metallurgical and other processing problems, unusual or unexpected rock formations, structural cave-ins or slides, flooding, fires, metal losses and periodic interruptions due to inclement or hazardous weather conditions. These risks could result in damage to or destruction of mineral properties, facilities or other property, personal injury, environmental damage, delays in operations, increased cost of operations, monetary losses and possible legal liability. The Company may not be able to obtain insurance to cover these risks at economically feasible premiums or at all. The Company may elect not to insure where premium costs are disproportionate to the Company's perception of the relevant risks. The payment of such insurance premiums and of such liabilities would reduce the funds available for exploration and production activities.

Government Regulation: Any exploration, development or mining operations carried on by the Company will be subject to government legislation, policies and controls relating to prospecting, development, production, environmental protection, mining taxes and labour standards. In addition, the profitability of any mining prospect is affected by the market for precious and/or base metals which is influenced by many factors including changing production costs, the supply and demand for metals, the rate of inflation, the inventory of metal producing corporations, the political environment and changes in international investment patterns.

Environmental Restrictions: The activities of the Company are subject to environmental regulations promulgated by government agencies in different countries from time to time. Environmental legislation generally provides for restrictions and prohibitions on spills, releases or emissions into the air, discharges into water, management of waste, management of hazardous substances, protection of natural resources, antiquities and endangered species and reclamation of lands disturbed by mining operations. Certain types of operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving in a manner which means stricter standards, and enforcement, fines and penalties for non-compliance are more stringent. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and directors, officers and employees. The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations.

Share Price Volatility: During the past year, worldwide securities markets, particularly those in the United States and Canada have experienced a high level of price and volume volatility, and the market price of securities of many companies, particularly those considered exploration or development stage companies, have experienced unprecedented declines in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. Most significantly, the share prices of junior natural resource companies have experienced an unprecedented decline in value and there has been a significant decline in the number of buyers willing to purchase such securities. In addition, significantly higher redemptions by holders of mutual funds has forced many of such funds (including those holding the Company's securities) to sell such securities at any price. As a consequence, despite the Company's past success in securing significant equity financing, market forces may render it difficult or impossible for the Company to secure placees to purchase new share issues at a price which will not lead to severe dilution to existing shareholders, or at all. Therefore, there can be no assurance that significant fluctuations in the trading price of the Company's common shares will not occur, or that such fluctuations will not materially adversely impact on the Company's ability to raise equity funding without significant dilution to its existing shareholders, or at all.

Financing Risks: The Company has limited financial resources, has no source of operating cash flow and has no assurance that additional funding will be available to it for further exploration and development of its projects or to fulfil its obligations under any applicable agreements. Although the Company has been successful in the past in obtaining financing through the sale of equity securities, there can be no assurance that it will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of its projects with the possible loss of such properties.

Insufficient Financial Resources: The Company does not presently have sufficient financial resources to undertake by itself the exploration and development of all of its planned exploration and development programs. Future property acquisitions and the development of the Company's properties will therefore depend upon the Company's ability to obtain financing through the joint venturing of projects, private placement financing, public financing, short or long-term borrowings or other means. There is no assurance that the Company will be successful in obtaining the required financing. Failure to raise the required funds could result in the Company losing, or being required to dispose of, its interest in its properties. In particular, failure by the Company to raise the funding necessary to maintain in good standing its various option agreements could result in the loss of its rights to such properties.

Dilution to the Company's existing shareholders: The Company will require additional equity financing be raised in the future. The Company may issue securities on less than favourable terms to raise sufficient capital to fund its business plan. Any transaction involving the issuance of equity securities or securities convertible into common shares would result in dilution, possibly substantial, to present and prospective holders of common shares.

Dependence Upon Others and Key Personnel: The success of the Company's operations will depend upon numerous factors, many of which are beyond the Company's control, including (i) the ability to design and carry out appropriate exploration programs on its mineral properties; (ii) the ability to produce minerals from any mineral deposits that may be located; (iii) the ability to attract and retain additional key personnel in exploration, marketing, mine development and finance; and (iv) the ability and the operating resources to develop and maintain the properties held by the Company. These and other factors will require the use of outside suppliers as well as the talents and efforts of the Company and its consultants and employees. There can be no assurance of success with any or all of these factors on which the Company's operations will depend, or that the Company will be successful in finding and retaining the necessary employees, personnel and/or consultants in order to be able to successfully carry out such activities. This is especially true as the competition for qualified geological, technical and mining personnel and consultants is particularly intense in the current marketplace.

Surface Rights and Access: Although the Company acquires the rights to some or all of the minerals in the ground subject to the tenures that it acquires, or has a right to acquire, in most cases it does not thereby acquire any rights to, or ownership of, the surface to the areas covered by its mineral tenures. In such cases, applicable mining laws usually provide for rights of access to the surface for the purpose of carrying on mining activities, however, the enforcement of such rights can be costly and time consuming. In areas where there are no existing surface rights holders, this does not usually cause a problem, as there are no impediments to surface access. However, in areas where there are local populations or land owners, it is necessary, as a practical matter, to negotiate surface access. There can be no guarantee that, despite having the right at law to access the surface and carry on mining activities, the Company will be able to negotiate a satisfactory agreement with any such existing landowners/occupiers for such access, and therefore it may be unable to carry out mining activities. In addition, in circumstances where such access is denied, or no agreement can be reached, the Company may need to rely on the assistance of local officials or the courts in such jurisdictions.

Title: Although the Company has taken steps to verify the title to the mineral properties in which it has or has a right to acquire an interest in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee title (whether of the Company or of any underlying vendor(s) from whom the Company may be acquiring its interest). Title to mineral properties may be subject to unregistered prior agreements or transfers, and may also be affected by undetected defects or the rights of indigenous peoples.

Acquisition of Mineral Concessions under Agreements: The agreement pursuant to which the Company has the right to acquire a number of its properties provide that the Company must make a series of cash payments and/or share issuances over certain time periods, expend certain minimum amounts on the exploration of the properties or contribute its share of ongoing expenditures. The Company does not presently have the financial resources required to complete all expenditure obligations under its property acquisition agreement over their full term. Failure by the Company to make such payments, issue such shares or make such expenditures in a timely fashion may result in the Company losing its interest in such properties. There can be no assurance that the Company will have, or be able to obtain, the necessary financial resources to be able to maintain all of its property agreements in good standing, or to be able to comply with all of its obligations thereunder, with the result that the Company could forfeit its interest in one or more of its mineral properties.

Selected Annual Information

The following selected financial data with respect to the Company's financial condition and results of operations has been derived from the audited financial statements of the Company for the years ended July 31, 2011, 2010 and 2009, which have been prepared in accordance with accounting principles generally accepted in Canada. The selected financial data should be read in conjunction with those financial statements and the notes thereto.

	Years ended		
	2011	2010	2009
Total Revenues	$Nil	$Nil	$Nil
Net Earnings (Loss)	$210,298	($553,484)	($1,546,230)
Earnings (Loss) per share	$0.01	($0.01)	($0.04)

Total assets	$755,054	$1,818,601	$1,679,364
Total long term liabilities	$Nil	$Nil	$Nil
Cash dividends declared per share for each class of share	$Nil	$Nil	$Nil

Results of Operations

The following discussion of the financial condition, changes in financial condition and results of operations of the Company for the years ended July 31, 2011 and 2010 should be read in conjunction with the audited consolidated financial statements of the Company and notes thereto as at and for the years ended July 31, 2011 and 2010.

Year ended July 31, 2011 compared with the year ended July 31, 2010

During the year ended July 31, 2011, the Company reported net earnings of $210,298 compared to net loss of $553,484 during the prior fiscal year, a decrease in loss by $763,782. The decrease in loss was primarily attributable to a gain on sale of investments of $723,983. In addition, there was an increase in interest and other income of $13,175 and decrease in write-off of resource property of $100,000 offset by increases in general and administrative expenses of $38,143, stock-based compensation of $16,919, foreign exchange loss of $1,087 and a loss on write-off of capital assets of $17,227.

During the year ended July 31, 2011, the Company sold its ABCP investments for gross proceeds of $1,460,827 and recorded a gain of $723,983 which was a recovery of the estimated fair value as at July 31, 2010. The ABCP had an original face value of $2,416,584 and the Company recorded aggregate impairments of $1,545,225 and received interests of $147,123 which were recognized as a credit to the estimated fair value of the asset.

During the year ended July 31, 2010, the Company wrote-off its total cost of $100,000 in its coal lease applications as no exploration work had been done on the properties nor does the Company plan on incurring any exploration expenditures on the properties in the near future.

The increase in general and administrative expenses excluding stock-based compensation of $38,143 resulted from increases in consulting fees of $13,824, interest and bank charges of $47, regulatory, transfer agent and shareholder communication of $19,943, travel, advertising and promotion of $104,381 offset by decreases in amortization of $2,111, management fees of $49,983, office, rent and administration of $2,646, professional fees of $14,810 and wages and benefits of $30,502.

Consulting fees increased by $13,824 as a result of project investigation expenses incurred for the Snip and Seebach Properties.

Travel, advertising and promotion expense increased by $104,381 as a result of fees paid related to a distribution of investment materials during the year. In addition, travel expenses were incurred related to due diligence, evaluation of potential projects and participation in mining and investment conferences. No such expenses were incurred during the prior fiscal year.

Management fees decreased by $49,983 as a result of a cancellation of monthly management fees of $5,400 to a former CFO of the Company.

During the prior fiscal year, the Company refunded a related company $47,500 in wages and benefits as a result of adjustment for expense allocations. In addition, during the year ended July 31, 2011, the Company increased its monthly charges to related companies. All these resulted in a decrease in wages and benefits by $30,502 during year ended July 31, 2011.

During the year ended July 31, 2011, the Company wrote off its capital assets held under Dialex. As a result, an impairment loss of $17,227 was recognized.

During the year ended July 31, 2011, the Company recorded stock-based compensation of $100,056 for stock options which vested during the year and for stock options granted to directors, officers and consultants of the Company to purchase 1,115,000 shares at $0.10 per share for a period of ten years expiring October 12, 2020. During the year ended July 31, 2010, the Company recorded stock-based compensation of $83,137 for stock options which vested during the year and for stock options granted to a director of the Company to purchase 250,000 shares at $0.10 per share for a period of ten years expiring December 1, 2019.

Summary of Quarterly Results

The following is a summary of certain consolidated financial information concerning the Company for each of the last eight reported quarters:

Quarter ended	Total Revenues ($)	Income (Loss) ($)	Income (Loss) per share ($)
July 31, 2011	Nil	(157,985)	(0.01)
April 30, 2011	Nil	(92,848)	-
January 31, 2011	Nil	(150,903)	(0.01)
October 31, 2010	Nil	612,034	0.02
July 31, 2010	Nil	(159,148)	-
April 30, 2010	Nil	(89,086)	-
January 31, 2010	Nil	(168,734)	(0.01)
October 31, 2009	Nil	(136,516)	-

There are no general trends regarding the Company's quarterly results. Quarterly results can vary significantly depending on whether the Company has abandoned any properties, granted any stock options or recorded a provision for impairment on its ABCP investments and these are the factors that account for material variations in the Company's quarterly net losses, none of which are predictable. The Company has recorded a provision for impairment on its ABCP investments which had a material effect on the quarterly results for the quarters ended October 31, 2009 and January 31, 2010. However, during the quarter ended October 31, 2010, these investments were sold and the Company recorded a gain on this sale which had a material effect on the quarterly results for the period. The Company does not anticipate any other major impairments or fair value adjustments in its future quarterly results. The write-off of resource properties can have a material effect on quarterly results as and when they occur (as, for example in the quarter ended July 31, 2010). The other major factor which can cause a material variation in net loss on a quarterly basis is the grant of stock option due to the resulting stock-based compensation charges which can be significant when they arise. This can be seen in the quarter ended January 31, 2010.

The Company leases its office space and charges accounting, administration and office costs to reporting issuers. During the quarter ended January 31, 2011, the Company refunded a related company for wages and benefits due to an adjustment in expense allocations and this caused a material variation in net loss during that period. The Company does not anticipate any other expense allocation adjustments in its future quarterly results. The variation in travel, advertising and promotion is related to a distribution of investment materials and travel expenses incurred for project due diligence. General operating costs other than the specific items noted above tend to be quite similar from period to period. The variation in income is related solely to the interest earned on funds held by the Company, which is dependent upon the success of the Company in raising the required financing for its activities which will vary with overall market conditions, and is therefore difficult to predict.

Fourth Quarter

During the fourth quarter ended July 31, 2011, the Company reported a loss of $157,985 compared to a loss of $159,148 during the fourth quarter in the prior fiscal year, a decrease in loss by $1,163. The decrease in loss is primarily attributable to decrease in write-off of resource property costs of $100,000, an increase in interest income of $142 offset by increases in stock-based compensation of $24,454, general and administrative expenses excluding stock-based compensation of $55,874, foreign exchange loss of $1,424 and loss on write-off of capital assets of $17,227.

During the fourth quarter in fiscal 2010, the Company wrote-off its total cost of $100,000 in its coal lease applications.

The increase in general and administrative expenses excluding stock-based compensation of $55,874 resulted from increases in consulting fees of $7,655, interest and bank charges of $16, management fees of $1, office, rent and administration of $3,050, wages and benefits of $29,711, travel, advertising and promotion of $33,462 offset by decreases in amortization of $421, professional fees of $17,167, regulatory, transfer agent and shareholder information of $433.

Consulting fees increased by $7,655 during the fourth quarter as a result of project investigation expenses incurred for the Snip and Seebach Properties.

During the fourth quarter, travel, advertising and promotion expense increased by $33,462 as a result of fees paid related to a distribution of investment materials during the period. In addition, travel expenses were incurred related to due diligence, evaluation of potential projects and participation in mining and investment conferences. No such expenses were incurred during the same period in the prior fiscal year.

The increase in wages and benefits by $29,711 resulted from an increase in expense recoveries received during the fourth quarter in fiscal 2010.

During the fourth quarter, the Company wrote off its capital assets held under Dialex. As a result, an impairment loss of $17,227 was recognized.

Liquidity and Capital Resources

The Company reported working capital of $367,887 at July 31, 2011 compared to working capital of $686,341 at July 31, 2010, representing a decrease in working capital by $318,454.

As at July 31, 2011, the Company had cash on hand of $165,037 and short-term investments of $250,000 compared to cash on hand of $101,273 and short-term investments of $205,000 at July 31, 2010. Financing for the Company's operations was funded primarily from private placements, exercise of share purchase options, loans from related parties and short-term loans.

During the year ended July 31, 2011, the Company raised $130,200 from a non-brokered private placement of 1,860,000 flow-through units at $0.07 per unit.

During the year ended July 31, 2011, the Company sold its ABCP holdings for proceeds of $1,460,827. As at April 30, 2011, the Company has no more exposure to ABCPs and all of its cash reserves are on deposit with a major Canadian chartered bank or invested in Guaranteed Investment Certificates (GICs) issued by major Canadian chartered banks.

The Company had a $1,000,000 credit line facility, of which $999,377 had been drawn as at July 31, 2010. During the year ended July 31, 2011, this credit facility was repaid in full.

Net cash on hand increased by $63,764 from $101,273 at July 31, 2010 to $165,037 at July 31, 2011. The increase in cash resulted from disposal of ABCP of $1,448,218, exercise of options of $22,000, proceeds from a private placement financing of $128,799 offset by cash used for operations of $415,434, purchase of short-term investments of $45,000, resource property acquisition costs of $68,137, repayment of loans of $999,377, purchase of equipment of $910 and a decrease in amounts due to related parties of $6,395.

Current assets excluding cash at July 31, 2011 consisted of short-term investments in guaranteed investment certificate of $250,000, amounts receivable of $13,318 and prepaid expenses of $21,246 as compared to short-term investments in guaranteed investment certificate of $205,000, amounts receivable of $3,180 and prepaid expenses of $21,101 and an investment in ABCP of $1,448,218 at July 31, 2010.

Current liabilities as at July 31, 2011 decreased by $1,010,717 due to decreases in accounts payable of $4,945, due to related parties of $6,395 and loans payable of $999,377.

The office has an office lease agreement for approximately $6,000 per month expiring on January 31, 2015:

Contractual Obligation	Total	1-3 years	4-5 years	After 5 years
Lease commitments	$261,476	$223,220	$38,256	-

As of the date of this MD&A, financing for the Company's operations is also potentially available through the exercise of vested stock options and share purchase warrants. See "*Summary of Outstanding Share Data*". However, there can be no assurance that any of these outstanding convertible securities will be exercised, particularly if the trading price of the common shares on the TSX Venture Exchange does not exceed, by a material amount and for a reasonable period, the exercise price of such convertible securities at some time prior to their expiry dates.

The Company entered into an option agreement with respect to the Snip and Seebach 02-03 properties and is committed to incur exploration expenditures to earn a 100% interest in the properties. See "*Description of Business*".

Management has estimated that the Company has adequate funds from existing working capital to meet its obligations for the next twelve months. The Company will require to raise additional capital to fund the required exploration commitments in the aggregate amount of $850,000, of which, $150,000 should be incurred during fiscal 2012. Although the Company has previously been successful in raising the funds required for its operations, there can be no assurance that the Company will have sufficient financing to meet its future capital requirements or that additional financing will be available on terms acceptable to the Company in the future.

The Company has not had a history of operations or earnings and its overall success will be affected by its current or future business activities. The continued operations of the Company and the recoverability of expenditures incurred to earn an interest in resource properties are dependent upon the existence of economically recoverable reserves, securing and maintaining title and beneficial interest in the properties, obtaining necessary financing to explore and develop the properties, and upon future profitable production or proceeds from disposition of the resource properties. See *"Risk Factors*".

Off-Balance Sheet Arrangements

The Company does not utilize off-balance sheet arrangements.

Transactions with Related Parties

During the years ended July 31, 2011 and 2010, the Company entered into the following transactions with related parties:

Name	Relationship	Transaction	Three months ended July 31, 2010	Year ended July 31, 2011	Year ended July 31, 2010
			$	$	$
Mosam Ventures Inc.	company controlled by Marc Levy, President & CEO and a Director of the Company	Management fees	16,200	64,800	66,184
Tony M. Ricci Inc.	company controlled by Tony M. Ricci, former CFO of the Company	Management fees	Nil	Nil	48,600
Norsemont Mining Inc.	company with a former director and a former officer in common	Rent and office expenses	Nil	Nil	56,559
Max Pinsky Personal Law Corp.	company controlled by Max Pinsky, Secretary of the Company	Legal fees	Nil	4,510	2,629
Emergeo Solutions Worldwide Inc. (1)	company with a former officer and an officer in common	Recoveries for rent, wages and office expenses	6,000	24,000	44,500
Lornex Capital Corp. (1)	company with common directors and officers	Recoveries for rent, wages and office expenses	14,700	56,000	57,000
		Recoveries for advertising and promotion expenses	Nil	61,808	Nil
Prescient Mining Corp. (1)	company with common directors and officers	Recoveries for rent, wages and office expenses	12,000	45,200	29,600
		Recoveries for advertising and promotion expenses	Nil	20,602	Nil
Sparrow Ventures Corp. (1)	company with a director and an officer in common	Recoveries for rent, wages and office expenses	11,100	29,500	13,500
Ultra Lithium Inc. (1)	company with common directors and officers	Recoveries for wages and office expenses	19,500	62,400	58,200

(1) The Company entered into a month-to-month arrangement with these companies to rent a portion of its office space and to provide accounting, financial reporting and administrative services.

All related party transactions were recorded at their exchange amounts, which is the amount of consideration established and agreed to by the related parties.

Included in amounts receivable are expense reimbursements of $9,826 (July 31, 2010 - $nil) due from a company having an officer in common. These amounts were received subsequent to July 31, 2011.

Included in accounts payable and accrued liabilities is prepaid rent of $nil (July 31, 2010 - $10,304) and rent deposits of $9,000 (July 31, 2010 - $9,000) received from companies having directors and officers in common.

Included in due to related parties were $nil (2010 - $6,395) owing to companies controlled by a director, a former officer and a former director of the Company and to companies having a director and a former officer in common. Amounts due to related parties are unsecured, non-interest bearing and have no specific terms of repayment.

Critical Accounting Estimates

Not applicable to Venture Issuers.

Changes in Accounting Policies including Initial Adoption

Future Accounting Pronouncements

Consolidations and Non-Controlling Interests

Section 1601, *Consolidated Financial Statements,* and Section 1602, *Non-Controlling Interests*, replace Section 1600, *Consolidated Financial Statements*. Section 1601 establishes standards for the preparation of consolidated financial statements. Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. It is equivalent to the corresponding provisions of IFRS standard, IAS 27 (Revised), *Consolidated and Separate Financial Statements*. The Sections apply to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011. Earlier adoption is permitted as of the beginning of a fiscal year. The Company does not expect to adopt this standard prior to August 1, 2011, at which time it expects to adopt the equivalent IFRS standard.

International Financial Reporting Standards (IFRS)

In February 2008, the Canadian Accounting Standards Board ("AcSB") confirmed that publicly accountable enterprises will be required to adopt IFRS, replacing Canadian GAAP, for fiscal years beginning on or after January 1, 2011 with early adoption permitted.

The Company will prepare its first consolidated financial statements in accordance with IFRS for the year ending July 31, 2012. In accordance with IFRS 1, First-time Adoption of International Financial Reporting Standards ("IFRS 1"), the Company will retrospectively apply IFRS, except for mandatory and elected optional exemptions from full retrospective application of IFRS as provided by IFRS 1.

Preparation of the first consolidated financial statements in accordance with IFRS will require presentation of comparative information in accordance with IFRS. Accordingly, the Company will be required to restate its balance sheet as at August 1, 2010 to comply with IFRS ("transition date").

The execution of the Company's IFRS conversion plan is underway, including the evaluation of the financial impact upon IFRS adoption, development of IFRS accounting policies, and redesign of business processes. The Company anticipates there will be changes in accounting policies and these changes may materially impact our consolidated financial statements but the impact cannot be reasonably estimated at this time. The Company does anticipate a significant increase in disclosure resulting from the adoption of IFRS and is continuing to assess the level of disclosure required. However, the Company has initially determined that its accounting and financial reporting systems will not be significantly impacted.

The Company's transition to IFRS and conversion plan consist of three phases:

1. Planning and Scoping

This phase covered project planning and identification of differences between existing Canadian GAAP and IFRS which have been completed during the first and second quarter of 2010. The areas of accounting differences that have been identified that will potentially be impacted are impairment of assets, property, plant and equipment, share-based payments and initial adoption of IFRS under the provisions of IFRS 1.

2. In-depth Analysis

This phase involves detailed evaluation of the financial impacts of various options and alternative methodologies available under IFRS, analysis of IFRS 1 optional exemptions and mandatory exceptions to the general requirement for full retrospective application upon transition to IFRS, compilation of IFRS disclosure requirements and development of required solutions to address identified issues.

3. Implementation and Review

This phase commenced in the first quarter of 2011 and included the preparation and reconciliation of opening balance sheet and collection of financial information required to complete IFRS compliant consolidated interim and annual financial statements.

First time adoption of IFRS

IFRS 1 generally requires that all IFRS standards and interpretations be accounted for on a retrospective basis. However, IFRS 1 provides for certain optional exemptions and other mandatory exceptions in specific areas of certain standards that do not require retrospective application of IFRS. The most significant IFRS optional exemptions which the Company is expected to apply are:

IFRS 2, Share-based Payments	Under IFRS 1, a first-time adopter may apply this standard retrospectively to all share-based payment transactions occurring before the transition date or not apply retrospectively to share-based payments that were granted after November 7, 2002, and that had vested before the transition date. The Company has elected to apply IFRS 2 prospectively to share-based payments granted after November 7, 2002, but not vested before the transition date.
IAS 16, Property, Plant and Equipment	The Company has decided not to use an optional IFRS 1 election to measure its property, plant and equipment at the date of transition to IFRS at its fair value and use that fair value as its deemed cost, or use a previous GAAP revaluation of property, plant and equipment as its deemed cost at the transition date. Instead, the Company will retrospectively apply recognition and measurement requirements of IAS 16, Property, Plant and Equipment. Under IAS 16, the Company made an accounting policy choice to measure its property, plant and equipment after its recognition at its cost less any accumulated depreciation and any accumulated impairment losses.
IAS 39, Financial Instruments: Recognition and Measurement	As at transition date, the Company will not make any additional optional designations of financial instruments as available for sale, or financial asset or financial liability at fair value through profit or loss, unless such designation has been made on initial recognition of such instruments in accordance with IAS 39.

IFRS to Canadian GAAP differences:

IAS 36, Impairment of Assets

Both Canadian GAAP and IFRS require an entity to undertake impairment testing where there is an indication of impairment. Annual impairment tests are required for goodwill and indefinite-lived intangible assets.

Canadian GAAP generally uses a two-step approach to testing a long-lived asset for impairment if an indication of impairment exists. The first step is a test for recoverability whereby the carrying value is compared to the undiscounted cash flows that the asset is expected to generate. If the undiscounted cash flows exceed the carrying amount, then no impairment charge is necessary. If the undiscounted cash flows are lower than the carrying amount of the asset, then the asset is written down to the estimated fair value, determined based on the discounted cash flows.

Under IFRS, if there is an indication of impairment the entity must compare the carrying value of the asset to the recoverable amount. Recoverable amount is defined as the higher of an asset less costs to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from an asset. An impairment loss is recognized to the extent that the carrying value exceeds the recoverable amount. Unlike Canadian GAAP, IFRS requires impairment charges to be reversed if the circumstances leading to the impairment no longer exist.

The Company preliminarily assessed the carrying value of its assets in accordance with IAS 36 and found that no impairment losses are required to be recognized as at the transition date.

IFRS 2, Share-based Payments

Canadian GAAP requires that share-based payments are measured at fair value and an expense recorded over the vesting period of the instrument. IFRS standards require each tranche in the grant to be amortized over their respective vesting period, and estimates of forfeiture rates are applied at the outset. The Company's accounting policy under IFRS is largely consistent with Canadian GAAP except for the initial inclusion of a forfeiture rate in the fair value estimation and changes to the valuation of tranches of options that vest over different periods. The Company is in the process of calculating the measurement differences for the stock options that were unvested as of transition date.

IAS 21, Foreign Currency Translation

Under IFRS, there are various indicators to be considered in determining the appropriate functional currency of an entity. When the indicators are mixed and the functional currency is not obvious, priority should be given to indicators that have a greater weighting, such as primary indicators including the currency that most influences sales prices, the currency of the market in which the goods are sold, and the currency that mainly influences expenses. Canadian GAAP has similar indicators as IFRS in determining functional currency. However, Canadian GAAP does not have a hierarchy of indicators under which certain indicators are given priority. The Company has determined that the functional currency under IFRS will remain the Canadian dollar.

IFRS 6, Exploration for and Evaluation of Mineral Resources

Under Canadian GAAP, costs incurred in the acquisition, exploration, evaluation and development of mineral resources are capitalized as incurred. IFRS has no explicit guidance on the treatment of these costs. IFRS allows a company to set its accounting policy to expense or capitalize the costs incurred in the acquisition, exploration, evaluation and development of mineral resources. The Company's current accounting policy is likely to be maintained through transition with no differences anticipated.

The discussion above should not be regarded as a complete list of changes that will result from the Company's transition to IFRS. In the period leading up to the changeover in 2011, the AcSB has ongoing projects and intends to issue new accounting standards during the conversion period. As a result, the final impact of IFRS on the Company's consolidated financial statements can only be measured once all the applicable IFRS accounting standards at the transition date are known. The Company will continue to review new standards, as well as the impact of the new accounting standards, between now and the transition date to ensure all relevant changes are addressed.

Fair Value of Financial Instruments

The Company's financial instruments consist of cash, short-term investments, amounts receivable, accounts payable and accrued liabilities, due to related parties and loans payable.

Cash and short-term investments are designated as held-for-trading and carried at their fair values. Amounts receivable is classified as a loan and receivable and carried at its amortized cost. Accounts payable and accrued liabilities, due to related parties and loans payable are classified as other financial liabilities and carried at their amortized cost.

The fair values of these financial instruments approximate their carrying values due to their short-term nature and/or the existence of market related interest rate on the instruments.

In evaluating fair value information, considerable judgment is required to interpret the market data used to develop the estimates. The use of different market assumptions and different valuation techniques may have a material effect on the estimated fair value amounts. Accordingly, the estimates of fair value presented herein may not be indicative of the amounts that could be realized in a current market exchange.

The carrying values of these financial instruments approximate their fair values due to their short-term nature and/or the existence of market related interest rate on the instruments.

The following table is a classification of fair value measurements recognized using a fair value hierarchy that reflects the significance of the inputs used in making the measurements as at July 31, 2011:

Assets	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$ 165,037	$ -	$ -	$ 165,037
Short-term investments	$ 250,000	$ -	$ -	$ 250,000

Financial Risk Exposure and Risk Management

The Company is exposed in varying degrees to a variety of financial instrument related to risks. The Board approves and monitors the risk management processes:

(a) Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company is subject to credit risk on the cash balances at the bank, its short-term bank guaranteed investment certificates and amounts receivable. The investments are with Schedule 1 banks or equivalent, with the majority of its cash held in Canadian based banking institutions, authorized under the Bank Act to accept deposits, which may be eligible for deposit insurance provided by the Canadian Deposit Insurance Corporation. The amounts receivable consist of accounts receivable of $11,088 and accrued interest receivable of $2,230 which are not considered past due.

(b) Liquidity risk

The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity to settle obligations and liabilities when due. As at July 31, 2011, the Company had cash and short-term investments of $415,037 to settle accounts payable of $81,714 at are considered short term and settled within 30 days. Management believes that the Company has sufficient capital to meet its requirements for next twelve months.

(c) Market risk

(i) Interest rate risk

The Company's accounts payable and accrued liabilities are non-interest bearing. As at July 31, 2011 the Company's interest bearing assets are cash and short-term investments. The Company maintains a minimum cash balance in its chequing account and transfers funds from its investment account when the need arises. The Company's investments are placed in GICs which interest rates vary depending on the rates offered by the banks when the instruments mature and are automatically renewed. For the year ended July 31, 2011, the Company recognized $16,737 in interest income from its interest bearing investments.

(ii) Foreign currency risk

The Company conducts part of its business in US dollars and Mexican Pesos and therefore is affected by variations in exchange rates. The Company does not have foreign currency hedges in place and does not actively manage this risk.

(iii) Price risk

The Company's financial assets and liabilities are not exposed to price risk with respect to commodity prices.

The Company has risk concentrations associated with its cash account and investments which earn interest at prevailing interest rates. These rates fluctuate with changes in prevailing banking interest rates.

During the year ended July 31, 2011, there were no changes to the Company's risk exposure or to the Company's policies for risk management.

Changes in Internal Control over Financial Reporting:

There have been no changes in the Company's internal control over financial reporting or any other factors during the year ended July 31, 2011, that have materially affected, or are reasonably likely to materially affect the Company's internal control over financial reporting.

Other Requirements

Summary of Outstanding Share Data:

(1) Authorized and Issued Capital Stock

a) Authorized - Unlimited common shares without par value.

b) Issued

As at November 23, 2011, there were 43,474,999 common shares issued and outstanding.

(2) Options outstanding at November 23, 2011 are as follows:

Number of Outstanding	Exercise Price	Expiry Date	Number Exercisable
275,000	$0.10	August 9, 2016	275,000
65,000	$0.10	April 26, 2017	65,000
370,000	$0.10	April 17, 2018	370,000
520,000	$0.10	May 20, 2018	520,000
185,000	$0.10	June 2, 2018	185,000
200,000	$0.10	June 2, 2018	200,000
75,000	$0.10	June 12, 2018	75,000
265,000	$0.10	February 4, 2019	265,000
400,000	$0.10	February 18, 2019	400,000
250,000	$0.10	December 1, 2019	250,000
1,115,000	$0.10	October 12, 2020	1,115,000
3,720,000			3,720,000

(3) Warrants outstanding at November 23, 2011 are as follows:

Number of Outstanding	Exercise Price	Expiry Date
930,000	$0.10	July 28, 2016

Additional Sources of Information:

Additional disclosures pertaining to the Company, including its most recent management information circular, material change reports, press releases and other information are available on the SEDAR website at www.sedar.com or on the Company's website at www.remstarresources.com.