REMSTAR RESOURCES LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the three and nine months ended April 30, 2012 and 2011

Remstar Resources Ltd. (the "Company" or "Remstar") incorporated under the laws of the Province of British Columbia on November 3, 1993, is an exploration stage company engaged in the acquisition, exploration and development of mineral properties. It presently holds, or has the right to acquire 100% interest in the Snip and Seebach properties (the "Properties") located in British Columbia. In addition to the Company's ongoing work program on the Properties, it continues to actively evaluate new potential projects. The Company's shares are listed for trading on the TSX Venture Exchange ("Exchange") under the symbol "REM".

This management's discussion and analysis ("MD&A") reports on the operating results and financial condition of the Company for the three and nine months ended April 30, 2012 and 2011 and is prepared as of June 18, 2012. The MD&A should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements for the three and nine months ended April 30, 2012 and the notes thereto which were prepared in accordance with IAS 34 - Interim Financial Reporting and on the basis of International Financial Reporting Standards ("IFRS") and interpretations expected to be effective as at the Company's first IFRS annual reporting date on July 31, 2012. The MD&A should also be read in conjunction with the audited consolidated financial statements and related notes thereto and management's discussion and analysis of the Company as at and for the years ended July 31, 2011, which were prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP") prior to the conversion to IFRS.

All dollar amounts referred to in this MD&A are expressed in Canadian dollars except where indicated otherwise.

Cautionary Note Regarding Forward-Looking Information

This document may contain "forward-looking information" within the meaning of Canadian securities legislation ("forward-looking statements"). These forward-looking statements are made as of the date of this document and the Company does not intend, and does not assume any obligation, to update these forward-looking statements, except as required under applicable securities legislation.

Forward-looking statements relate to future events or future performance and reflect management's expectations or beliefs regarding future events and include, but are not limited to, the Company and its operations, its planned exploration activities, the adequacy of its financial resources and statements with respect to the estimation of mineral reserves and mineral resources, the realization of mineral reserve estimates, the timing and amount of estimated future production, costs of production, capital expenditures, success of mining operations, environmental risks, unanticipated reclamation expenses, title disputes or claims and limitations on insurance coverage. In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved" or the negative of these terms or comparable terminology. In this document, certain forward-looking statements are identified by words including "may", "future", "expected", "intends" and "estimates". By their very nature forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others, risks related to actual results of current exploration activities; changes in project parameters as plans continue to be refined; future prices of resources; possible variations in ore reserves, grade or recovery rates; accidents, labour disputes and other risks of the mining industry; delays in obtaining governmental approvals or financing or in the completion of development or construction activities; as well as those factors detailed from time to time in the Company's interim and annual consolidated financial statements and management's discussion and analysis of those statements, all of which are filed and available for review under the Company's profile on SEDAR at www.sedar.com. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. The Company provides no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

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 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 has received a report covering its 2011 exploration program on the Snip property located within the Rocky Mountain Rare Metal Belt, approximately 80 kilometers northeast of Prince George, British Columbia. Fieldwork consisted of property-wide geophysics, prospecting and sediment sampling.

An airborne electromagnetic, magnetic and radiometric geophysical survey totaling 230 line kilometers covered the entire property at 100 meter line spacing. The electromagnetic and magnetic components confirm continuity of the regional geological trend and identified numerous cross-cutting features. Due to contractor delays in commencing the survey, the property was flown while ground conditions were saturated from recent rain. Upon confirmation of water-saturated ground conditions, the radiometric data provided by the contractor was rejected.

A ground geochemical program conducted by Mr. Sam Zastavnikovich, P.Geo (B.C.), consisted of a property-wide stream sediment sampling and localized soil and rock sampling. Cerium values, considered a good proxy of rare earth potential in this area returned values ranging from: Sediments: 15 samples, ranging from 54.48 to 122.7 ppm Cerium; Soils: 31 samples, ranging from 53.50 to 102.6 ppm Cerium; and Rocks: 19 samples, ranging from 7.99 to 345.54 ppm Cerium.

Although values of greater than 100ppm are considered anomalous in this area, the highest values from this survey are only mildly anomalous. As the property has been logged, covered with glaciated material and has less than 1% exposed bedrock and as no anomalous samples came from bedrock, there is no assurance that the anomalous values encountered represent targets within the property.

No further work is contemplated at this time.

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 April 30, 2012, Remstar had working capital of $91,299 as compared to working capital of $367,887 as at July 31, 2011. 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: In recent years, 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.

Results of Operations

Three months ended April 30, 2012 compared with the three months ended April 30, 2011

During the three months ended April 30, 2012, the Company reported a net loss of $59,561 compared to a net loss of $83,788 during the three months ended April 30, 2011, a decrease in loss by $24,227. The decrease in loss was primarily attributable to a decrease in operating expenses of $38,403.

Office, rent and administration decreased by $5,678 mainly due to higher rent recoveries for shared office arrangements with other reporting issuers.

Travel, advertising and promotion and shareholder communications decreased by $23,348 and $6,175, respectively, as a result of fees paid related to a distribution of investment materials and other marketing efforts carried out during the three months ended April 30, 2011. No such expenses were incurred during the three months ended April 30, 2012.

During the three months ended April 30, 2012, the Company recorded share-based payments of $12,264 for stock options granted to directors, officers and consultants of the Company to purchase 1,375,000 shares at $0.10 per share for a period of five years expiring April 26, 2017. During the three months ended April 30, 2011, the Company recorded share-based payments of $358 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.

Nine months ended April 30, 2012 compared with the nine months ended April 30, 2011

During the nine months ended April 30, 2012, the Company reported a net loss of $295,150 compared to net earnings of $282,667 during the nine months ended April 30, 2011, an increase in loss by $577,817. The increase in loss was primarily attributable to a gain on sale of investments of $723,983 during the nine months ended April 30, 2011. In addition, there was a decrease in finance and other income of $11,193 and an impairment of equipment of $5,080 offset by decreases in operating expenses of $63,013, share-based payments of $93,166, foreign exchange loss of $6,130 and finance and other costs of $130.

During the nine months ended April 30, 2011, the Company sold its ABCP investments for gross proceeds of $1,460,827 and recorded a gain of $723,983. 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.

Office, rent and administration decreased by $17,540 and wages and benefits decreased by $34,008 mainly due to higher rent, administration and wages recoveries for shared office arrangements with other reporting issuers.

Travel, advertising and promotion expense decreased by $84,542 as a result of fees paid related to a distribution of investment materials and other marketing efforts carried out during the nine months ended April 30, 2011. No such expenses were incurred during the nine months ended April 30, 2012.

During the nine months ended April 30, 2012, the Company recorded share-based payments of $12,264 for stock options granted to directors, officers and consultants of the Company to purchase 1,375,000 shares at $0.10 per share for a period of five years expiring April 26, 2017. During the nine months ended April 30, 2011, the Company recorded share-based payments of $105,430 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.

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:

Quarters ended	Total Revenues ($)	Income (Loss) ($)	Income (Loss) per share ($)
April 30, 2012	Nil	(59,023) (1)	-
January 31, 2012	Nil	(97,116) (1)	-
October 31, 2011	Nil	(138,473) (1)	(0.01)
July 31, 2011	Nil	(370,136) (1)	(0.01)
April 30, 2011	Nil	(83,788) (1)	-
January 31, 2011	Nil	(193,849)(1)	(0.01)
October 31, 2010	Nil	560,304	0.01
July 31, 2010	Nil	(159,148)	-

(1) Loss for the periods presented has been restated to reflect the Company's election to change the accounting policy under IFRS to expense all exploration and evaluation expenditures related to its mineral property.

The results from operations for the quarters in fiscal 2010 were reported using pre-transition Canadian GAAP. The results for quarters in fiscal 2011 and 2012 were reported using IFRS.

The variation seen over such quarters is primarily dependent upon the success of the Company's ongoing property evaluation program and the timing and results of the Company's exploration activities on its then current property, none of which are possible to predict with any accuracy.

There are no general trends regarding the Company's quarterly results and the Company's business of resource exploration is not seasonal, as it can work on its property on a year-round basis (funding permitting). Quarterly results can vary significantly depending mainly on the Company's exploration activities, whether the Company has granted any stock options or recorded a gain and/or impairment on its investments and these are the factors that account for material variations in the Company's quarterly net losses, none of which are predictable. During the quarter ended October 31, 2010, the ABCP investments were sold and the Company recorded a gain on this sale which had a material effect on the quarterly results for this period. The Company does not anticipate any other major impairments or fair value adjustments in its future quarterly results. The other major factor which can cause a material variation in net loss on a quarterly basis is the grant of stock options due to the resulting share-based compensation charges which can be significant when they arise. This can be seen in the quarter ended October 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 and administrative 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.

Liquidity and Capital Resources

The Company reported working capital of $91,299 at April 30, 2012 compared to working capital of $367,887 at July 31, 2011, representing a decrease in working capital by $276,588.

As at April 30, 2012, the Company had cash and cash equivalents of $52,173 compared to cash and cash equivalents of $415,037 at July 31, 2011. Cash and cash equivalents decreased by $362,864 from $415,037 at July 31, 2011 to $52,173 at April 30, 2012. The decrease in cash and cash equivalents resulted from cash used for operations of $362,265 and purchase of equipment of $599. 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. As at December 31, 2011, the Company renounced the tax benefits of Canadian exploration expenditures to the investors. As at April 30, 2012, the Company incurred qualifying resource expenditures of $148,149 pursuant to this flow-through private placement.

During the year ended July 31, 2011, the Company sold its ABCP holdings for proceeds of $1,460,827. As at April 30, 2012, 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. During the year ended July 31, 2011, this credit facility was repaid in full.

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	-

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*". As at April 30, 2012, the Company paid acquisition costs of $50,000 and issued 2,000,000 common shares under this agreement. In addition, the Company incurred $148,149 of exploration expenditures out of the work commitment of $150,000 due on the first year, June 17, 2012.

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.

Management has estimated that the Company has adequate funds from existing working capital to meet its immediate obligations. The Company will need to raise additional capital to fund the exploration commitments for the next year. 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 three and nine months ended April 30, 2012 and 2011, the Company entered into the following transactions with related parties:

Name	Relationship	Transaction	Three months ended April 30, 2012	Three months ended April 30, 2011	Nine months ended April 30, 2012	Nine months ended April 30, 2011
			$	$	$	$
Mosam Ventures Inc.	A company controlled by Marc Levy, President & CEO and a Director of the Company	Management fees	16,200	16,200	48,600	48,600
Max Pinsky Personal Law Corp.	A company controlled by Max Pinsky, Secretary of the Company	Legal fees	353	502	602	4,510
Emergeo Solutions Worldwide Inc. (1)	A company with a former officer and an officer in common	Recoveries for rent, wages and office expenses	30,000	6,000	66,000	18,000
Lornex Capital Corp. (1)	A company with common directors and officers	Recoveries for rent, wages and office expenses	12,700	14,300	36,100	41,300
Prescient Mining Corp. (1)	A company with common directors and officers	Recoveries for rent, wages and office expenses	8,700	11,600	22,200	33,200
Sparrow Ventures Corp. (1)	A company with a director and an officer in common	Recoveries for rent, wages and office expenses	9,600	7,700	29,800	18,400
Ultra Lithium Inc. (1)	A company with common directors and officers	Recoveries for wages and office expenses	20,000	17,100	54,500	42,900

(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.

Included in amounts receivable are expense reimbursements of $67,200 (July 31, 2011 - $9,826) due from a company having an officer in common.

Included in accounts payable and accrued liabilities are rent deposits of $9,000 (July 31, 2011 - $9,000) received from companies having directors and officers in common.

These transactions are in the normal course of operations and are measured at the fair value amount of consideration established and agreed to by the related parties. Any amounts due to related parties are unsecured, non-interest bearing and have no specific repayment terms.

Critical Accounting Estimates

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Areas requiring a significant degree of estimation and judgment include fair value measurements for financial instruments disclosures, share-based payments and the assumptions made in assessing the going concern assumption. Due to the inherent uncertainty involved with making such estimates, actual results reported in future years may differ from these estimates.

Changes in Accounting Policies including Initial Adoption

Adoption of IFRS

The condensed interim consolidated financial statements of the Company have been prepared in accordance with International Accounting Standards 34, Interim Financial Reporting ("IAS 34") and IFRS 1, "First time adoption of International Financial Reporting Standards ("IFRS")" using accounting policies consistent with IFRS as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

The Company adopted IFRS on August 1, 2011, with the conversion date of August 1, 2010 representing the Company's opening IFRS balance sheet. Prior to the adoption of IFRS, the Company prepared its financial statements in accordance with Canadian GAAP. As required by IFRS 1, First-time Adoption of IFRS, the Company will apply the IFRS in effect as at July 31, 2012 on a full retrospective basis, except where permitted or required under an IFRS 1 exemption.

The disclosures related to the transition from Canadian GAAP to IFRS are included in note 11 to the Company's condensed interim consolidated financial statements. Note 11 contains reconciliations and descriptions of the effect of the transition from Canadian GAAP to IFRS on previously reported statements of financial position as at July 31, 2011 and August 1, 2010 and statements of loss and comprehensive loss and cash flows for the three and nine months ended April 30, 2011 and year ended July 31, 2011.

Recent Accounting Pronouncements

The following IFRS standards have been recently issued by the IASB or the IFRIC. Pronouncements that are not applicable or do not have a significant impact to the Company have been excluded herein. The Company is assessing the impact of these new standards, but does not expect them to have a significant effect on the financial statements.

(a) IFRS 7, Financial Instruments: Disclosures and IAS 32, Financial Instruments: Presentation

The IASB has issued amendments to IFRS 7, Financial Instruments: Disclosures ("IFRS 7") and IAS 32, Financial Instruments: Presentation, requiring incremental disclosures and clarity an entity's ability to offset financial assets and financial liabilities. These amendments to IFRS 7 are effective for annual periods beginning on or after January 1, 2013 and the amendments to IAS 32 are applicable for annual periods beginning on or after January 1, 2014. The Company does not expect the implementation to have a material impact on the Company's disclosures.

(b) IFRS 9, Financial Instruments

The IASB has issued a new standard, IFRS 9, "Financial Instruments" ("IFRS 9"), which will ultimately replace IAS 39, "Financial Instruments: Recognition and Measurement" ("IAS 39"). The replacement of IAS 39 is a multi-phase project with the objective of improving and simplifying the reporting for financial instruments and the issuance of IFRS 9 is part of the first phase of this project. IFRS 9 uses a single approach to determine whether a financial asset or liability is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. For financial assets, the approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. IFRS 9 requires a single impairment method to be used, replacing multiple impairment methods in IAS 39. For financial liabilities measured at fair value, fair value changes due to changes in an entity's credit risk are presented in other comprehensive income. IFRS 9 is effective for annual periods beginning on or after January 1, 2015. The Company does not expect the implementation to have a material impact on the Company's results of operations, financial position and disclosures.

(c) IFRS 10, Consolidated Financial Statements

In 2011, the IASB issued IFRS 10 which provides additional guidance to determine whether an investee should be consolidated. The guidance applies to all investees, including special purpose entities. The standard is required to be adopted for periods beginning January 1, 2013.

(d) IFRS 11, Joint Arrangements

In 2011, the IASB issued IFRS 11 which presents a new model for determining whether an entity should account for joint arrangements using proportionate consolidation or the equity method. An entity will have to follow the substance rather than legal form of a joint arrangement and will no longer have a choice of accounting method. The standard is required to be adopted for periods beginning January 1, 2013.

(e) IFRS 12, Disclosure of Interests in Other Entities

In 2011, the IASB issued IFRS 12 which aggregates and amends disclosure requirements included within other standards. The standard requires a company to provide disclosures about subsidiaries, joint arrangements, associates and unconsolidated structured entities. The standard is required to be adopted for periods beginning January 1, 2013.

(f) IFRS 13, Fair value measurement

IFRS 13, Fair Value Measurement ("IFRS 13"), was issued by the IASB in May 2011, and is effective for annual periods beginning on or after January 1, 2013. Early application is permitted. IFRS 13 was issued to remedy the inconsistencies in the requirements for measuring fair value and for disclosing information about fair value measurement in various current IFRSs. IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, i.e. an exit price. The Company intends to adopt IFRS 13 prospectively in its financial statements for the annual period beginning on February 1, 2013. The Company does not expect IFRS 13 to have a material impact on the financial statements.

(g) IAS 1, Presentation of Items of Other Comprehensive Income

The IASB has issued amendments to IAS 1, Presentation of Financial Statements ("IAS 1"), which require entities to group items presented in other comprehensive income ("OCI") on the basis of whether they might at some point be reclassified from OCI to profit or loss at a later date when specified conditions are met. By requiring items of OCI to be grouped on this basis, their potential effect on profit or loss in future periods will be clearer. This amendment is effective for annual periods beginning on or after July 1, 2012 and requires full retrospective application. The Company does not expect IAS 1 to have a material impact on the financial statements.

(h) IAS 27, Separate Financial Statements

The IASB issued amendments to IAS 27 Separate Financial Statements to coincide with the changes made in IFRS 10, but retains the current guidance for separate financial statements.

(i) IAS 28, Investments in Associates and Joint Ventures

The IASB issued amendments to IAS 28 Investments in Associates and Joint Ventures to coincide with the changes made in IFRS 10 and IFRS 11.

<u>Financial Instruments and Other Instruments</u>

a) Fair value of financial instruments

As at April 30, 2012, the Company's financial instruments consist of cash and cash equivalents, amounts receivables and accounts payable and accrued liabilities. The carrying values of these financial instruments approximate their respective fair values due to the short-term nature and/or the existence of market related interest rates on these instruments.

The following table summarizes the designation and fair value hierarchy under which the Company's financial instruments are valued:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2 – Inputs other than quoted prices that are observable for the asset or liability, either

directly or indirectly; and
Level 3 – Inputs for the asset or liability that are not based on observable market data.

The Company has no financial instrument assets or liabilities recorded in the statements of financial position at fair value.

	Carrying value	Fair value hierarchy	April 30, 2012 $	July 31, 2011 $	August 1, 2010 $
Financial assets					
Loans and receivables					
Cash and cash equivalents	Amortized cost	N/A	52,173	415,037	306,273
Amounts receivable	Amortized cost	N/A	74,787	13,318	3,180
			126,960	428,355	309,453
Financial liabilities					
Other financial liabilities					
Accounts payable and accrued liabilities	Amortized cost	N/A	57,224	81,714	93,054

b) Financial instrument risk

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 ("GICs") 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 $74,578 and accrued interest receivable of $209 which are not considered past due. Management considers that risks related to credit are minimal.

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet the obligations associated with its financial liabilities. 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 April 30, 2012, the Company had cash and short-term investments of $52,173 to settle accounts payable of $57,224 that are considered short term and settled within 30 days.

The Company is dependent on the availability of credit from its suppliers and its ability to generate sufficient funds from equity and debt financing to meet current and future obligations. There can be no assurance that such financing will be available on terms acceptable to the Company.

(c) Market risk

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's accounts payable and accrued liabilities are non-interest bearing. As at April 30, 2012, 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. A change of 100 basis points in the interest rates would not be material to the financial statements. For the nine months ended April 30, 2012, the Company recognized $1,085 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 has determined that an effect of a 10% increase or decrease in the US dollars and Mexican Pesos against the Canadian dollar on financial assets and liabilities, as at April 30, 2012, including cash and cash equivalents and accounts payable and accrued liabilities denominated in US dollars and Mexican Pesos, would result in an insignificant change to the net loss and comprehensive loss for the period ended April 30, 2012. At April 30, 2012, the Company had no hedging agreements in place with respect to foreign exchange rates.

(iii) Commodity price risk

Commodity price risk is the risk of financial loss resulting from movements in the price of the Company's commodity inputs and outputs. The Company's risk relates primarily to the expected output to be produced at its exploration and evaluation assets described in note 5 of these financial statements of which production is not expected in the near future.

During the nine months ended April 30, 2012 and 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:

Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The Chief Executive Officer and Chief Financial Officer have concluded that there have been no changes in the Company's internal control over financial reporting during the nine months ended April 30, 2012 that have materially affected, or are reasonably likely to materially affect the Company's internal control over financial reporting. As of April 30, 2012, the Company's internal control over financial reporting was effective.

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 June 18, 2012, there were 43,474,999 common shares issued and outstanding.

(2) Options outstanding at June 18, 2012 are as follows:

Number of Outstanding	Exercise Price	Expiry Date	Number Exercisable
125,000	$0.10	August 9, 2016	125,000
50,000	$0.10	April 26, 2017	50,000
170,000	$0.10	April 17, 2018	170,000
520,000	$0.10	May 20, 2018	520,000
185,000	$0.10	June 2, 2018	185,000
75,000	$0.10	June 12, 2018	75,000
265,000	$0.10	February 4, 2019	265,000
350,000	$0.10	February 18, 2019	350,000
250,000	$0.10	December 1, 2019	250,000
980,000	$0.10	October 12, 2020	980,000
1,375,000	$0.10	April 26, 2017	343,750
4,345,000			3,313,750

(3) Warrants outstanding at June 18, 2012 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.