

REMSTAR RESOURCES LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the years ended July 31, 2012 and 2011

REMSTAR RESOURCES LTD.

Management's Discussion and Analysis
Years ended July 31, 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 years ended July 31, 2012 and 2011 and is prepared as of November 28, 2012. The MD&A should be read in conjunction with the Company's audited consolidated financial statements for the years ended July 31, 2012 and 2011 and the notes thereto which were prepared in accordance with International Financial Reporting Standards ("IFRS").

Effective August 1, 2011, the Company was required to report its financial results under IFRS, including comparative results for the year ended July 31, 2011. As a result, comparative financial reporting information included in this MD&A has been restated to reflect the changes made on the transition to the new accounting standards. The effect of the transition on the Company's financial results is included in this MD&A under the heading "International Financial Reporting Standards". The terms IFRS and GAAP are used interchangeably throughout this MD&A.

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

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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.

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

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.

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.

On July 25, 2012, the Company renegotiated the terms of the option agreement and the first amended agreement to acquire a 100% interest in the Properties by paying \$50,000, issuing an aggregate of 4,000,000 common shares over five years and incurring exploration expenditures of \$850,000 over four years. The Vendors will retain a 2% net smelter royalty on the Properties.

Pursuant to a finder's fee agreement dated November 10, 2010, the Company paid a finder's fee of \$2,500 and will issue an aggregate of 200,000 common shares (125,000 shares issued as at the date of this MD&A) of the Company over a period of five years related to this acquisition.

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.

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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.

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

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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

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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, 2012, Remstar had not yet achieved profitable operations, had accumulated losses of 12,912,496 , working capital deficit of \$29,246 and expects to incur further losses in the development of its business. The Company will be required to raise additional capital in order to maintain its option obligations and fund working capital requirements. While the Company has been successful in the past, there is no assurance that it will be able to obtain adequate financing or that such financing will be available on acceptable terms. If the Company is unable to obtain adequate additional financing, the Company will be required to curtail operations, exploration and development activities. These material uncertainties cast significant doubt on the entity's ability to continue as a going concern. 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.

Subsequent to July 31, 2012, Remstar raised \$50,000 through a third party loan. In addition, on November 19, 2012, the Company announced that it has planned to arrange for a non-brokered private placement of up to \$500,000. See "*Subsequent Events*".

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.

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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.

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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

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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, 2012, 2011 and 2010, of which fiscal 2012 and 2011 have been prepared in accordance with IFRS and fiscal 2010 in accordance with Canadian GAAP. The selected financial data should be read in conjunction with those financial statements and the notes thereto.

	2012	2011	2010
Interest income	\$1,111	\$16,737	\$3,562
Net loss	(\$444,984)	(\$87,469)	(\$553,484)
Loss per share	(\$0.01)	-	(\$0.01)
Total assets	\$75,966	\$465,917	\$1,818,601
Total long term liabilities	\$Nil	\$Nil	\$Nil
Cash dividends declared per share for each class of share	\$Nil	\$Nil	\$Nil

Results of Operations

Year ended July 31, 2012 compared with the year ended July 31, 2011

During the year ended July 31, 2012, the Company reported a net loss of \$444,984 compared to a net loss of \$87,469 during the year ended July 31, 2011, an increase in loss by \$357,515. The increase in loss was primarily attributable to a gain on sale of investments of \$723,983 during the year ended July 31, 2011. In addition, there was a decrease in finance and other income of \$15,626 offset by decreases in operating expense of \$363,363, and impairment of equipment of \$12,147 and an increase in foreign exchange gain of \$6,584.

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. 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.

The decrease in operating expense of \$363,363 was primarily attributable to decreases in depreciation of \$4,774, exploration and evaluation of \$148,855, professional fees of \$11,759, regulatory, transfer agent and shareholder information of \$18,947, share-based payments of \$83,488, office, rent and administration of \$31,089 and travel, advertising and promotion of \$88,180 offset by increases in consulting fees of \$22,473, wages and benefits of \$1,159 and bank charges of \$97.

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Exploration and evaluation decreased by \$148,855 as during the year ended July 31, 2012, the Company incurred acquisition and exploration costs \$140,282 as compared to \$289,137 during the year ended July 31, 2011 on the Snip property.

During the year ended July 31, 2012, the Company recorded share-based payments of \$25,198 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 year ended July 31, 2011, the Company recorded share-based payments of \$108,686 for stock options granted to directors, officers and consultants of the Company to purchase 900,000 shares at \$0.10 per share for a period of ten years expiring October 12, 2020.

During the year ended July 31, 2012, the Company recovered a larger portion of rent from related companies that shared the office space which resulted in the decrease of \$31,089 in office, rent and administration.

Travel, advertising and promotion decreased by \$88,180 as a result of fees paid related to a distribution of investment materials and other marketing efforts carried out during the year ended July 31, 2011. No such expenses were incurred during the year ended July 31, 2012.

Consulting fees increased from \$33,544 during the year ended July 31, 2011 to \$56,017 during the year ended July 31, 2012 as a result of the search and evaluation of potential businesses and/or assets.

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 (\$)
July 31, 2012	Nil	(149,834) ⁽¹⁾	-
April 30, 2012	Nil	(59,561) ⁽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

⁽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.

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

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permitting). Quarterly results can vary significantly depending mainly on the Company's acquisition of mineral rights and 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. Another major factor which may cause a material variation in net loss on a quarterly basis is the acquisition of interests in mineral rights and related exploration expenditures. This may be seen in the quarters ended January 31, 2011 and July 31, 2012, as a result of the acquisition of interest in the Snip and Seebach properties and exploration costs incurred during the periods. During the quarter ended April 30, 2012, management changed its policy under IFRS on mineral properties. Under Canadian GAAP, the Company capitalized the costs of acquiring interests in mineral rights and exploration and evaluation expenditures and under the new IFRS policy, the Company expensed these costs. As a result, there was an adjustment which affected prior quarterly results, as seen in the quarter ended July 31, 2011.

The Company leases its office space and charges accounting, administration and office costs to other 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.

Fourth Quarter

During the fourth quarter, the Company reported a net loss of \$149,834 as compared to a net loss of \$370,136 during the fourth quarter in the prior fiscal year, representing a decrease in loss by \$220,302. The decrease in loss was attributable to decreases in operating expenses of \$207,054, impairment of equipment of \$17,227 and an increase in foreign exchange gain of \$454 offset by a decrease in finance and other income of \$4,433.

During the fourth quarter, the Company wrote off its capital assets held under Dialax and as a result incurred an impairment loss of \$17,227. No such expense was incurred during the fourth quarter of the current fiscal year.

The decrease in operating expenses was primarily attributable to the decrease in exploration and evaluation of \$222,992 offset by the increase in wages and benefits of \$35,167.

Exploration and evaluation decreased by \$231,367 as during the quarter ended July 31, 2011, the Company entered into an option agreement to acquire a 100% interest in the Snip and Seebach properties and, as a

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result, incurred exploration and evaluation costs of \$239,137. This amount was comprised of a finder's fee of \$2,500, common shares at a value of \$221,000 and exploration expenditures of \$15,637. During the quarter ended July 31, 2012, the Company incurred exploration expenditures of \$7,770 on these properties.

Wages and benefits increased by \$35,167 during the fourth quarter as the Company wrote off wage recoveries of \$62,000 from a related company. In addition, the Company hired two additional support staff.

Liquidity and Capital Resources

The Company reported working capital deficit of \$29,246 at July 31, 2012 compared to working capital of \$367,887 at July 31, 2011, representing a decrease in working capital of \$397,133.

As at July 31, 2012, the Company had cash and cash equivalents of \$17,452 compared to cash and cash equivalents of \$415,037 at July 31, 2011. Cash and cash equivalents decreased by \$397,585 as a result of cash used for operations of \$396,986 and for 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 third party 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 July 31, 2012, the Company incurred qualifying resource expenditures of \$123,563 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 July 31, 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 office has an office lease agreement for approximately \$6,000 per month expiring on January 31, 2015:

Contractual Obligation	Total	1-3 years	After 3 years
Lease commitments	\$191,634	\$191,634	-

The Company entered into an option agreement with respect to the Snip and Seebach properties and is required to incur exploration expenditures to earn a 100% interest in the properties. See "*Description of Business*". As at July 31, 2012, the Company paid acquisition costs of \$50,000 and issued 2,500,000 common shares under this agreement. In addition, the Company incurred qualifying resource expenditures of \$123,563 out of a commitment of \$130,200 pursuant to a private placement for which flow-through proceeds have been received as at July 31, 2012. The Company will file Part XII.6 tax return for the unspent balance of the flow-through funds.

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,

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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 needs to raise additional capital to fund the exploration commitments and other obligations for the next fiscal 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. Subsequent to July 31, 2012, Remstar entered into an unsecured loan agreement with an arm's length party in the principal amount of \$50,000. In addition, on November 19, 2012, the Company announced that it will carry out a non-brokered private placement financing of up to \$500,000 See "*Subsequent Events*".

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*".

Transactions with Related Parties

During the years ended July 31, 2012 and 2011, the Company entered into the following transactions with related parties:

Name	Relationship	Transaction	Three months ended July 31, 2012	Year ended July 31, 2012	Year ended July 31, 2011
			\$	\$	\$
Mosam Ventures Inc.	A company controlled by Marc Levy, President & CEO and a Director of the Company	Management fees	16,200	64,800	64,800
Max Pinsky Personal Law Corp.	A company controlled by Max Pinsky, Secretary of the Company	Legal fees	776	1,379	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	-	6,000	24,000
Lornex Capital Corp. ⁽¹⁾	A company with common directors and officers	Recoveries for rent, wages and office expenses	12,000	54,700	56,000
		Recoveries for advertising and promotion expenses	-	-	61,808
Prescient Mining Corp. ⁽¹⁾	A company with common directors and officers	Recoveries for rent, wages and office expenses	10,800	33,000	45,200
		Recoveries for	-	-	20,602

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		advertising and promotion expenses			
Sparrow Ventures Corp. ⁽¹⁾	A company with a director and an officer in common	Recoveries for rent, wages and office expenses	10,100	39,900	29,500
Ultra Lithium Inc. ⁽¹⁾	A company with common directors and officers	Recoveries for rent, wages and office expenses	24,500	79,000	62,400
Inca One Resources Corp. ⁽¹⁾	A company with a common officer	Recoveries for rent, wages and office expenses	30,800	103,300	-
Metropolitan Energy Corp. ⁽¹⁾	A company with common directors and officers	Recoveries for rent, wages and office expenses	12,600	35,900	-
Schwabo Capital Corp. ⁽¹⁾	A company with common directors and officers	Recoveries for rent, wages and office expenses	3,608	8,418	-

⁽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 \$17,638 (2011 - \$9,826) due from a company having directors and officers in common.

Included in accounts payable and accrued liabilities are rent deposits of \$9,600 (July 31, 2011 - \$9,600) and rent received in advance of \$22,300 (2011 - \$nil) from companies having directors and officers in common. Included in accounts payable and accrued liabilities are also accounts payable of \$12,096 (2011 - \$nil) from companies controlled by a director and an officer of the Company.

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.

Subsequent Events

The following events occurred subsequent to July 31, 2012:

- (a) The Company entered into an unsecured loan agreement dated September 14, 2012, with an arm's length party (the "Lender") in the principal amount of \$50,000. The loan bears an interest at 12% per annum and matures on March 15, 2013. In consideration for the loan, the Company issued 200,000 common shares at a deemed price of \$0.05 per share to the Lender.
- (b) The Company entered into a Letter of Intent ("LOI") dated November 18, 2012, pursuant to which, it has been granted an option to acquire a 100% working interest in the Wildnest and Phantom Lake gold properties located in Manitoba (the "Properties"). Under the terms of the LOI, the Company is entitled to earn a 100% interest in the Properties by making cash payments of \$32,500 and issuing 200,000 common shares of the Company over a period of three years, of which, \$2,500 shall be paid and 50,000 shares shall be issued upon Exchange acceptance of the

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transaction. In addition, the Company is required to complete exploration programs totalling \$850,000 over a four year period. The Properties are subject to a 2% net smelter royalty (NSR), of which, 50% of the NSR or 1% NSR may be acquired by the Company for \$500,000.

In conjunction with the LOI, the Company has planned to arrange a non-brokered private placement of up to 10,000,000 units at a price of \$0.05 per unit for gross proceeds of up to \$500,000. Each unit consists of one common share and one-half of one transferable common share purchase warrant. Each whole warrant will entitle the holder to purchase an additional common share of the Company at a price of \$0.10 per common share for a period of two years following closing.

The LOI and private placement are subject to acceptance for filing by the Exchange.

Critical Accounting Estimates

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities and contingent liabilities as at the date of the consolidated financial statements, and the reported amount of revenues and expenses during the reporting period. Estimates and judgments 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. Actual results may differ from these estimates.

The key sources of estimation uncertainty that have a significant risk of causing material adjustment to the amounts recognized in the consolidated financial statements are as follows:

(a) **Share-based Payments**

The Company has an equity-settled share-based scheme for directors, officers, employees and consultants. Services received, and the corresponding increase in equity, are measured by reference to the fair value of the equity instruments at the date of the grant, excluding the impact of any non-market vesting conditions. The fair value of share options are estimated by using the Black-Scholes model on the date of the grant based on certain assumptions. Those assumptions are described in Note 10(d) and include, among others, expected volatility, expected life of the options and number of options expected to vest. Where vesting conditions exist for share options, the Board reviews progress against those vesting conditions annually and reviews the estimated date of the financial close of project which will impact the financial statements. In the event that milestone conditions are not met, it is anticipated that certain options will lapse.

(b) **Useful Lives of Equipment**

The Company estimates the useful lives of equipment based on the period over which the assets are expected to be available for use. The depreciation method and useful lives reflect the pattern in which management expects the asset's future economic benefits to be consumed by the Company. The amounts and timing of recorded expenses for any period would be affected by changes in assumptions and estimates used.

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(c) Taxes

Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable income realized, including the usage of tax planning strategies.

(d) Decommissioning Liabilities

The Company recognizes the liability for statutory, contractual, constructive or legal obligations, including those associated with the reclamation of mineral properties, when those obligations result from the exploration or development of its properties. The Company assesses its provision for site reclamation at each reporting date. Significant estimates and assumptions are made in determining the provision for site reclamation as there are numerous factors that will affect the ultimate liability payable. These factors include estimates of the extent and costs of rehabilitation activities, technological changes, regulatory changes, cost increases as compared to inflation rates, and discount rates. Those uncertainties may result in future actual expenditures differing from the amounts currently provided. The provision at the reporting date represents management's best estimate of the present value of the future reclamation costs required.

Changes in Accounting Policies including Initial Adoption

Adoption of IFRS

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 Generally Accepted Accounting Principles ("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 consolidated financial statements of the Company for the year ended July 31, 2012 represent the first annual financial statements of the Company prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and the interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") effective for the Company's reporting period ended July 31, 2012.

The disclosures related to the transition from Canadian GAAP to IFRS are included in note 17 to the Company's consolidated financial statements for the years ended July 31, 2012 and 2011. Note 17 contains reconciliations and descriptions of the effect of the transition from 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 statements of cash flows for the years 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

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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 clarify 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, Consolidated Financial Statements ("IFRS 10"), which replaces parts of IAS 27, Consolidated and Separate Financial Statements ("IAS 27") and all of SIC-12 Consolidation – Special Purpose Entities, changes the definition of control which is the determining factor in whether an entity should be consolidated. Under IFRS 10, an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The Company intends to adopt IFRS 10 in its financial statements for the annual period beginning on August 1, 2013.

(d) IFRS 11, Joint Arrangements

In May 2011, the IASB issued IFRS 11 which replaces IAS 31, Interest in Joint Ventures and SIC-13 Jointly Controlled Entities – Non-monetary Contributions by Venturers, requires a venture to classify its interest in a joint operator to recognize its assets, liabilities, revenue and expenses, and/or its relative share thereof. For a joint venture, the joint venturer will account for its interest in the venture's net assets using the equity method of accounting. The choice to proportionally

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consolidate joint ventures is prohibited. This new standard is applicable for accounting periods beginning January 1, 2013.

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

In May 2011, the IASB issued IFRS 12, a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off-balance sheet vehicles. The required disclosures aim to provide information in order to enable users to evaluate the nature of and the risks associated with an entity's interest in other entities and the effects of those interests on the entity's financial position, financial performance and cash flows. The Company intends to adopt IFRS 12 in its financial statements for the annual period beginning on August 1, 2013.

(f) IFRS 13, Fair Value Measurement

In May 2011, the IASB issued IFRS 13 which replaces the fair value measurement guidance contained in individual IFRSs with a single source of fair value measurement guidance. It 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 standard also establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements to provide information that enables financial statement users to assess the methods and inputs used to develop fair value measurements and, for recurring fair value measurements that use significant unobservable inputs (Level 3), the effect of the measurements on profit or loss or other comprehensive income. The Company intends to adopt IFRS 13 in its financial statements for the annual period beginning on August 1, 2013.

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

The IASB has issued amendments to 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.

Financial Instruments and Other Instruments

(a) Fair Value of Financial Instruments

IFRS requires disclosures about the inputs to fair value measurements for financial assets and liabilities recorded at fair value, including their classification within a hierarchy that prioritizes the inputs to fair value measurement. The three levels of hierarchy are:

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

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

As at July 31, 2012, the Company's financial instruments consist of cash, amounts receivables and accounts payable and accrued liabilities. The carrying values of these financial instruments approximate their fair values because of their short term nature and/or the existence of market related interest rates on the instruments.

(b) Financial Instruments 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 \$28,326 which are not considered past due. Management considers that risks related to credit are minimal. Included in amounts receivable was a provision of \$69,440 related to rental expenses recovery from a related company (2011 - \$nil).

(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 July 31, 2012, the Company had cash and cash equivalents of \$17,452 to settle accounts payable of \$53,815 and HST payable of \$4,959 which are considered short term and settled within 30 days. Accrued liabilities consist of rent deposits of \$12,850, advance rent receipts of \$22,300 and obligation to issue shares of \$1,875.

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

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instrument will fluctuate because of changes in market interest rates. The Company's accounts payable and accrued liabilities are non-interest bearing. As at July 31, 2012, the Company's interest bearing assets are cash and cash equivalents. 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 year ended July 31, 2012, the Company recognized \$1,111 in interest income from its interest bearing investments.

(ii) **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 resource properties described in note 7 of these financial statements of which production is not expected in the near future.

During the year ended July, 2012 and 2011, there were no changes to the Company's risk exposure or to the Company's policies for risk management.

Summary of Outstanding Share Data

(1) **Authorized and Issued Capital Stock**

- a) Authorized - Unlimited common shares without par value.
- b) Issued

As at November 28, 2012, there were 43,999,999 common shares issued and outstanding.

(2) **Options outstanding at November 28, 2012 are as follows:**

<u>Number of Outstanding</u>	<u>Exercise Price</u>	<u>Expiry Date</u>	<u>Number Exercisable</u>
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
900,000	\$0.10	October 12, 2020	900,000
1,375,000	\$0.10	April 26, 2017	687,500
4,015,000			3,327,500

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(3) Warrants outstanding at November 28, 2012 are as follows:

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

Additional Disclosure

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.