REMSTAR RESOURCES LTD.

(An Exploration Stage Company)

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

Three months ended October 31, 2012 and 2011

(Expressed in Canadian Dollars)

REMSTAR RESOURCES LTD.

(the “Company”)

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Three months ended October 31, 2012 and 2011

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

The management of Remstar Resources Ltd. is responsible for the preparation of the accompanying unaudited condensed interim consolidated financial statements. The unaudited condensed interim consolidated financial statements have been prepared using accounting policies in compliance with International Financial Reporting Standards for the preparation of condensed interim consolidated financial statements and are in accordance with IAS 34 - Interim Financial Reporting.

The Company’s auditor has not performed a review of these condensed interim consolidated financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity’s auditor.

December 17, 2012

REMSTAR RESOURCES LTD.
(An Exploration Stage Company)

Condensed Interim Consolidated Statements of Financial Position (Unaudited)
(Expressed in Canadian Dollars)

	October 31, 2012	July 31, 2012
	$	$
ASSETS		
Current		
Cash and cash equivalents	63,256	17,452
Amounts receivable (note 6(c))	24,394	28,326
Prepaid expenses	20,443	20,775
	108,093	66,553
Equipment	8,922	9,413
	117,015	75,966
LIABILITIES		
Current		
Accounts payable and accrued liabilities (note 6(c))	96,573	95,799
Loan payable (note 4)	50,759	-
	147,332	95,799
SHAREHOLDERS' EQUITY		
Share capital (note 5)	12,096,575	12,086,575
Reserves (note 5)	866,645	806,088
Deficit	(12,993,537)	(12,912,496)
	(30,317)	(19,833)
	117,015	75,966

Nature of operations and going concern (note 1)
Commitments (note 7)

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

REMSTAR RESOURCES LTD.
(An Exploration Stage Company)

Condensed Interim Consolidated Statements of Comprehensive Loss (Unaudited)
(Expressed in Canadian Dollars)

	Three months ended October 31, 2012	2011
	$	$
Expenses:		
Exploration and evaluation (note 3)	27,466	68,038
General and administrative:		
Consulting fees	7,958	11,400
Depreciation	491	591
Management fees (note 6)	16,200	16,200
Office, rent and administration (notes 6)	510	5,503
Professional fees	752	-
Regulatory, transfer agent and shareholder information	2,088	8,428
Share-based payments (note 5)	11,918	-
Travel, advertising and promotion	103	9,985
Wages and benefits (note 6)	2,581	17,829
	70,067	137,974
Loss before other items	(70,067)	(137,974)
Other items:		
Foreign exchange gain (loss)	(356)	4,085
Interest income	-	684
Finance expenses	(10,979)	(187)
Impairment of equipment	-	(5,080)
	(11,335)	(498)
Net comprehensive loss for the period	(81,402)	(138,472)
Basic and diluted loss per share	-	-
Weighted average number of shares	44,036,956	43,474,999

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

REMSTAR RESOURCES LTD.
(An Exploration Stage Company)

Condensed Interim Consolidated Statements of Changes in Equity (Unaudited)
(Expressed in Canadian Dollars)

		Share capital		Reserves			Deficit	Total shareholders' equity
	Notes	Common shares	Amount	Stock options	Treasury shares	Total		
		#	$	$	$	$	$	$
Balance, July 31, 2011		43,474,999	12,070,825	895,155	50,420	945,575	(12,632,197)	384,203
Net comprehensive loss for the period		-	-	-	-	-	(138,472)	(138,472)
Forfeited options		-	-	(142,204)	-	(142,204)	142,204	-
Balance, October 31, 2011		43,474,999	12,070,825	752,951	50,420	803,371	(12,628,465)	245,731
Net comprehensive loss for the period		-	-	-	-	-	(306,512)	(306,512)
Share-based payments		-	-	25,198	-	25,198	-	25,198
Forfeited options		-	-	(22,481)	-	(22,481)	22,481	-
Finder's fees	3(a)	25,000	750	-	-	-	-	750
Share issued pursuant to option agreement	3(a)	500,000	15,000	-	-	-	-	15,000
Balance, July 31, 2012		43,999,999	12,086,575	755,668	50,420	806,088	(12,912,496)	(19,833)
Net comprehensive loss for the period		-	-	-	-	-	(81,402)	(81,402)
Share-based payments	5(c)	-	-	11,918	-	11,918	-	11,918
Forfeited options	5(c)	-	-	(361)	-	(361)	361	-
Shares subscription	1	-	-	-	49,000	49,000	-	49,000
Share issued pursuant to loan agreement	4	200,000	10,000	-	-	-	-	10,000
Balance, October 31, 2012		44,199,999	12,096,575	767,225	99,420	866,645	(12,993,537)	(30,317)

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

REMSTAR RESOURCES LTD.
(An Exploration Stage Company)

Condensed Interim Consolidated Statements of Cash Flows (Unaudited)
(Expressed in Canadian Dollars)

	Three months ended October 31, 2012	2011
	$	$
Cash provided by (used in):		
Operating activities:		
Net loss for the period	(81,402)	(138,472)
Items not involving cash:		
Depreciation	491	591
Share-based payments	11,918	-
Financing fees	10,000	-
Impairment of equipment	-	5,080
	(58,993)	(132,801)
Changes in non-cash working capital balances:		
Amounts receivable	3,932	(30,104)
Prepaid expenses	332	269
Accounts payable and accrued liabilities	1,533	(6,949)
	(53,196)	(169,585)
Investing activity:		
Shares subscription	49,000	-
Financing activity		
Proceeds from loan	50,000	-
Increase (decrease) in cash and cash equivalents during the period	45,804	(169,585)
Cash and cash equivalents, beginning of the period	17,452	415,037
Cash and cash equivalents, end of the period	63,256	245,452
Supplementary information:		
Non-cash financing activity:		
Shares issued for financing fees	10,000	-

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

1. Nature of Operations and Going Concern

The Company was incorporated under the laws of the Province of British Columbia on November 3, 1993. The Company's shares are listed for trading on the TSX Venture Exchange ("Exchange").

The head office and principal address of the Company are located at Suite 507 – 700 West Pender Street, Vancouver, BC, Canada, V6C 1G8. The Company's records office and registered office address is located at Suite 1780 - 400 Burrard Street, Vancouver, British Columbia, Canada, V6C 3A6.

The Company is in the process of exploring its resource properties and has not yet determined whether these properties contain mineral reserves that are economically recoverable. The Company's ability to continue as a going concern and the recoverability of the amounts shown for resource properties are dependent upon the ability of the Company to raise additional financing in order to complete the acquisition, exploration and development of its resource properties, the discovery of economically recoverable reserves and upon future profitable production or proceeds from disposition of the Company's resource properties. As a resource company in the exploration stage, the ability of the Company to complete its acquisition, exploration and development will be affected principally by its ability to raise adequate amounts of capital through equity financings, debt financings, joint venturing of projects and other means.

These consolidated financial statements have been prepared using accounting policies applicable to a going concern which contemplate the realization of assets and settlement of liabilities in the normal course of business. At October 31, 2012, the Company had not yet achieved profitable operations, had accumulated losses of $12,993,537 (July 31, 2012 - $12,912,496), working capital deficit of $39,239 (July 31, 2012 - 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. During the period ended October 31, 2012, the Company raised $50,000 through a third party loan. In addition, the Company announced that it will carry out a financing of up to $500,000 and received shares subscription of $49,000.

These consolidated financial statements do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and liquidate its liabilities and commitments other than the normal course of operations, and at amounts different from those in the accompanying consolidated financial statements.

2. Significant Accounting Policies

(a) Basis of Preparation

The condensed interim consolidated financial statements of the Company have been prepared in accordance with International Accounting Standards 34, *Interim Financial Reporting* ("IAS 34"), using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). The accounting policies and methods of computation applied by the Company in these condensed interim consolidated financial statements are the same as those applied in the Company's annual financial statements as at and for the year ended July 31, 2012.

The condensed interim consolidated financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended July 31, 2012.

(Expressed in Canadian Dollars)

2. Significant Accounting Policies – (continued)

(a) Basis of Preparation – (continued)

These condensed interim consolidated financial statements were approved and authorized for issue by the Board of Directors of the Company on December 17, 2012.

(b) Use of Estimates and Judgments

The preparation of the Company's 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 statement and the reported amounts of revenues and expenses during the reporting period. There has been no significant change to the Company's estimation and judgment from those disclosed in note 2 to the audited financial statements for the year ended December 31, 2011.

3. Exploration and Evaluation Expenditures

Expenditures incurred by the Company on the Properties are summarized as follows:

	Snip and Seebach, British Columbia (a)	Wildnest and Phantom Lake, Manitoba (b)	Total
	$	$	$
Balance, July 31, 2011	289,137	-	289,137
Acquisition and option payments:			
Common shares	6,625	-	6,625
Exploration:		-	
Geology	86,000	-	86,000
Geophysics	16,250	-	16,250
Mineral concession fees	10,094	-	10,094
Travel and accommodation	21,313	-	21,313
	140,282	-	140,282
Balance, July 31, 2012	429,419	-	429,419
Acquisition and option payments:			
Finder's fee	1,125	-	1,125
Staking		26,341	26,341
	1,125	26,341	27,466
Balance, October 31, 2012	430,544	26,341	456,885

(Expressed in Canadian Dollars)

3. Exploration and Evaluation Expenditures – (continued)

(a) Snip and Seebach Properties – (continued)

The Company entered into an option agreement dated January 12, 2011, as amended on June 17, 2011 and July 25, 2012, whereby the Company has been granted an option to acquire a 100% interest in the Snip and Seebach properties (the "Properties") located in British Columbia.

Under the terms of the amended agreement, the Company may earn a 100% interest in the Properties by making cash payments of $50,000, issuing an aggregate of 4,000,000 common shares over five years and incurring exploration expenditures of $850,000 over four years as follow:

	Cash	Common shares	Exploration expenditures
	$	#	$
On execution of option agreement	50,000 (paid)	-	-
Upon Exchange acceptance	-	2,000,000 (issued)	-
On or before July 25, 2012	-	500,000 (issued)	100,000 (incurred)
On or before July 25, 2013	-	500,000	100,000
On or before July 25, 2014		500,000	325,000
On or before July 25, 2015	-	500,000	325,000
	50,000	4,000,000	850,000

The property is subject to a 2% net smelter royalty.

Pursuant to a finder's fee agreement dated November 10, 2010, the Company agreed to pay a finder's fee of $2,500 and 200,000 common shares of the Company related to this acquisition.

During the period ended October 31, 2012, the Company issued nil common shares at a fair value of $nil (2012 – 25,000 shares at a fair value of $750). Recorded in accounts payable and accrued liabilities at October 31, 2012 was $3,000 (July 31, 2012 - $1,875) which represents the fair value of the remaining 75,000 shares to be issued as at October 31, 2012.

(b) Wildnest and Phantom Lake Properties

The Company entered into a Letter of Intent ("LOI") dated September 1, 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. In addition, the Company is required to complete exploration programs totalling $850,000 over a four year period.

(Expressed in Canadian Dollars)

3. Exploration and Evaluation Expenditures – (continued)

(b) Wildnest and Phantom Lake Properties – (continued)

Date	Cash	Common shares	Exploration Expenditures
	$	#	$
Upon Exchange approval	2,500	50,000	-
Year 1	5,000	50,000	50,000
Year 2	10,000	50,000	100,000
Year 3	15,000	50,000	150,000
Year 4	-	-	550,000
Totals	32,500	200,000	850,000

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.

The LOI is subject to acceptance for filing by the Exchange.

4. Loan Payable

The Company entered into a loan agreement dated September 14, 2012, with an arm's length party (the "Lender") in the principal amount of $50,000. The loan is unsecured, bears interest at prime plus 12% per annum and matures on March 15, 2013. In consideration for the loan, the Company issued 200,000 common shares to the Lender at a fair value of $10,000.

During the three months ended October 31, 2012, the Company paid or accrued $759 in interest on this loan.

5. Share Capital and Reserves

(a) Authorized

Unlimited number of voting common shares without par value.

(b) Issued

At October 31, 2012, there were 44,199,999 issued and fully paid common shares (July 31, 2012 – 43,999,999).

(c) Stock Options

The Company has a stock option plan under which it is authorized to grant options to directors, officers, employees and consultants for up to a maximum of 10% of the issued and outstanding common stock of the Company. The exercise price (less any discounts permitted by regulatory policies and determined by the directors at the time of grant) under each option shall be the market price of the Company's stock at the date of grant. The options granted during the year ended July 31, 2011 vest immediately as determined by the Board of Directors or as to 25.0% on the date of the grant and 12.5% every three months thereafter for a total vesting period of 18 months.

(Expressed in Canadian Dollars)

5. Share Capital and Reserves – (continued)

(c) Stock Options – (continued)

A summary of the status of the options outstanding follows:

	Number of Options	Weighted Average Exercise Price
	#	$
Balance, July 31, 2011	3,720,000	0.10
Granted	1,375,000	0.10
Cancelled	(1,080,000)	0.10
Balance, July 31, 2012	4,015,000	0.10
Cancelled	(20,000) [1]	0.10
Balance, October 31, 2012	3,995,000	0.10

[1] During the period ended October 31, 2012, the fair value of 20,000 forfeited options of $361 was reclassified from reserves to deficit.

Stock options outstanding and exercisable at October 31, 2012 are as follows:

Options Outstanding	Exercise Price	Expiry Date	Options 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
900,000	0.10	October 12, 2020	900,000
1,355,000	0.10	April 26, 2017	677,500
3,995,000			3,317,500

During the three months ended October 31, 2012, the Company recorded share-based payments of $11,918 (2012 - $nil) for the fair value of stock options vested during the period.

(Expressed in Canadian Dollars)

5. Share Capital and Reserves – (continued)

(d) Warrants

Each whole warrant entitles the holder to purchase one common share of the Company.

	Warrants	Weighted Average Exercise Price
	#	$
Balance, July 31, 2012 and October 31, 2012	930,000	0.10

Warrants outstanding at October 31, 2012 are as follows:

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

6. Related Party Transactions

(a) Related Party Transactions

(i) The Company incurred the following transactions with a company that is controlled by an officer of the Company:

Three months ended October 31,	2012	2011
	$	$
Legal fees	751	-

(ii) The Company recovered expenses from companies having directors and officers in common:

Three months ended October 31,	2012	2011
	$	$
Office, rent, administration and wages	139,726	80,700

(b) Compensation of Key Management Personnel

The Company's key management personnel has authority and responsibility for planning, directing and controlling the activities of the Company and consists of its Directors, Chief Executive Officer and Chief Financial Officer.

Three months ended October 31,	2012	2011
	$	$
Short-term benefits - management fees	16,200	16,200
Share-based payments [1]	4,789	-
	20,989	16,200

[1] Share-based payments are the fair value of options granted and vested to key management personnel under the Company's stock option plan (note 7(c)).

(Expressed in Canadian Dollars)

6. Related Party Transactions – (continued)

(c) Related Party Balances

The following related party amounts were included in *(i)* accounts payable and accrued liabilities and *(ii)* amounts receivable:

	October 31, 2012	July 31, 2012
	$	$
Companies having directors and officers in common *(i)*	9,000	31,900
Companies controlled by a director and an officer of the Company *(i)*	30,240	12,096
Companies having directors and officers in common *(ii)*	14,766 [1]	17,638

[1] Amount received subsequent to October 31, 2012.

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.

7. Commitments

(a) Flow-through Shares

The Company is committed to incur $130,200 in qualifying resource expenditures pursuant to a private placement for which flow-through proceeds have been received. As at October 31, 2012, the Company incurred qualifying resource expenditures of $123,563.

The Company renounced the tax benefits of Canadian exploration expenditures as at December 31, 2011. As at October 31, 2012, the Company had sufficient deferred tax assets, primarily loss carry-forwards, to reduce the tax effect of the renunciation to $nil.

(b) Operating Lease

The Company is committed to future minimum annual lease payments with respect to office leases expiring January 31, 2015, as follows:

	$
2013	75,742
2014	76,921
2015	38,971
	191,634

Amount recognized during the three months ended October 31, 2012 was $18,617 (2012 - $17,918).

(Expressed in Canadian Dollars)

8. Segmented Information

The Company operated in the following geographic segments at October 31, 2012:

October 31, 2012	Canada	Mexico	Total
	$	$	$
Total assets	117,015	-	117,015

July 31, 2012	Canada	Mexico	Total
	$	$	$
Total assets	75,966	-	75,966

Three months ended October 31,	2012			2011		
	Canada	Mexico	Total	Canada	Mexico	Total
	$	$	$	$	$	$
Finance and other income	-	-	-	684	-	684
Net comprehensive earnings (loss) for the period	(81,046)	(356)	(81,402)	(140,810)	2,338	(138,472)