

REMSTAR RESOURCES LTD.

(An Exploration Stage Company)

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

Six months ended January 31, 2013 and 2012

(Expressed in Canadian Dollars)

REMSTAR RESOURCES LTD.

(the "Company")

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Six months ended January 31, 2013 and 2012

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.

March 26, 2013

REMSTAR RESOURCES LTD.

(An Exploration Stage Company)

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

	January 31, 2013	July 31, 2012
	\$	\$
ASSETS		
Current		
Cash and cash equivalents	110,350	17,452
Amounts receivable (note 6(c))	19,707	28,326
Prepaid expenses	20,733	20,775
	150,790	66,553
Equipment	8,431	9,413
	159,221	75,966
LIABILITIES		
Current		
Accounts payable and accrued liabilities (note 6(c))	97,280	95,799
Loan payable (note 4)	50,000	-
	147,280	95,799
SHAREHOLDERS' EQUITY		
Share capital (note 5)	12,903,000	12,086,575
Reserves (note 5)	821,099	806,088
Deficit	(13,118,158)	(12,912,496)
	11,941	(19,833)
	159,221	75,966

Nature of operations and going concern (note 1)
Commitment (note 7)
Subsequent event (note 4)

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 January 31,		Six months ended January 31,	
	2013	2012	2013	2012
	\$	\$	\$	\$
Expenses:				
Exploration and evaluation (note 3)	31,450	47,974	58,916	116,012
General and administrative:				
Consulting fees	12,875	13,050	20,833	24,450
Depreciation	491	620	982	1,211
Management fees (note 6)	16,200	16,200	32,400	32,400
Office, rent and administration (note 6)	7,655	5,239	8,165	10,742
Professional fees	4,557	1,250	5,309	1,250
Regulatory, transfer agent and shareholder information	6,354	991	8,442	9,419
Share-based payments (note 5)	5,350	-	17,268	-
Travel, advertising and promotion	2,789	2,807	2,892	12,792
Wages and benefits (note 6)	36,169	8,540	38,750	26,369
	123,890	96,671	193,957	234,645
Loss before other items	(123,890)	(96,671)	(193,957)	(234,645)
Other items:				
Foreign exchange gain (loss)	(827)	(300)	(1,183)	3,785
Interest income	-	269	-	953
Finance and other costs	(1,800)	(415)	(12,779)	(602)
Impairment of equipment	-	-	-	(5,080)
	(2,627)	(446)	(13,962)	(944)
Comprehensive loss for the period	(126,517)	(97,117)	(207,919)	(235,589)
Basic and diluted loss per share	-	-	-	(0.01)
Weighted average number of shares	23,475,108	43,474,999	44,756,032	43,474,999

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REMSTAR RESOURCES LTD.

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

	Notes	Share capital		Reserves			Deficit	Total shareholders' equity
		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
Comprehensive loss for the period		-	-	-	-	-	(235,589)	(235,589)
Forfeited options		-	-	(142,204)	-	(142,204)	142,204	-
Balance, January 31, 2012		43,474,999	12,070,825	752,951	50,420	803,371	(12,725,582)	148,614
Comprehensive loss for the period		-	-	-	-	-	(209,395)	(209,395)
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)
Comprehensive loss for the period		-	-	-	-	-	(207,919)	(207,919)
Share-based payments	5(d)	-	-	17,268	-	17,268	-	17,268
Forfeited options	5(d)	-	-	(2,257)	-	(2,257)	2,257	-
Share issued pursuant to loan agreement	4	200,000	10,000	-	-	-	-	10,000
Share issued pursuant to option agreement	3(b)	55,000	2,200	-	-	-	-	2,200
Private placement	5(c)	4,600,000	230,000	-	-	-	-	230,000
Share issue costs	5(c)	-	(19,775)	-	-	-	-	(19,775)
Balance, January 31, 2013		48,854,999	12,309,000	770,679	50,420	821,099	(13,118,158)	11,941

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

REMSTAR RESOURCES LTD.

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

	Six months ended January 31,	
	2013	2012
	\$	\$
Cash provided by (used in):		
Operating activities:		
Net loss for the period	(207,919)	(235,589)
Items not involving cash:		
Depreciation	982	1,211
Share-based payments	17,268	-
Financing fees	10,000	-
Impairment of equipment	-	5,080
Shares issued for exploration and evaluation	2,200	-
	(177,469)	(229,298)
Changes in non-cash working capital balances:		
Amounts receivable	8,619	(28,275)
Prepaid expenses	42	473
Accounts payable and accrued liabilities	1,481	(22,656)
	(167,327)	(279,756)
Investing activity		
Purchase of equipment		(599)
Financing activity		
Proceeds from loan	50,000	-
Shares issued for cash, net of issue costs	210,225	-
	260,225	
Increase (decrease) in cash and cash equivalents during the period	92,898	(280,355)
Cash and cash equivalents, beginning of the period	17,452	415,037
Cash and cash equivalents, end of the period	110,350	134,682
Supplementary information:		
Non-cash financing activity:		
Shares issued for financing fees	10,000	-
Shares issued for exploration and evaluation	2,200	-

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

REMSTAR RESOURCES LTD.

(An Exploration Stage Company)

Notes to the Condensed Interim Consolidated Financial Statements
(Expressed in Canadian Dollars)

Six months ended January 31, 2013 and 2012
(Unaudited)

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 January 31, 2013, the Company had not yet achieved profitable operations, had accumulated losses of \$13,118,158 (July 31, 2012 - \$12,912,496), working capital of \$3,510 (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 January 31, 2013, the Company raised \$50,000 through a third party loan and \$230,000 through a private placement.

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.

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Notes to the Condensed Interim Consolidated Financial Statements
(Expressed in Canadian Dollars)

Six months ended January 31, 2013 and 2012
(Unaudited)

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 March 26, 2013.

(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
Cash	-	2,750	2,750
Common shares issued	-	2,200	2,200
Staking	-	26,341	26,341
Exploration:			
Geophysics	-	19,000	19,000
Consulting	-	7,500	7,500
	1,125	57,791	58,916
Balance, January 31, 2013	430,544	57,791	488,335

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Notes to the Condensed Interim Consolidated Financial Statements
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(Unaudited)

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 (paid) and 200,000 common shares (125,000 shares issued) of the Company related to this acquisition.

During the period ended January 31, 2013, 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 January 31, 2013 was \$3,000 (July 31, 2012 - \$1,875) which represents the fair value of the remaining 75,000 shares to be issued.

(b) Wildnest and Phantom Lake Properties

The Company entered into an option agreement dated November 15, 2012, pursuant to which it has been granted an option to acquire a 100% interest in seven mineral claims known as the Wildnest and Phantom Lake gold properties located in the Flin Flon area of Manitoba and Saskatchewan (the “Claims”). Under the terms of the agreement, the Company may earn a 100% interest in the Claims 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.

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3. Exploration and Evaluation Expenditures – (continued)

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

Date	Cash	Common shares	Exploration Expenditures
	\$	#	\$
Upon Exchange approval	2,500 (paid)	50,000 (issued)	-
On or before December 21, 2013	5,000	50,000	50,000
On or before December 21, 2014	10,000	50,000	100,000
On or before December 21, 2015	15,000	50,000	150,000
On or before December 21, 2016	-	-	550,000
Totals	32,500	200,000	850,000

The Claims are subject to a 2% net smelter royalty (NSR), of which, 50% of the NSR or 1% NSR may be acquired by the Company at any time for \$500,000.

Aggregate finders' fees of \$3,250 (\$250 paid) and 20,000 common shares (5,000 issued) of the Company will be paid in staged yearly payments as property payments are made.

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 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. Subsequent to January 31, 2013, the Company made a partial payment of \$15,000 towards this loan.

During the six months ended January 31, 2013, the Company paid or accrued \$2,344 in interest on this loan.

5. Share Capital and Reserves

(a) Authorized

Unlimited number of voting common shares without par value.

(b) Issued

At January 31, 2013, there were 48,854,999 issued and fully paid common shares (July 31, 2012 – 43,999,999).

(c) Share Issuances

On January 17, 2013, the Company closed a non-brokered private placement of 4,600,000 units at \$0.05 per unit for gross proceeds of \$230,000. Each unit consisted of one common share and one-half of one common share purchase warrant of the Company. Each warrant entitles the holder to acquire an additional common share of the Company at an exercise price of \$0.10 per share expiring January 7, 2015.

Share issue costs with respect to the private placement totaled \$19,775 which included finder's fees of \$17,000 and cash issue costs of \$2,775.

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5. Share Capital and Reserves – (continued)

(d) 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.

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	(80,000) ⁽¹⁾	0.10
Balance, January 31, 2013	3,935,000	0.10

⁽¹⁾ During the period ended January 31, 2013, the fair value of 80,000 forfeited options of \$2,257 was reclassified from reserves to deficit.

Stock options outstanding and exercisable at January 31, 2013 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
1,295,000	0.10	April 26, 2017	809,375
3,935,000			3,449,375

During the six months ended January 31, 2013, the Company recorded share-based payments of \$17,268 (2012 - \$nil) for the fair value of stock options vested during the period.

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5. Share Capital and Reserves – (continued)

(e) Warrants

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

	Warrants	Weighted Average
	#	Exercise Price
		\$
Balance, July 31, 2011 and 2012	930,000	0.10
Granted	2,300,000	0.10
Balance, January 31, 2013	3,230,000	0.10

Warrants outstanding at January 31, 2013 are as follows:

Number of Outstanding	Exercise Price	Expiry Date
930,000	\$0.10	July 28, 2016
2,300,000	\$0.10	January 7, 2015

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:

Six months ended January 31,	2013	2012
	\$	\$
Legal fees	3,256	250

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

Six months ended January 31,	2013	2012
	\$	\$
Office, rent, administration and wages	218,202	187,929

(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.

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Notes to the Condensed Interim Consolidated Financial Statements
(Expressed in Canadian Dollars)

Six months ended January 31, 2013 and 2012
(Unaudited)

6. Related Party Transactions – (continued)

(b) Compensation of Key Management Personnel – (continued)

Six months ended January 31,	2013	2012
	\$	\$
Short-term benefits - management fees	32,400	32,400
Share-based payments ⁽¹⁾	7,140	-
	39,540	32,400

⁽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 5(d)).

(c) Related Party Balances

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

	January 31, 2013	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)	36,288	12,096
Companies having directors and officers in common (ii)	10,080	17,638

Amounts due to related parties are unsecured, non-interest bearing and have no specific repayment terms.

7. Commitment

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 six months ended January 31, 2013 was \$37,592 (2012 - \$36,025).

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Notes to the Condensed Interim Consolidated Financial Statements
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Six months ended January 31, 2013 and 2012
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8. Segmented Information

The Company operated in the following geographic segments at January 31, 2013:

January 31, 2013	Canada	Mexico	Total
	\$	\$	\$
Total assets	159,221	-	159,221

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

Six months ended January 31,	2013			2012		
	Canada	Mexico	Total	Canada	Mexico	Total
	\$	\$	\$	\$	\$	\$
Finance and other income	-	-	-	953	-	953
Net comprehensive earnings (loss) for the period	(206,736)	(1,183)	(207,919)	(239,374)	3,785	(235,589)