

**REMSTAR RESOURCES LTD.**

**(An Exploration Stage Company)**

**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**

**Three months ended October 31, 2013 and 2012**

**(Expressed in Canadian Dollars)**

**REMSTAR RESOURCES LTD.**

**(the "Company")**

**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**Three months ended October 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.

December 12, 2013

# REMSTAR RESOURCES LTD.

(An Exploration Stage Company)

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

	October 31, 2013	July 31, 2013
	\$	\$
<b>ASSETS</b>		
Current		
Cash and cash equivalents	14,626	41,776
Amounts receivable (note 7(c))	1,575	-
Prepaid expenses	21,778	22,057
	37,979	63,833
Equipment	7,063	7,449
	45,042	71,282
<b>LIABILITIES</b>		
Current		
Accounts payable and accrued liabilities (note 7(c))	89,066	108,113
Loan payable (note 4)	38,310	37,220
	127,376	145,333
<b>SHAREHOLDERS' DEFICIENCY</b>		
Share capital (note 5)	12,309,550	12,309,550
Reserves (note 5)	766,969	776,010
Deficit	(13,158,853)	(13,159,611)
	(82,334)	(74,051)
	45,042	71,282

Nature of operations and going concern (note 1)  
Commitment (note 8)

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,	
	2013	2012
	\$	\$
Expenses:		
Exploration and evaluation (note 3)	-	27,466
General and administrative:		
Consulting fees	-	7,958
Depreciation	386	491
Management fees (note 7)	16,200	16,200
Office, rent and administration (note 7)	(19,647)	510
Professional fees	-	752
Regulatory, transfer agent and shareholder information	1,487	2,088
Share-based payments (note 5)	1,915	11,918
Travel, advertising and promotion	156	103
Wages and benefits (note 7)	9,410	2,581
	9,907	70,067
Loss before other items	(9,907)	(70,067)
Other items:		
Foreign exchange loss	(71)	(356)
Finance and other income	1,000	-
Finance and other costs (note 6)	(1,220)	(10,979)
	(291)	(11,335)
Net loss and comprehensive loss for the period	(10,198)	(81,402)
Basic and diluted loss per share	-	-
Weighted average number of shares	48,854,999	44,036,956

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)

	Notes	Share capital		Reserves			Deficit	Total shareholders' deficiency
		Common shares	Amount	Stock options	Treasury shares	Total		
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		-	-	-	-	-	(81,402)	(81,402)
Share-based payments		-	-	11,918	-	11,918	-	11,918
Forfeited options		-	-	(361)	-	(361)	361	-
Shares subscription		-	-	-	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)
Comprehensive loss for the period		-	-	-	-	-	(219,493)	(219,493)
Share-based payments		-	-	11,784	-	11,784	-	11,784
Forfeited options		-	-	(2,999)	-	(2,999)	2,999	-
Reclassification of escrow shares cancelled		-	-	-	(50,420)	(50,420)	50,420	-
Private placement	5(c)	4,600,000	230,000	-	(49,000)	(49,000)	-	181,000
Share issued pursuant to option agreement	3(b)	55,000	2,200	-	-	-	-	2,200
Share issue costs	5(c)	-	(19,225)	-	-	-	-	(19,225)
Balance, July 31, 2013		48,854,999	12,309,550	776,010	-	776,010	(13,159,611)	(74,051)
Comprehensive loss for the period		-	-	-	-	-	(10,198)	(10,198)
Share-based payments	5(d)	-	-	1,915	-	1,915	-	1,915
Forfeited options	5(d)	-	-	(10,956)	-	(10,956)	10,956	-
Balance, October 31, 2013		48,854,999	12,309,550	766,969	-	766,959	(13,158,853)	(82,334)

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,	
	2013	2012
	\$	\$
Cash provided by (used in):		
Operating activities:		
Net loss for the period	(10,198)	(81,402)
Items not involving cash:		
Accrued interest	2,587	792
Depreciation	386	491
Share-based payments	1,915	11,918
Financing fees	-	10,000
	(5,310)	(58,201)
Changes in non-cash working capital balances:		
Amounts receivable	(1,575)	3,932
Prepaid expenses	279	332
Accounts payable and accrued liabilities	(20,544)	741
	(27,150)	(53,196)
Financing activities:		
Proceeds from loan	-	50,000
Shares subscription	-	49,000
	-	99,000
Increase (decrease) in cash and cash equivalents during the period	(27,150)	45,804
Cash and cash equivalents, beginning of the period	41,776	17,452
Cash and cash equivalents, end of the period	14,626	63,256
Supplementary information:		
Cash paid for interest	-	-
Cash paid for income taxes	-	-

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)

Three months ended October 31, 2013 and 2012  
(Unaudited)

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## 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 700 – 1199 West Hastings Street, Vancouver, British Columbia, Canada, V6E 3T5.

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, 2013, the Company had not yet achieved profitable operations, had accumulated losses of \$13,158,853 (July 31, 2013 - \$13,159,611), working capital deficit of \$89,397 (July 31, 2013 - \$81,500) 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.

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, 2013.

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, 2013.

# REMSTAR RESOURCES LTD.

(An Exploration Stage Company)

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

Three months ended October 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 December 12, 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 July 31, 2013.

## 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, Saskatchewan (b) \$	Total \$
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
Acquisition and option payments:			
Finder's fee recovery	(3,000)	-	(3,000)
Cash	-	2,750	2,750
Common shares issued	-	2,200	2,200
Exploration:			
Geophysics	-	12,196	12,196
Consulting	-	20,500	20,500
	(3,000)	37,646	34,646
Balance, October 31, 2013 and July 31, 2013	427,544	63,987	491,531



# REMSTAR RESOURCES LTD.

(An Exploration Stage Company)

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

Three months ended October 31, 2013 and 2012  
(Unaudited)

## 3. Exploration and Evaluation Expenditures – (continued)

### (a) Snip and Seebach Properties

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 follows:

	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.

On July 24, 2013, the Company terminated the option agreement for the Snip and Seebach properties.

### (b) Wildnest and Phantom Lake Properties

The Company entered into an option agreement dated November 15, 2012, as amended on October 28, 2013, 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 amended agreement, the Company may earn a 100% interest in the Claims by making cash payments of \$32,500 and issuing 350,000 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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Notes to the Condensed Interim Consolidated Financial Statements  
(Expressed in Canadian Dollars)

Three months ended October 31, 2013 and 2012  
(Unaudited)

### 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 November 7, 2013	-	200,000 <sup>(1)</sup>	-
On or before June 21, 2014	5,000	-	-
On or before December 21, 2014	10,000	50,000	150,000
On or before December 21, 2015	15,000	50,000	150,000
On or before December 21, 2016	-	-	550,000
Totals	32,500	350,000	850,000

(1) Issued subsequent to October 31, 2013.

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 35,000 common shares (5,000 issued and 20,000 issued subsequent to October 31, 2013) of the Company will be paid in staged yearly payments as property option 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. During the year ended July 31, 2013, the Company made a partial payment of \$15,000 towards this loan.

During the three months ended October 31, 2013, the Lender signed an amended letter agreement dated November 18, 2013, granting the Company an extension to the term of the loan to March 15, 2014.

During the three months ended October 31, 2013, the Company paid or accrued \$1,091 (2013 - \$792) 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, 2013, there were 48,854,999 issued and fully paid common shares (July 31, 2013 – 48,854,999).

# REMSTAR RESOURCES LTD.

(An Exploration Stage Company)

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

Three months ended October 31, 2013 and 2012  
(Unaudited)

## 5. Share Capital and Reserves – (continued)

### (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 \$19,225 which included finder's fees of \$17,000 and cash issue costs of \$2,225.

### (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 have expiry dates of no later than ten years from the date of grant and 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, 2012	4,015,000	0.10
Forfeited	(110,000)	0.10
Balance, July 31, 2013	3,905,000	0.10
Forfeited	(125,000) <sup>(1)</sup>	0.10
<b>Balance, October 31, 2013</b>	<b>3,780,000</b>	<b>0.10</b>

<sup>(1)</sup> During the three months ended October 31, 2013, the fair value of 125,000 (2013 – 110,000) forfeited options of \$10,956 (2013 - \$3,360) was reclassified from reserves to deficit.

Stock options outstanding and exercisable at October 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
775,000	0.10	October 12, 2020	775,000
1,295,000	0.10	April 26, 2017	1,295,000
<b>3,780,000</b>			<b>3,780,000</b>

# REMSTAR RESOURCES LTD.

(An Exploration Stage Company)

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

Three months ended October 31, 2013 and 2012  
(Unaudited)

## 5. Share Capital and Reserves – (continued)

### (d) Stock Options – (continued)

During the three months ended October 31, 2013, the Company recorded share-based payments of \$1,915 (2012 - \$11,918) for the fair value of stock options vested during the period.

### (e) Warrants

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

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

Warrants outstanding at October 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. Finance and other costs

	Three months ended October 31,	
	2013	2012
	\$	\$
Financing fees	-	10,000
Interest expense	1,091	792
Bank charges	129	187
	1,220	10,979

## 7. 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,	2013	2012
	\$	\$
Legal fees	-	751

# REMSTAR RESOURCES LTD.

(An Exploration Stage Company)

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

Three months ended October 31, 2013 and 2012  
(Unaudited)

## 7. Related Party Transactions – (continued)

### (a) Related Party Transactions – (continued)

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

Three months ended October 31,	2013	2012
	\$	\$
Office, rent, administration and wages	102,400	139,726

### (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,	2013	2012
	\$	\$
Short-term benefits - management fees	16,200	16,200
Short-term benefits – wages and salaries	7,200	4,200
Share-based payments <sup>(1)</sup>	1,008	4,789
	24,408	25,189

<sup>(1)</sup> 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:

	October 31, 2013	July 31, 2013
	\$	\$
Companies having directors and officers in common (i)	7,000	40,845
Companies controlled by a director and officer of the Company (i)	34,020	17,010
Companies having an officer in common (ii)	1,575	-

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

# REMSTAR RESOURCES LTD.

(An Exploration Stage Company)

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

Three months ended October 31, 2013 and 2012  
(Unaudited)

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## 8. Commitment

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

	\$
2014	77,916
2015	39,635
	<u>117,551</u>

## 9. Segmented Information

The Company has one operating segment, being the exploration of resource properties and operated in one geographic segment at October 31, 2013 and 2012 with all assets located in Canada.