



Annual Report October 31, 2009

Management Discussion and Analysis of
Results of Operations and Financial Condition
for the year ended October 31, 2009

MANAGEMENT DISCUSSION AND ANALYSIS

Business Overview

The following Management's Discussion and Analysis (MD&A) of Starfire Minerals Inc. (the "Company") is for the year ended October 31, 2009. This information is current to February 22, 2010.

The Company through the efforts of its Directors and Management are continuing to focus on the increase of shareholder equity thru the acquisition and successful exploration of grass-roots mineral properties.

The Company has reviewed its holdings of various properties located in the Provinces of Quebec, Ontario and British Columbia. The Company while continuing to consider further exploration of selective properties is presently concentrating on the Porphyry Pearl property with some minor exploration on property in Ontario. The Company in the meantime has decided to abandon its claims on the Stobie and Black properties in Ontario and not to further exercise its option agreement on the Capri, Cross Structure and Otish properties in Quebec.

The present Investor/Market climate dictates what exploration programs should be undertaken and as stated we will concentrate on efforts that are subject to work commitments and favourable prior exploration reports, principally the Porphyry Pearl property in British Columbia

We have completed further exploratory work on our Porphyry Pearl property and refer to our news releases dated August 6, 2009, August 27, 2009, and September 15, 2009.

We refer to SEDAR, (www.sedar.com) where technical reports on Capri, Cross Structure, Stobie Lake, Langmuir South and Porphyry Pearl are posted. We refer to our October 31, 2009 annual financial statement wherein are described details regarding options or ownership of the various properties and details of those properties written down.

While we will be commenting on various aspects of the Company in this report we remind the reader of the detailed news releases posted with SEDAR at www.sedar.com.

Listing Status

The Company is listed on the TSX Venture Exchange in Canada under the ticker symbol SFR. The Company has also been inter-listed on the Berlin, Frankfurt and Stuttgart Stock Exchanges in Germany and began trading in late January 2005 under the symbol WKN 784-574. This listing was established to facilitate trading by the Company's European investors.

| Selected Annual Information | | | |
|---|-------------|-------------|-------------|
| | 2009 | 2008 | 2007 |
| Interest & Bank Charges | 724 | 741 | 5,447 |
| Consulting | | | |
| Cash | 273,667 | 364,916 | 425,816 |
| Stock Based Options – Compensation | 64,083 | - | 500,300 |
| Office and Miscellaneous | 245,542 | 352,942 | 265,807 |
| Printing and Rent | 97,200 | 103,496 | 91,200 |
| Investors Relationship Fees | 37,473 | 69,085 | 7,684 |
| Filing costs, Transfer Agent and Shareholder Reporting | - | - | 65,277 |
| Professional Fees | 141,593 | 317,169 | 167,177 |
| Renunciation Tax (note 5) | 630 | 59,854 | |
| Mineral Property Write-down/off | 1,682,068 | 353,495 | - |
| Loss on mineral Property settlement (note #) | 135,000 | - | - |
| Income Tax Recovery | (226,800) | (438,872) | 592,358 |
| Net Loss for Year | 2,446,738 | 1,048,486 | (912,361) |
| Loss Per Share | (\$0.03) | (\$0.01) | (\$0.02) |
| Due to (from) related parties | 150,074 | - | 105,760 |
| Shareholder Equity | 4,310,780 | 6,611,235 | 7,074,093 |

Results of Operations for 12 months ended October 31, 2009

The following brief discussion should be read in conjunction with the audited financial statement and related notes as at October 31, 2009. Further financial information regarding the audited financial statements for the year ended October 31, 2007 and October 31, 2008 are available at www.sedar.com.

The Company incurred a net loss before income tax of \$2,446,738 for the year ending October 31, 2009 (\$0.03 per share) compared with a net loss of \$1,048,486 for the year ending October 31, 2008 (\$0.01 per share). The loss includes stock based compensation, professional fees, cash expenditures, Mineral Properties write off and general operating costs associated with property exploration. The Company recorded a future income tax recovery adjustment of \$226,800 during the year ended October 31, 2009." The Mineral Properties written off totaled \$1,682,068.

| Selected Quarterly Results | | | | |
|-----------------------------------|------------------|---------------|----------------|--------------|
| 3 months ended | | | | |
| | October 31, 2009 | July 31, 2009 | April 30, 2009 | Jan 31, 2009 |
| Interest and other income | 3 | 1,411 | 1,158 | 1,870 |
| Operating Expenses | 154,789 | 298,099 | 198,030 | 209,994 |
| Net Loss | 1,745,054 | 296,688 | 196,872 | 208,124 |
| Loss per Share | \$0.00 | \$0.00 | \$0.00 | \$0.00 |

| Selected Quarterly Results (continued) | | | | |
|---|--------------|---------------|----------------|--------------|
| 3 months ended | | | | |
| | Oct 31, 2008 | July 31, 2008 | April 30, 2008 | Jan 31, 2008 |
| Interest and other income | 28,906 | 74,426 | 20,463 | 10,535 |
| Operating Expenses | 576,344 | 216,523 | 300,516 | 174,820 |
| Net Loss | 462,050 | 142,097 | 280,053 | 164,286 |
| Loss per Share | \$0.01 | \$0.00 | \$0.00 | \$0.01 |

Fourth Quarter ending October 31, 2009 results (unaudited):

The loss for the three months ended October 31, 2009 was \$1,745,054 compared to loss of \$462,050 in three months ended October 31, 2008. The income generated for the fourth quarter in the amount of \$3 is interest earned on bank deposits. The operating expenses totaling \$154,789 includes professional fees, travel, promotion and consulting fees expensed for quarter also costs for management of the various properties The Company wrote off \$1,682,068 of mineral properties.

Results of Operations for 3 months ending July 31, 2009

The following brief discussion should be read in conjunction with the Financial Statements, third quarter ending July 31, 2009 and related notes.

The Company incurred a net loss before income tax of \$296,688 (\$0.00 per share) compared with a net loss of \$142,097 for the quarter ending July 31, 2008 (\$0.002 per share). The increase in the current quarter is partially a result of limited interest revenue however total operating expenses were less than the comparable quarter ending July 31, 2008. The decrease in net loss for the nine month period ending July 31, 2009 of \$701,684 compared for the nine month period ended July 31, 2008 of \$691,860 is partially attributed to the settlement of a property option.

Results of Operations for 3 months ending April 30, 2009

The following brief discussion should be read in conjunction with the Financial Statements, second quarter ending April 30, 2009 and related notes.

The Company incurred a net loss before income tax of \$196,872 (\$0.00 per share) compared with a net loss of \$280,053 for the quarter ending April 30, 2008 (\$0.00 per share). The decrease in the current quarter is partially a result of delayed billings to the Company and reduction in certain ongoing activities for same period. The decrease in net loss for the six month period ending April 30, 2009 of \$404,996 compared for the six month period ended April 30, 2008 of \$444,338 is partially attributed to a decrease in consulting, travel and promotion.

Results of Operations for 3 months ended January 31, 2009

The following brief discussion should be read in conjunction with the Financial Statement and related notes as at January 31, 2009.

The Company incurred a net loss before income tax of \$208,124 (\$0.00 per share) compared with a net loss of \$164,286 for the quarter ended January 31, 2008 (\$0.00 per share). The increase in the current quarter compared to the same quarter of the previous year is partially a result of increase costs in legal fees.

Results of Operations for 12 months ended October 31, 2008

The following brief discussion should be read in conjunction with the audited financial statement and related notes as at October 31, 2008. Further financial information regarding the audited financial statements for the year ended October 31, 2006 and October 31, 2007 are available at www.sedar.com.

The Company incurred a net loss before income tax of \$1,048,486 for the year ending October 31, 2008 (\$0.01 per share) compared with a net loss of \$912,361 for the year ending October 31, 2007 (\$0.01 per share). The loss includes stock based compensation, professional fees, cash expenditures, Mineral Properties write off and general operating costs associated with property exploration. The Company recorded a future income tax recovery adjustment of \$438,872 during the year ended October 31, 2008." The Mineral Properties written off totaled \$353,495.

Results of Operation for 3 months ended October 31, 2008:

The loss for the three months ended October 31, 2008 was \$462,050 compared to loss of \$397,290 in three months ended October 31, 2007. The income generated for the fourth quarter in the amount of \$28,906 is interest earned on bank deposits. The operating expenses totaling \$576,344 includes professional fees, travel, promotion and consulting fees expensed for quarter also costs for financings and management of the various properties.

Results of Operation for 3 months ended July 31, 2008

The following brief discussion should be read in conjunction with the Financial Statement and related notes as at July 31, 2008.

The Company incurred a net loss before income tax of \$142,098 compared with a net loss of \$590,498 for the quarter ended July 31, 2007. The costs in the quarter ending July 2007 included financing fees and higher consulting costs. The Company also generated interest revenue of \$74,425 for the period ending July 31, 2008.

Results of Operations for 3 months ended April 30, 2008

The following brief discussion should be read in conjunction with the Financial Statement and related notes as at April 30, 2008

The Company incurred a net loss before income tax of \$280,053 compared with a net loss of \$188,570 for the quarter ended April 30, 2007. The majority of the increased loss over the same period the previous year is due to Legal and Accounting professional fees.

Results of Operations for 3 months ended January 31, 2008

The following brief discussion should be read in conjunction with the Financial Statement and related notes as at January 31, 2008.

The Company incurred a net loss before income tax of \$164,286 (\$0.002 per share) compared with a net loss of \$328,361 for the quarter ended January 31, 2007 (\$0.01 per share). The decrease in the current quarter compared to the same quarter of the previous year is partially a result of a change in accounting process treatment of option-based compensation.

Liquidity and Capital Resources

The Company has been successful in raising capital required for the acquisition of new properties and the ongoing exploration and development of the Company's current property holdings.

The latest capital raised January 20, 2010 closed non-brokered private placement announced on December 1, 2009 and issued a total of 3,600,000 units @\$0.05/unit for gross proceeds of \$180,000.

The Company has historically relied on equity financing to conduct exploration programs on its mineral properties and to pay administrative and overhead expenses. Presently the Company does not have any cash flow from operations.

Having said the foregoing there can be no assurance the Company will raise all the capital required.

FINANCIAL INSTRUMENTS

Financial Risk Management

The Company is exposed in varying degrees to a variety of financial instrument related risks.

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its bank accounts. The Company's bank accounts are held with a major bank in Canada. As all of the Company's cash is held by one bank in Canada, there is a concentration of credit risk. This risk is managed by using a major bank that is a high credit quality financial institution as determined by rating agencies.

Currency Risk

The Company mainly operates in Canada and is therefore not exposed to significant foreign exchange risk arising from transactions denominated in a foreign currency.

Liquidity Risk

Liquidity Risk arises through the excess of financial obligations over available financial assets due at any point in time. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements at any point in time. The Company achieves this by maintaining sufficient cash and banking facilities.

Outstanding Share Data

As of April 30, 2009 the Company had 81,337,100 common shares issued and outstanding. The weighted average number of common shares for the fiscal year 2008 was 79,151,347. Shares outstanding as at February 22, 2010, were 85,737,100.

Mineral Properties

Mineral properties are summarized in the financial statements and described in detail on our web site.

The Company has completed Phase I and Phase II on the **Capri Uranium Property** exploration program consisting of line cutting, geophysical surveys (radiometric and magnetometer) trenching, bulk sampling, preliminary mapping and drilling. Locations of previous drilling and trenching were confirmed and extended. The assays from the 1,700 meter drilling program are completed and suggest further exploration work on the property should be considered. A completed NI 43-101 compliant technical report on the property recommends further exploration work. The Company completed an airborne radiometric and magnetic survey and is evaluating its options regarding the property. The Company has decided not to further exercise its option agreement on this property.

The Company entered into an agreement to acquire a 100% interest in the **Cross Structure Uranium Property** located approximately 700 kilometers northeast of the Quebec City near Havre-St. Pierre. The Company posted a NI 43-101 compliant technical report for the Cross Structure Property on SEDAR (we refer the reader to the news release dated December 22, 2005). With the airborne survey and a favourable technical report to further define uranium and gold targets the Company completed further exploration on the property last quarter and is now in process of completing and review of the results of the exploration activity. The Company will not be further exercising its option on this property.

The Company entered into an option to earn a 100% interest in the **Stobie Lake Uranium Property** in Grigg and Stobie Townships, northeast of Sudbury, Ontario. The Company has exercised its option by issuing 400,000 shares of common stock as arranged under the initial agreement and now owns a 100% interest in the property. Historic reports indicate that the property potentially contains uranium mineralization similar to the Elliot Lake uranium belt lying 135 kilometers to the west. Preliminary exploration work on the property including grid work, trenching, and sampling was completed March 2007 to follow up the results from an airborne magnetic, radiometric, and VLF-EM survey flown by Terraquest in late October 2006. A 43-101 compliant Technical Report was completed (see news release May 8th, 2008) recommending an exploration program consisting of gridding, detailed geological mapping and sampling, scintillometer surveys, and diamond drilling with a budget of \$280,000. From September 7, 2008 to October 8, 2008 an exploration program was carried out consisting of prospecting, limited geological mapping, radiometric surveying and overburden removal on the Stobie Lake Uranium Property. After further review the Company has decided to abandon the Stobie claims as they expire.

The Company has retained a 100% interest in the **Langmuir Township Property in Timmins, Ontario**. The Company commenced drilling in the spring of 2006 (see our news release of April 18, 2006) and favorable results from the drilling program were reported (see our news releases of January 2nd, and May 17th, 2007). The news release also provides a link to a map showing the location of Starfire's property in relation to properties of Inspiration Mining, Liberty Mines and Golden Chalice. During August 2007, magnetic and horizontal loop electromagnetic surveys were completed over the portion of the property that had not been surveyed. The purpose was to determine if there are shallow targets that should be tested before resuming step-out drilling on the down-plunge extension of the Langmuir South zone that is indicated by the intersection of 3.66% Ni over core length of 6.65 meters in hole EL06-03. Between September 2007 and June 2008, the Company completed 1,193 meters of drilling in 12 shallow holes to test the EM and magnetic targets resulting from the survey. While no "ore-grade" intervals were drilled, a significant anomalous intersection in hole EL-08-18 of 0.24% Ni over a core length of 34 meters in komatiites near the intersection of 3.51% Ni over core length of 1.5 meters in hole EL-07-06 suggests that a second zone lies to the north of the South Zone. Further compilation of the results of the program in the context of historic drilling is in progress to design an appropriate drill program to effectively test this target in addition to the down-plunge extension of the South zone. We refer to our news release September 19, 2008 reference to updated Technical report recommending further drilling with a 1st phase budget of approximately \$300,000. This report is now under review in order to establish a future drilling program to include availability of additional financing to initiate a further exploration program.

The Company, through its subsidiary Starfire Precious Metals Inc., has acquired the right to earn a 100% interest in the **Porphyry Pearl Property**. This property is located in the Toodoggone mining district in northern British Columbia. We refer to our news releases of June 7th, June 25th, June 30th, September 14th, October 16th, November 12th, and November 26th, 2007 announcing the results of our 6-hole 1,798-meter diamond drill program. The results of hole PP07-05 (0.420 grams gold per tone over a core length of 87.96 meters) and hole PP07-06 (0.781 grams gold per tone over core length of 62.96 meters) are particularly encouraging to Management. This drill program and expanded work is in conjunction with the recommendation of a 43-101 compliant technical work report by Dr. N.C. Carter, Ph.D., P. Eng. and a detailed geophysical report by Peter E. Walcott & Associates Ltd. The Company engaged On-Track Exploration to conduct a follow-up diamond drilling program which mobilized on July 7, 2008.

We refer to our news release of November 5th 2008 wherein the Company announced the complete analytical results of its 2,016-meter 2008 drilling program. Of particular significance, four of the six holes intersected intervals exceeding 100 meters of 0.5 grams of gold per tonne. Together with the 2007 program, a mineralized zone has been identified over a strike of 230 meters to a depth of 250 meters with an average thickness of 90 meters, open at both ends and at depth. We have also submitted notice of work and reclamation program for proposed further exploration for 2009.

The Company holds a 100% interest in six claims within the Timmins mineral belt described as the **Carman Property**. The Company announced previously its intention to further explore the property having filed on SEDAR a NI 43-101 compliant report in reference to nickel prospect on subject property. The Company will consider at a later date the best course of action to take to proceed with exploration on the Carman property.

The Company signed an option agreement to acquire a 100% interest in the **Otish Mountain** uranium property **consisting of two** claims totaling 259.35 acres. The agreement includes work commitments of \$50,000 over three years. The property is in early stages of exploration. We are continuing to negotiate with the property owner to extend cash payment of \$25,000 now due to a later date. On further consideration the Company decision is not to pursue further and will not be exercising its option on this property.

The **Lordeau** uranium property was acquired through staking. Previous work on the property consisted of the drilling of 84 shallow holes, totaling 1, 611 meters in the 1970's. This work was prior to the implementation of national policy NI 43-101 an as such can not be relied upon. The Company has granted an option to Santos Resources Corp., whereby Santos can acquire a 75% interest in the Lordeau property by paying the Company \$10,000, issuing 75,000 shares of Santos, and incurring \$50,000 in work expenditures. This agreement has received TSX Venture exchange approval.

A prospecting program was completed in late 2007 on the **Black property, Ontario**, focusing on the potential for gold or volcanogenic massive sulphide mineralization. The property consists of 14 units in five claims that were acquired in 1998. Follow-up of two samples containing significant amounts of lead and zinc (9.24% lead. 2.41% zinc and 2.68% lead. 2.90% zinc respectively) was completed in the fall of 2008. We have completed the evaluation of the merits of proceeding with any further exploration activity on the property and the Company as advised previously has decided not to proceed further and have abandon claims.

Off-Balance Sheet Items

The Company does not have any off-balance sheet items.

Related Party Transactions

The Company had the following transactions with related parties:

| | October 31, 2009 | October 31, 2008 |
|--------------------------------|-------------------------|-------------------------|
| Mineral properties exploration | \$ 41,098 | \$ 225,937 |
| Consulting fees | 262,150 | 351,885 |
| Office and miscellaneous& Rent | 184,488 | 169,946 |
| Professional fees | 75,600 | 70,200 |
| | \$ 563,336 | \$ 817,968 |

Investor Relations Activities

Investor Relations activities of the Company consisted of the dissemination of a number of news releases by officers and directors. In addition, management of the Company responded to requests by shareholders and investment dealers for information, and disseminated financial information as required by applicable laws. In September 2006 the Company entered into an agreement with Bay Street Connect, a Toronto-based investor relation firm since amended with 100,000 options priced at \$0.10 per share expiry December 4, 2013 and Effective November 1, 2008 the contract was amended to monthly payment of \$2,500 with 30 day notice to terminate by either party.

Critical Accounting Estimates

By definition the Company is a venture issuer and as such utilizes limited critical accounting estimation. The Company's recoverability of the recorded value of its mineral property costs is dependent upon many factors beyond the Company's control. The Company is engaged in an industry that is dependent on a number of conditions including exploration success, property tenure, environmental and permitting risks, legal and political risks and the Company's ability to obtain necessary financing to maintain, explore and develop its mineral properties. Please refer to Note 2 "Significant Accounting Policies" contained in the notes to the audited annual financial statements available at www.sedar.com for a full description of significant accounting policies.

Changes in Accounting Policy

Effective November 1, 2008, the Company adopted CICA Handbook Section 1400, “General Standards of Financial Statement Presentation”, Emerging Issue Committee (“EIC”) 173, “Credit Risk and the Fair Value of Financial Assets and Financial Liabilities”, and EIC 174, “Mining Exploration Costs”.

These new standards have been applied prospectively and they have not resulted in any adjustments to the carrying amounts of financial assets and financial liabilities at November 1, 2008.

Risks and Uncertainties

Mineral exploration and development involves a high degree of uncertainty and risk. The Company is active in acquisition and exploration of properties and concessions that have not yet been determined to contain economic mineralization. In addition, certain jurisdictions in which the Company operates can be subject to political disturbances that may affect the Company’s mineral tenure and access, though at this time all of the Company’s properties are within Canada.

Although the Company endeavors to utilize the best management practices, changes to environmental regulations can negatively affect the Company’s ability to access, explore and develop its mineral properties.

MANAGEMENT’S RESPONSIBILITY FOR FINANCIAL INFORMATION

The Company's financial statements and the other financial information included in this management report are the responsibility of the Company's management. The financial statements were prepared by management in accordance with generally accepted Canadian accounting principles and include certain amounts based on management’s best estimates using careful judgment. The selection of accounting principles and methods is management’s responsibility. Management recognizes its responsibility for conducting the Company’s affairs in a manner to comply with the requirements of applicable laws and established financial standards and principles, and for maintaining proper standards of conduct in its activities. The Board of Directors supervises the financial statements and other financial information through its audit committee, which is comprised of a majority of non-management directors. This committee’s role is to examine the financial statements and recommend that the Board of Directors approve them, to examine the internal control and information protection systems and all other matters relating to the Company’s accounting and finances. This committee is responsible for recommending the appointment of the external auditors or the renewal of their engagement.

The external auditors, Dale Matheson Carr-Hilton LaBonte LLP appointed by the shareholders at the Annual General Meeting have audited the Company’s financial statements with their report indicating the scope of their audit and their opinion on the financial statements.

Additional Information

Additional information relating to the Company is available on SEDAR at www.sedar.com

Transition to “International Financial Reporting Standards” (IFRS)

Canadian reporting issuers will be required to begin reporting in IFRS, by the first quarter after calendar year end December 31, 2010 as Starfire Minerals Inc year end is October 31st the Company will be required to file first set of fully IFRS compliant quarterly financial statements no later than the January 31, 2012 quarter reporting date.

The Company is in the beginning stages with a limited amount work being done at this stage other than preparing schedule as outlined below:

Over the next 6 months establish process to ensure reporting effective for period November 1, 2009- October 31, 2010

- Prepare and file financial statements under Canadian GAAP

November 1, 2010-October 31, 2011

- Prepare and file Canadian GAAP annual and quarterly financial statements
- Establish anticipated impact and advise in all 2011 quarterly MD&A reports.
- Prepare IFRS compliant comparative annual and quarterly financial statements
- Prepare parallel accounting under both IFRS and GAAP for differences identified

November 1, 2011-onwards

- Prepare and file IFRS quarterly and annual financial statements (fully compliant, with IFRS comparatives)
- Include detailed IFRS disclosures and reconciliations
- January 31, 2012 First set of fully IFRS compliant quarterly financial statements.

During the initial transition period it will be important to develop a detailed conversion plan to include modifications to IT and accounting processes to allow parallel accounting. Identify differences between Canadian GAAP and IFRS (current and future).

Subsequent Events to October 31, 2009

1. The Company held its Annual General Meeting December 22, 2009 resulting in:
 - a) Election 5 Directors Mr. Dan Mosher, Mr. Philip Rush, Mr. Basil Pantages, Mr. Greg MacRae and Mr. Richard Pierce
 - b) Reappointment of Accounting firm Dale and Matheson
 - c) Approval of 2009 stock option program
2. January 20, 2010 closed non-brokered private placement announced on December 1, 2009 and issued a total of 3,600,000 units @\$0.05/unit for gross proceeds of \$180,000.
3. Subsequent to the year ended October 31, 2009, the Company issued 800,000 shares to the option holder of the Porphyry Pear Property.

Other

Share Capital:

1. Authorized: unlimited number of common shares without par value.
Currently outstanding 85,737,100
2. Weighted average of shares as at October 31, 2009 was 79,151,347
3. As at October 31, 2009, there are incentive stock options outstanding for a total of 6,200,000 shares.

Cautionary Note Regarding Forward-Looking Statements

Certain statements contained in the foregoing Management's Discussion and Analysis and elsewhere constitute forward-looking statements. Such forward-looking statements involve a number of known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statements were made, and readers are advised to consider such forward-looking statements in light of the risks set forth above