



Quarterly Report April 30, 2012

Management Discussion and Analysis of  
Results of Operations and Financial Condition  
for the quarter ended April 30, 2012

## MANAGEMENT DISCUSSION AND ANALYSIS

### **Business Overview**

The following Management's Discussion and Analysis (MD&A) of Starfire Minerals Inc. (the "Company") is for the quarter ended April 30, 2012. The April 30, 2012 quarterly statement has been prepared in accordance with International Financial Reporting Standards (IFRS). This information is current to June 28, 2012. We refer also to the audited consolidated financial statements for the year ended October 31, 2011 which were prepared in accordance with Canadian Generally Accepted Accounting Principles. (cGAAP)

We are a mineral exploration company engaged in acquisition, exploration of properties primarily base and precious metals. We have properties in British Columbia, Ontario and Quebec.

Further exploratory work on our Porphyry Pearl and Ontario Properties will be subject to the success of announced private placement and availability of financing. In regards to Porphyry Pearl we refer to our news releases dated August 6, 2009, August 27, 2009, September 15, 2009 and November 29, 2009.

The Company issued a news release May 17, 2012 announcing a non brokered private placement of up to \$3,000,000 through the sale of up to 42,857,142 units at \$0.07 per unit. There is a provision for settlement of debt by issuance of shares up to an aggregate of 38,571,429 shares.

We refer to SEDAR, ([www.sedar.com](http://www.sedar.com)) where technical reports for the Langmuir South and Porphyry Pearl properties are posted. We refer to our October 31, 2011 annual financial statement which details ownership of the various properties and details of those properties which were 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](http://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.

<b>Selected Annual Information</b>			
	<b>2011</b>	<b>2010</b>	<b>2009</b>
<b>Consulting</b>			
<b>Cash</b>	247,790	259,110	273,667
<b>Stock Based Options – Compensation</b>		-	64,083
<b>Interest</b>	136,906		
<b>Office and Miscellaneous</b>	180,522	167,101	246,542
<b>Printing and Rent</b>	46,200	97,200	97,200
<b>Investors Relationship Fees</b>	(5,497)		37,473
<b>Filing costs, Transfer Agent and Shareholder Reporting</b>		-	-
<b>Professional Fees</b>	121,245	122,811	141,593
<b>Renunciation Tax (note 5)</b>		-	630
<b>Mineral Property Write-down/off</b>	9,801	113,074	1,682,068
<b>Loss on mineral Property settlement</b>		-	135,000
<b>Income Tax Recovery</b>		-	(226,800)
<b>Net Loss for Year</b>	728,609	746,556	2,446,738
<b>Loss Per Share</b>	(\$0.34)	(\$0.35)	(\$0.03)
<b>Due to (from) related parties</b>	1,447,142	810,337	150,074
<b>Shareholder Equity</b>	2,863,615	3,592,224	4,310,780

### **Results of Operations for 12 months ended October 31, 2011**

The following brief discussion should be read in conjunction with the audited financial statement and related notes as at October 31, 2011. Further financial information regarding the audited financial statements for the year ended October 31, 2011 and October 31, 2010 are available at [www.sedar.com](http://www.sedar.com).

The Company incurred a net loss before income tax of \$728,609 for the year ending October 31, 2011 (\$0.34 per share) compared with a net loss of \$746,556 for the year ending October 31, 2010 (\$0.35 per share). The loss included professional fees, interest, cash expenditures, mineral properties write off and general operating costs associated with property exploration. The Mineral Properties written off totaled \$9,801.

<b>Selected Quarterly Results</b>				
<b>3 months ended</b>				
	April 30, 2012	January 31, 2012	October 31, 2011	July 31, 2011
<b>Interest and other income</b>	29	4,587	8,358	3
<b>Exploration and evaluation assets</b>	5,153,663	5,154,963	5,155,083	4,951,683
<b>Operating Expenses</b>	179,307	200,881	275,351	145,210
<b>Net Loss</b>	179,278	196,294	291,986	145,207
<b>Loss per Share</b>	0.08	0.09*	\$0.13*	\$0.01

\*calculated based on outstanding consolidates shares February 24, 2012

<b>Selected Quarterly Results (continued)</b>				
<b>3 months ended</b>				
	April 30, 2011	Jan 31, 2011	October 31, 2010	July 31, 2010
<b>Interest and other income</b>	15,189	0	15,606	-
<b>Exploration and evaluation assets</b>	4,959,697	4,834,397	4,582,297	4,692,655
<b>Operating Expenses</b>	146,709	159,896	192,321	168,510
<b>Net Loss</b>	131,520	159,896	289,787	168,510
<b>Loss per Share</b>	\$0.01	0.01	\$0.03	\$0.01

### **Results of Operations for 3 months ended April 30, 2012**

**The following brief discussion should be read in conjunction with the financial statement and related notes as at April 30, 2012**

The Company incurred a net loss before income tax of \$179,278 compared with a net loss of \$131,520 for the quarter ended April 30, 2011. The operating expenses totaling \$178,307 includes professional fees, travel, promotion, property management and consulting fees expensed for quarter.

### **Results of Operations for 3 months ended January 31, 2012**

**The following brief discussion should be read in conjunction with the financial statement and related notes as at January 31, 2012**

The Company incurred a net loss before income tax of \$196,294 compared with a net loss of \$159,896 for the quarter ended January 31, 2011. The operating expenses totaling \$200,881 includes professional fees, travel, promotion, property management and consulting fees expensed for quarter

### **Results of Operations for fourth quarter ended October 31, 2011**

**The following brief discussion should be read in conjunction with the financial statement and related notes as at October 31, 2011.**

The Company incurred a net loss for three months ended October 31, 2011 before income tax of \$291,986 compared with a net loss of \$289,787 for the quarter ended October 31, 2010. The operating expenses totaling \$275,351 includes professional fees, interest, travel, promotion, property management and consulting fees expensed for the quarter. The Company wrote down \$9,801 on mineral property in year ending October 31, 2012 compared to \$113,074 in prior year. Other income included payment from Santo's for their portion of renewal Lordeau property claims \$8,313.

### **Results of Operations for 3 months ended July 31, 2011**

**The following brief discussion should be read in conjunction with the financial statement and related notes as at July 31, 2011.**

The Company incurred a net loss before income tax of \$145,207 compared with a net loss of \$168,510 for the quarter ended July 31, 2010. The operating expenses totaling \$145,210 includes professional fees, travel, promotion, property management and consulting fees expensed for the quarter.

### **Results of Operations for 3 months ended April 30, 2011**

**The following brief discussion should be read in conjunction with the financial statement and related notes as at April 30, 2011**

The Company incurred a net loss before income tax of \$131,520 compared with a net loss of \$141,499 for the quarter ended April 30, 2010. The operating expenses totaling \$146,709 includes professional fees, travel, promotion, property management and consulting fees expensed for quarter

### **Results of Operations for 12 months ended October 31, 2010**

The following brief discussion should be read in conjunction with the audited financial statement and related notes as at October 31, 2010. Further financial information regarding the audited financial statements for the year ended October 31, 2010 is available at [www.sedar.com](http://www.sedar.com).

The Company incurred a net loss before income tax of \$746,556 for the year ending October 31, 2010 (\$0.01 per share) compared with a net loss of \$2,446,738 for the year ending October 31, 2009 (\$0.03 per share). The loss included professional fees, cash expenditures, mineral properties write off and general operating costs associated with property exploration. The Mineral Properties written off totaled \$113,074.

### **Liquidity and Capital Resources**

The Company has previously 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 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. The Company also receives cash flow by way of continued cash advances by shareholder support.

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

The Company as at April 30, 2012 has received shareholders related parties' advances of \$1,023,003. From May 1, 2012 to June 28, 2012 the Company has received shareholders and related parties advances of \$30,000. The balance of \$1,889,883 is owing to the shareholders and related parties as at June 28, 2012.

The Company as also arranged loans due to a shareholder of the Company and a third party totals \$659,737.

### **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.

#### **Foreign Exchange Risk**

Foreign exchange risk is the risk that the Company will be subject to foreign currency fluctuations in satisfying obligations related to its foreign activities. The Company operates primary in Canada and therefore is not exposed to 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 also achieves this by maintaining sufficient cash, banking facilities and operating capital support by way of Shareholder advances. **Interest Risks**

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to interest rate risk relates to its ability to earn interest income on cash balances at variable rates. The fair value of the Company's cash account affected by changes in short term interest rates will be minimal. The Company's loan and payables to related parties and third parties bear fixed interest rates and therefore do not expose the Company to interest rate risk.

## **Outstanding Share Data**

The weighted average number of common shares for the fiscal year 2011 was 85,737,100. Shares outstanding as at February 28, 2012 were 2,143,428. Outstanding options as at February 28, 2012 were 102,625. The reduction of outstanding shares and options is a result of consolidation of shares on the basis of 40 pre consolidation common shares held for one new post-consolidation (40-1). Consolidation approved Company's annual meeting December 21, 2011 and accepted by the TSX-Venture Exchange to be effective February 24, 2012.

## **Mineral Properties**

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

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 2<sup>nd</sup>, and May 17<sup>th</sup>, 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 1<sup>st</sup> phase budget of approximately \$300,000. The Company is working towards establishing a future drilling program to include availability of additional financing to enable a further exploration program.

The Company owns 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 7<sup>th</sup>, June 25<sup>th</sup>, June 30<sup>th</sup>, September 14<sup>th</sup>, October 16<sup>th</sup>, November 12<sup>th</sup>, and November 26<sup>th</sup>, 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 5<sup>th</sup> 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 refer to our news release of November 23<sup>rd</sup>, 2009 wherein the Company announced the results of a Titan DCIP (Direct Current Induced Polarization) survey conducted by Quantec Geoscience Ltd. on the PP Zone. The results support a target size approximating 250 million tonnes. An initial 10-hole diamond drill program totaling approximately 4,650 meters is planned to confirm the interpretation of the survey. A second 11-hole program totaling approximately 4,750 meters is contingent on encouraging results from the initial program.

The first phase budget for 4,650 meters was estimated at \$2,557,500.

We refer to our news release August 16, 2011 confirming we have through amendment and final payment of \$200,000 cash acquired 100% interest in property. The claims are now in the name of Starfire Minerals Inc.

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. Presently there is no definitive plan in place for further exploration of property.

Further exploration of **Eldorado property** was performed October 2011 consisting of Gradient IP Survey. There were three distinct anomalies indicated by the survey and it has been suggested two of these anomalies be tested by minor drilling program consisting of two holes., The Company will consider further as to whether or not to proceed with a drilling program.

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 cannot be relied upon. The Company has granted an option to Santos Resources Corp., whereby Santos was to acquire a 75% interest in the Lordeau property by paying the Company \$10,000, issuing 75,000 shares of



Santos, and payments in cash in lieu of \$50,000 in work expenditures. With completion of further amendments to option agreement ownership interest on property is 75% Santos and 25% Starfire Minerals Inc. Lordeau property titles have been extended to expiration date July 13, 2013

There has been no exploration activity on the **Shaw Property** for the past three years. Therefore the property was written down. The property is in good standing. The Company has no plans at this time for exploration of property.

### **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:

	<b>October 31, 2011</b>	<b>October 31, 2010</b>
Mineral properties exploration	\$ -	\$ 2,330
Consulting fees	231,000	245,720
Office and miscellaneous	116,088	87,288
Professional fees	75,600	75,600
Interest	75,510	-
Rent	46,200	97,200
	<b>\$ 544,398</b>	<b>\$ 508,138</b>

### **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. –The Company is presently performing investor relation activities in-house and will be further addressed in the forthcoming months.

### **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](http://www.sedar.com) for a full description of significant accounting policies.

### **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](http://www.sedar.com)

### **Transition to "International Financial Reporting Standards" (IFRS)**

In 2006, the Canadian Accounting Standards Board ("AcSB") published a strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian generally accepted accounting principles ("Canadian GAAP") with "International Financial Reporting Standards" IFRS over an expected five year transitional period. The AcSB announced in February 2008 that 2011 will be the changeover date for publicly-listed companies to use IFRS replacing Canadian GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011.

Please refer to the April 30, 2012 unaudited interim consolidated financial statements on "[www.sedar.com](http://www.sedar.com)" for details of the Company's transition to IFRS.

- \* Note ---Significant Accounting Policies
- \* Note ---Transition to IFRS

- First time adoption of IFRS.

Based on the preliminary assessment, the Company did not identify any major differences between IFRS and Canadian GAAP. During the period leading up to the changeover to IFRS, the Company will continue to monitor changes in both IFRS standards and the Company's transition and assess any differences in accounting policies between GAAP and IFRS for the Company.

## **Subsequent Events:**

### **Other**

#### Share Capital:

1. Authorized: unlimited number of common shares without par value.  
Currently outstanding 2,143,428
2. Weighted average of shares as at October 31, 2011 was 2,143,428
3. As at October 31, 2010 there were incentive stock options outstanding for a total of 6,200,000 shares since that date outstanding stock options have reduced to 4,205,000. After consolidation outstanding stock options are 102,625 common 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*