

Blue Note Mining Inc.

Management's Discussion and Analysis of Financial Condition and Results of Operations

For the Period ended September 30, 2011

Introduction

The following Management's Discussion and Analysis ("MD&A") as at November 11, 2011 of Blue Note Mining Inc. ("Blue Note" or the "Corporation") for the three month and nine month periods ended September 30, 2011 and 2010 should be read in conjunction with the Corporation's condensed interim consolidated financial statements as well as the Corporation's annual audited consolidated financial statements dated December 31, 2010. This financial information has been prepared by management in accordance with *International Financial Reporting Standards ("IFRS")*. All references made to "Notes" in the MD&A correspond to the Notes to the annual audited consolidated financial statements dated December 31, 2010. All dollar amounts reported herein are expressed in Canadian dollars unless specifically stated otherwise.

The September 30, 2011 condensed interim consolidated financial statements of the Corporation have been prepared by the management in accordance with International Financial Reporting Standards ("IFRS"), and in accordance with IAS 34 "Interim Financial Reporting", consequently, the comparative figures for 2010 have been restated from accounting principles generally accepted in Canada, or Canadian GAAP, to comply with IFRS. The reconciliations from the previously published Canadian GAAP financial statements are summarized in note 4 of the September 30, 2011 condensed interim consolidated financial statements. In addition, IFRS 1 on first adoption allows certain exemptions from retrospective application of IFRS in the opening condensed statement of financial position. Where these exemptions have been used they have also been explained in note 4 of the condensed interim consolidated financial statements.

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

Highlights

The three-month and nine-month periods ended September 30, 2011 were highlighted by the following:

Three months ended September 30, 2011:

- Completion of \$450,000 Private Equity Placement;

Nine months ended September 30, 2011:

- Completion of three additional Private Equity Placement for \$436,400, \$669,800 and \$450,000;
- Appointment of a new Chief Financial Officer with vast experience in producing mining companies;
- Appointment of Stephane Dubois, P.Eng. as Vice President, Operations with recognized expertise in narrow gold vein type systems.

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Certain information contained in this MD&A, including information regarding mining operations, mineral resources and exploration program performance, constitutes forward looking statements within the meaning of Canadian securities legislation. All statements, other than statements of historical fact, are forward-looking statements and are often identified by such words as "believe", "expect", "anticipate", "contemplate", "target", "plan", "intend", "continue", "budget", "estimate", "may", "will", "schedule" and other similar expressions. Readers are cautioned not to place undue reliance on forward-looking statements as there can be no assurance that the plans, intentions or expectations upon which they are based will occur. By their nature, forward looking statements involve numerous assumptions, contingencies, known and unknown risks and uncertainties, both general and specific which contribute to the possibility that the predictions, forecasts, projections, and other forward-looking statements will not occur.

These assumptions may cause the Corporation's actual performance and financial results in future periods to differ materially from any estimates or projections of future performance or results expressed or implied by such forward-looking statements. These risks and uncertainties include, among other things, risks related to care and maintenance, the volatility of metal prices, new information regarding recoverable reserves, geological, technical, mining or processing problems, changes in supply and demand, market competition, changes in environmental and other regulations, political changes, and other factors that may be detailed from time to time in the Corporation's SEDAR filings. The Corporation disclaims any intention or obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except to the extent required by applicable law.

Overview of the Corporation

Blue Note is a mineral exploration and mining company with gold and base metal exploration properties located in Quebec, New Brunswick and Ontario. The business plan of the Corporation is to acquire and operate near term producing assets, undervalued mining opportunities or underperforming mining operations with improvement potential. The minerals being targeted by the Corporation are precious metals.

As at September 30, 2011, the Corporation had working capital of \$859,741 for operations and \$791,950 for explorations expenditures. The Corporation is not currently generating any revenue from its operations and for the three month and nine month periods ended September 30, 2011, the Corporation recorded a loss of \$476,785 and \$1,737,725, compared to \$433,149 and \$2,067,217 in same period of 2010, resulting in a deficit of \$8,254,470. The Corporation must secure sufficient funding to maintain its existing operations expenses.

On June 1, 2011, the Corporation and Critical Elements Corporation ("CRE") agreed to extend the term of the original binding agreement announced on July 19, 2010 to December 31, 2011 in consideration of additional monthly payments of \$10,000 until December 31, 2011. The binding agreement provides for the acquisition by the Corporation of all of CRE's interests in the Croinor gold project located near Val-d'Or, Quebec in order for the Corporation to own 100% of Croinor. As of November 11, 2011, the Corporation has made cash payments to CRE totaling \$195,000 and now has until December 31, 2011, or such other later date as mutually agreed, to make a final payment of \$2,250,000 to complete the transaction. In addition, Blue Note shall issue 17.5 million common shares to be held in escrow, for release at a rate of 500,000 shares per month over 35 months from the date of closing. The contemplated transaction includes the transfer of CRE's 71% ownership in the Matchi-Manitou property to Blue Note and is subject to TSX Venture Exchange and other regulatory approvals. The 50/50 Croinor joint operatorship shall remain in effect until the date of closing. In the meantime, CRE is exempted from participating in any further cash calls until closing or the expiry of the agreement.

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On June 22, 2011, the Corporation filed on the SEDAR website a revised copy of the August 27, 2010, Prefeasibility Study for the Croinor gold project which reported positive results and confirmed the project's robust economics and excellent potential for long term growth through a focused exploration program. The study provides for an underground mining operation using custom milling at a fully permitted milling facility near Val-d'Or and displays significant improvements over the Preliminary Economic Assessment prepared by Golder Associates filed in July 2009 including more than doubling the mine life and production. New Mineral Resource and Mineral Reserve estimates in compliance with National Instrument 43-101 respecting standards of disclosure have been released. Highlights from the study are presented in the following table. The full Prefeasibility Study is available at www.sedar.com. All currency in this report is in Canadian dollars unless otherwise noted.

HIGHLIGHTS OF AUGUST 27, 2010 PREFEASIBILITY STUDY (REVISED ON JUNE 22, 2011)

Parameters	Results
Proven & probable mineral reserve	689,829 tonnes at 8.35g/t
Total contained gold reserve	185,260 oz
Mine life (including 14-month preproduction)	5 years
Daily mine production	500 tonnes /day
Gold recovery	97.5%
Annual gold production	39,181 to 45,631 oz
LOM recovered gold	170,556 oz
Average cash operating cost	\$171 / tonne
Average cash operating cost	US\$628/oz
Capital cost (including \$7.43M sustaining/working capital)	\$ 24.8 million *
Total cost per ounce	US\$768/oz
Total gross revenue	\$225.9 million
Total operating cost	\$110.8 million
Total project cost	\$135.5 million
Total operating cash flow (before tax & royalties)	\$75.7 million
Net cash flow (pretax after royalties)	\$67.6 million
Estimated mining and income taxes	\$20.6 million
Net cash flow	\$46.9 million
NPV (pre-tax @ 7% discount)	\$51.3 million
IRR (pre-tax)	124%
NPV (after-tax @ 7% discount)	\$35.4 million
IRR (after-tax)	99%
Payback period	25 months
Pre-production period (including 42,000t of production)	14 months

*Includes capitalized preproduction operating cost net of associated revenue

*Bloomberg base case consensus forecasts as at June 2011:

	2012	2013	2014	2015
Gold Price (\$US/oz)	1,373	1,296	1,168	1,168
Exchange Rate (\$C/\$US)	1.01	1.05	1.03	1.03

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Blue Note is currently in the process of updating the Mineral Resources and Mineral Reserves for Croinor that were previously estimated in 2009 to include the results from the 2010 and 2011 drilling campaigns. A wireframe model of the mineralized lenses is now being constructed which will lead to a computer generated block model and a new Mineral Resource estimate. Upon completion, the prefeasibility study will be updated which will include an updated Mineral Reserve. InnovExplo, a Val d'Or based consulting firm, is preparing the geological model of the Croinor deposit and will be preparing the updated Mineral Resources and Mineral Reserves estimate and prefeasibility study.

On January 21, 2011, the Corporation closed a private placement of 2,333,333 flow-through shares at \$0.15 per share for gross proceeds of \$350,000 and 720,000 units at \$0.12 per unit, for a gross proceed of \$86,400, each unit being composed of one common share and one-half common share purchase warrant which entitles the holder to acquire one common share at \$0.25 over a period of two years. The issue generated total gross proceeds of \$436,400. An amount of \$350,000 will be used as funding exploration expenditures in Val d'Or, Quebec, and the remaining unreserved cash portion of \$86,400 will be used as working capital.

On June 23, 2011, the Corporation closed a first tranche of a private placement of 6,698,000 flow-through shares at \$0.10 per share for gross proceeds of \$669,800 and 1,550,000 units at \$0.08 per unit, for gross proceeds of \$124,000, each unit being composed of one common share and one-half common share purchase warrant which entitles the holder to acquire one common share at \$0.11 over a period of eighteen months. The issue generated total gross proceeds of \$793,800. An amount of \$669,800 will be used as funding exploration expenditures in Val d'Or, Quebec, and the remaining unreserved cash portion of \$124,000 will be used as working capital.

On July 15, 2011, the Corporation closed the second and final tranche of a private placement of 4,500,000 flow-through shares at \$0.10 per share for gross proceeds of \$450,000. This amount of \$450,000 will be used as funding exploration expenditures in Val d'Or, Quebec.

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Results of Operations

	Three months ended September 30,		Nine months ended September 30,	
	2011 \$	2010 \$	2011 \$	2010 \$
Operating expenses				
Corporate general and administration	398,610	417,072	1,897,558	2,544,558
Depreciation of property and equipment	9,566	12,236	28,461	36,431
Exploration	3,769	13,888	8,834	21,375
Foreign exchange (gain) loss	(925)	172	(20)	124
Loss (gain) on disposal of property and equipment	-	-	-	(650)
Loss from operations	411,020	443,368	1,934,833	2,601,838
Interest income	(2,624)	(936)	(9,568)	(3,351)
Interest on long-term debt	210	404	780	1,944
Other interest and financial charges	514	2,615	2,011	5,961
Realized loss (gain) on disposal of marketable securities	-	(148,813)	-	(760,721)
Other income	-	(32,971)	(465,147)	(54,568)
Gain on consideration receivable	(17,268)	-	(86,896)	-
	(19,168)	(179,701)	(558,820)	(810,735)
Loss before taxes	391,852	263,667	1,376,013	1,791,103
Income and mining taxes	84,933	169,482	361,712	276,114
Loss for the period	476,785	433,149	1,737,725	2,067,217
Loss per common share				
Basic and diluted	0.00	0.00	0.01	0.02
Weighted average common shares outstanding	142,290,352	110,065,604	134,312,624	101,598,540

Third Quarter Review

For the quarter ended September 30, 2011, the Corporation incurred a consolidated net loss of \$476,785 (\$0.00 per share) compared to a net loss of \$433,149 (\$0.00 per share) for the three month ended September 30, 2010.

The Corporation incurred direct operating expenses of \$398,610 in the reporting period, compared to \$417,072 for the three months ended September 30, 2010. The decrease of \$18,462 in expenses for the third quarter of 2011 was mainly as a result of a decrease in business development of \$4,732, an increase of \$10,446 in professional fees and a decrease of \$61,695 in salaries and levies and an increase of \$5,045 in general and administrative expenses. This reduction was offset by an increase in stock-based compensation for \$32,474.

The Corporation reported other income of \$nil in this quarter, compared to \$32,971 in the same period of last year.

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Realized gain amounted to \$nil for the reporting period, compared to \$148,813 for the three months ended September 30, 2010. No transaction was done on marketable securities for the reporting period.

The Corporation also realized a gain of \$17,268 on the consideration receivable following the staggered payment received from Amex Exploration Inc.

During the period, the Corporation invested \$574,625 in exploration expenditures mainly related to the Val-d'Or drilling campaign. This compares to \$454,895 for the three months ended September 30, 2010.

As at September 30, 2011, the Corporation had total assets of \$18,707,655 compared to \$18,413,255 as at September 30, 2010.

Year-to-date Review

For the nine months ended September 30, 2011, the Corporation incurred a consolidated net loss of \$1,737,725 (\$0.01 per share) compared to a net loss of \$2,067,217 (\$0.02 per share) for the nine months ended September 30, 2010.

The Corporation incurred direct operating expenses of \$1,897,558 in the reporting period, compared to \$2,544,558 for the nine months ended September 30, 2010. The decrease of \$647,000 in expenses for the reporting period of 2011 was mainly as a result of a decrease in business development of \$227,604, a decrease of \$279,029 in professional fees and a decrease of \$157,810 in salaries and levies and an increase of \$2,735 in general and administrative expenses. This reduction was offset by an increase in stock-based compensation for \$14,708.

The Corporation reported other income of \$465,147 for the nine months ended September 31, 2011, compared to \$54,568 in the same period of last year.

Realized gain amounted to \$nil for the reporting period, compared to \$760,721 for the nine months ended September 30, 2010. No transaction was done on marketable securities for this year.

The Corporation also realized a gain of \$86,896 on the consideration receivable following the staggered payment received from Amex Exploration Inc.

During the nine months period, the Corporation invested \$2,358,730 in exploration expenditures mainly related to the Val-d'Or drilling campaign. This compares to \$678,179 for the nine months ended September 30, 2010.

The consolidated net loss for the nine months period ended September 30, 2011 represent a decrease of \$329,492 which reflect the objective of reducing or eliminating all unnecessary expenditures compare with the same reporting period of 2010.

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Selected quarterly unaudited financial information's;

	Operating income \$	Loss attributable to Shareholders of the Corporation \$	Loss per common share - Basic and diluted \$
Reporting under IFRS			
2011			
Third Quarter	-	476,785	0.00
Second Quarter	-	529,649	0.00
First Quarter	-	731,291	0.01
2010			
Fourth Quarter	-	1,174,548	0.01
Third Quarter	-	433,149	0.00
Second Quarter	-	998,559	0.01
First Quarter	-	635,509	0.01
January 1, 2010 <i>(Impacts of transition to IFRS)</i>		2,299,346	
Reporting under Canadian GAAP			
2009			
Fourth Quarter	1,113	801,974	0.02
One month ended September 30	662	173,661	0.00
Two months ended August 31 <i>(1), (2)</i>	1,791	482,922	0.00
Second Quarter <i>(1)</i>	3,255	3,919,863	0.01
First Quarter <i>(1)</i>	9,322	2,068,840	0.01

(1): Impact of fresh start accounting is not reflected in this value.

(2): Earnings per share does not reflect the share consolidation at August 31, 2009.

FINANCIAL REVIEW

Industry Trends

The credit and capital markets experienced significant deterioration in 2008, including the failure of significant and established financial institutions in the United States and abroad, and continued to show weakness and uncertainty in 2009, 2010 and into 2011. These unprecedented disruptions in the credit and capital markets have negatively impacted the availability and terms of credit and capital. If uncertainties in these markets continue, or these markets deteriorate further, it could have a material adverse effect on the Corporation's liquidity, ability to raise capital and costs of capital. Failure to raise capital when needed or on reasonable terms may have a material adverse effect on the Corporation's business, financial condition and results of operations. The lingering effect of the global recession is expected to continue to cause uncertainty in commodity markets. Under these conditions, Blue Note is focusing its efforts on gold exploration and production as the fundamentals for gold appear to be strong.

The Corporation has only one reportable segment. All of the Corporation's long term fixed assets and operations are in one geographic location in Canada, and relate to mining development and exploration.

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Commitments

During 2010, under the terms of flow-through agreements, the Corporation issued 23,121,973 flow-through shares and was required to spend \$3,112,890 on qualifying exploration expenditures. As at September 30, 2011 the amount of \$2,818,291 had been spent (which include accrued exploration expenditures of \$159,082), the balance of \$294,599 must be incurred before December 31, 2011.

During 2011, under the terms of flow-through agreements, the Corporation issued 13,531,333 flow-through shares and was required to spend \$1,469,800 on qualifying exploration expenditures. As at September 30, 2011 no amount had been spent, therefore the balance of \$1,469,800 must be incurred before December 31, 2012.

The Corporation is committed, under options agreement, to acquire two properties located in New-Brunswick. An amount of \$24,750 is payable in 2011 and an amount of \$41,250 is payable in 2012.

Transactions with Related Parties

There is no related parties' transaction in 2011. The Corporation was charged \$75,000 for administration services during the year ended December 31, 2010 by a company wholly-owned by a director of the Corporation.

Outlook

The Corporation's ability to continue as a going concern is dependent on many factors, mostly matters outside the Corporation's control. Accordingly, substantial doubt exists as to whether the Corporation will be able to continue as a going concern. There can be no assurance that the Corporation will be able to recover the amounts currently recorded as long-lived assets. The fundamentals for gold remain very strong as a number of developed economies adopt further quantitative easing measures in an effort to boost their economic recoveries. These measures will likely allow real interest rates to remain low, which is supportive of gold prices. Likewise, increases in money supply raise the spectre of inflation which is also supportive of gold.

The Canadian dollar is strengthening against the US dollar as strong commodity prices and Canada's relatively sound fiscal and economic performance attract foreign capital flows. The strengthening of the Canadian dollar will offset some of the benefit of higher gold prices.

Exploration and Reserve Development

Quebec Properties

In addition to Croinor, Blue Note, through its wholly-owned subsidiary X-Ore Resources Inc. ("X-ORE"), has a 100% interest in the following gold exploration properties in the Val d'Or area:

- Chimo – Mining lease nos. 602 and 827 (royalties include 1% NSR to Cambior, 2% NSR to Louvem Mines Inc. and 2% of gross sales to Chimo Gold Mines Ltd.)
- Nova (38 claims; 1% NSR royalty to Cambior)
- Pershing (49 claims)
- Bel-Rive (94 claims)
- Pascalis (43 claims)
- Lac Tavernier (26 claims)
- Belcourt (10 claims)
- Tex-Sol (10 claims)

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Croinor Gold Property

The Croinor gold project includes a mining lease of 90 hectares situated approximately 75 km by road east of Val-d'Or, Québec.

The Corporation (through X-Ore) and CRE each hold a 50% joint venture interest in the Croinor project that includes Mining Lease 862 and nine surrounding claims in the Val-d'Or region. The Corporation holds a 100% interest in 358 claims on the Croinor property that surround the joint venture property. There were 78 map designated claims (CDCs) added to the Croinor Property and 53 CDCs that were added to the Bel-Rive Property during 2010. The new claims are contiguous with the Croinor, Pershing and Bel-Rive properties and increase the overall claim holdings in the Croinor area by 5,403 hectares. Royalties on the Croinor project include a 15% of net profit from commercial production on 92 claims and 5% of net income from production on 97 claims payable only after overall property expenditures have been recouped. Other royalties also exist on other claims on the property.

In July 2010, a NI43-101 compliant pre-feasibility study was completed by InnovExplo and revised on June 22, 2011. The plan outlines a 5 year production plan operating at 500 tonnes per day with a proven and probable mining reserve of 689,829 tons containing 185,260 oz of gold. Annual production at full production will reach 45,631 oz of gold. The overall cost is \$768 per oz of gold with an operating cost component of \$628 per oz of gold. The study also highlighted the excellent potential to expand the resource with further surface and underground drilling, thereby extending the life of the mine and improving the already robust economics of the project. The Certificate of Authorization from the Department of Sustainable Development, Environment and Parks (MDDEP) for the Croinor gold project was received from the Quebec government which allows for mine development and underground production. The site reclamation plan and crown pillar stability study have been completed and submitted to the Quebec government.

On June 1, 2011, the Corporation and CRE agreed to extend the term of the original binding agreement announced on July 19, 2010 to December 31, 2011 in consideration of additional monthly payments of \$10,000 until December 2011. The binding agreement provides for the acquisition by the Corporation of all of CRE's interests in the Croinor gold project located near Val d'Or, Quebec in order for the Corporation to own 100% of Croinor. As of November 11, 2011, the Corporation has made cash payments to CRE totalling \$195,000 and, in consideration of additional monthly payments of \$10,000, Blue Note now has until December 31, 2011, or such other later date as mutually agreed by Blue Note and CRE, to make a final payment of \$2,250,000 to complete the transaction. In addition, Blue Note shall issue 17.5million common shares to be held in escrow, for release at a rate of 500,000 shares per month over 35 months from the date of closing. The contemplated transaction includes the transfer of CRE's 71% ownership in the Matchi-Manitou property to Blue Note and is subject to TSX Venture Exchange and other regulatory approvals. The 50/50 Croinor joint operatorship shall remain in effect until the date of closing. In the meantime, CRE is exempted from participating in any further cash calls until closing or the expiry of the agreement.

In the spring of 2010, the joint venture approved a program budgeted to cost \$1,250,000 with \$700,000 planned for an exploration program and \$550,000 planned to complete a number of permitting and engineering projects required to advance the project. The exploration program was planned to test for the extension of the current mineral resource and to assess the potential for the extension of the resource at depth. A small portion of the budget was set aside to conduct a short drill program to assess the potential for a small open pit operation to complement the underground mine. The program commenced in June, 2010 with the objective of completing the open pit drilling, drilling to test the extension of known resources and completing a Hole-to-hole 3D induced polarization (IP) survey to identify potential drill targets. The surface program was completed and the results were announced in a press release on September 8, 2010. The remainder of the program has been completed and results were very encouraging as announced in the October 18 and November 11, 2010 press releases.

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Based on the results of the 2010 drilling, the IP survey and past exploration, a drill program is underway, aimed at increasing resources within the current resource blocks, laterally along strike in both directions and at depth down dip of the current resource. The first phase of the 2011 drill program which commenced in February, 2011 set out to increase Mineral resources and Mineral reserves laterally east and west along strike, within the current reserve block and at depth (see press release of December 6, 2010). This first phase of the Croinor drill program included 7,185 meters drilled in 23 holes.

Intersections from Phase 1 holes drilled on Section 750W include 21.70 g/t gold over 1.0 meter and 28.15 g/t gold over 1.0 meter in CR-11-395, 9.62 g/t gold over 2.5 meters including 17.83 g/t gold over 0.8 meter in CR-11-398 and 44.04 g/t gold over 0.5 meter in CR-11-400. The drill holes on Section 750W are 50 meters west of planned development in the current ore reserves. Step-out drilling on Section 880W intersected 4.04 g/t gold over 1.3 meters that included 6.88 g/t gold over 0.5 meter, indicating continuity of gold mineralization further to the west.

During the second quarter of 2011 a drill program consisting of 2,765 meters was completed in seven holes to follow up favourable results for the Phase 1 drill program and to further test the diorite sill at depth. Positive results from the follow up holes strongly suggest that ore reserves can be increased to the west of the current reserves. Intersections from this program include 11.9 g/t Au over 1.0 meter, 11.2 g/t over 0.5 meter and 11.4 g/t Au over 0.7 meter in CR-11-403 and 17.2 g/t Au over 0.7 meter in CR-11-404 drilled on Section 650W, 11.2 g/t Au over 1.6 meters and 11.4 g/t over 1.0 meter in CR-11-405 on Section 690W. CR-11-408 was drilled at -60° to test down the dip of the host diorite sill on Section 750E. The hole intersected numerous gold-bearing zones and also demonstrated the potential for mineralization at depth with 7.48 g/t Au intersected at 553.8 to 554.4 meters and 2.45 g/t Au at 692.2 to 692.7 meters, 2.52 g/t Au at 710.2 to 710.8 meters and 0.84 g/t Au near the end of the hole at 743.6 to 744.1 meters (true widths are not known).

During the third quarter of 2011, a 3,000 meter program designed to extend the limits of the mineralized lenses in the area of the current ore reserves in order to provide additional definition required for mine planning has been completed. Complete results from the eleven hole diamond drill program have been received. Significant mineralization was found in every hole of the program ranging from 1.10 g/t Au to 50.76 g/t Au, extending the limits of the zones and/or demonstrating continuity of the mineralization. The best results were returned from CR-11-413 that included two main mineralized zones with 15.11 g/t Au over 4.1 meters (3.9 meters true width) from 186.8 to 190.9 and 17.63 g/t Au over 4.3 meters (4.2 meters true width) from 203.7 to 208.0 meters. These results continue to demonstrate continuity of the mineralized lenses and the potential to further increase reserves at Croinor.

InnovExplo Inc. has been contracted to assist with the program planning, field supervision, core logging and sampling and data compilation and analysis. Drilling was carried out by Forages La Virrole. As of November 11, 2011, 13,034 meters in 41 diamond drill holes have been completed in 2011 at Croinor, aimed primarily at increasing the mineral resources laterally. Core from the programs is delivered to the InnovExplo core preparation area where it is logged and sampled and samples have been delivered to ALS Chemex Laboratory in Val-d'Or for analysis or, in the case of the third quarter of 2011 drill program, at the Techni-Lab S.G.B. Abitibi Inc. laboratory in Ste-Germaine-Boulé, Quebec.

Blue Note is currently in the process of updating the Mineral Resources and Mineral Reserves for Croinor that were previously estimated in 2009 to include the results from the 2010 and 2011 drilling campaigns. A wireframe model of the mineralized lenses is now being constructed which will lead to a computer generated block model and a new Mineral Resource estimate. Upon completion, the prefeasibility study will be updated which will include an updated Mineral Reserve. InnovExplo, a Val d'Or based consulting firm, is preparing the geological model of the Croinor deposit and will be preparing the updated Mineral Resources and Mineral Reserves estimate and prefeasibility study.

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Person Responsible for the Technical Information

Stéphane Dubois, P. Eng., Vice President, Operations of Blue Note Mining Inc., is the Qualified Person who has written and approved the technical content of this management discussion and analysis as it pertains to the Croinor property.

Chimo Gold Property

The Chimo gold property is 100% owned by the Corporation and comprises 2 mining leases covering 81 hectares located 25 km from the Croinor Gold Project. Chimo is a former gold producer and is contemplated to complement future production from Croinor.

Previous gold production from Chimo was: 1,700,000 tonnes at 3.83 g/t Au (287,000 ounces) from 1989 to 1996 by Cambior; 140,000 tonnes at 14.83 g/t Au from 1966 to 1984 by Chimo Gold Mines and 493,000 tonnes at 5.69 g/t Au from 1984 to 1988 by Louvem Mines.

Four distinct zones of gold mineralization were identified by previous owners and are located in close proximity to the 930 meter Chimo mine shaft. Previous drilling returned: 29.1 g/t Au over 3m, 22.7 g/t Au over 3.3m, 16 g/t Au over 3m, and 57.7 g/t Au over 1.5m.

Last summer's three holes, 1,037 meter drill program confirmed the extension of previously identified but unexplored gold bearing mineralized zones, demonstrating the continuity near surface as well as the potential to develop resources beyond the historical mine workings of the Chimo mine (see news release of October 4, 2010). A drill program consisting of 2,304 meters in eight holes was recently completed which focused mainly on the Dyke Zone area, located on the adjacent Nova Property and immediately southwest of the historical mine workings. Six holes were completed in this area with numerous gold-bearing intervals that included 14 intersections above a depth of 120 meters with up to 14.6 meters grading 1.31 g/t Au (true width not known).

Person Responsible for the Technical Information

Stéphane Dubois, P. Eng., Vice President, Operations of Blue Note Mining Inc., is the Qualified Person who has written and approved the technical content of this management discussion and analysis as it pertains to the Chimo property.

Other Quebec Properties

A mobile metal ion (MMI) geochemical survey was completed during the 2nd quarter of 2011 on the Belcourt Property to discriminate induced polarization anomalies for possible diamond drill testing. Detailed compilation of other gold projects in the Val-d'Or region is in progress to determine future work programs.

New Brunswick and Ontario properties

The Corporation holds 1,277 mineral claims in the area of the Williams Brook Property in northern New Brunswick that were staked following the intersection of encouraging gold mineralization in diamond drilling on the Williams Brook Property and includes the following claim groups:

- Williams Brook (claim #4660 – 112 claims held under option to acquire 100% interest)
- Williams Brook Extension (claim #5495 – 186 claims)
- Williams Brook South (claim #5499 – 83 claims)
- Nine Mile Brook (claim #5493 – 228 claims)
- Upsalquitch Forks (claim #5500 – 255 claims)
- Cravens Gulch (claim #5502 – 80 claims)

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- McDougall's Brook (claim #5503 – 43 claims)
- Popelogan (claim #5504 – 62 claims)
- Northwest Upsalquitch (claim #5505 – 64 claims)
- Bubar Brook (claim #5506 – 49 claims)
- Jerry Ferguson Brook Property (claim #5557 - 32 claims),
- Caribou Mountain Property (claim #5589 - 32 claims),

In 2010, the Southeast Upsalquitch property (claim # 5723 – 43 claims) and Lagacy Bridge (claim #5735 – 8 claims) were staked. With the exception of the Bubar Brook property that is located 25 km south of the Williams Brook Property, the above claims are collectively referred to as the Upsalquitch Project that covers 243 sq km surrounding the Williams Brook property.

The Corporation also holds the following exploration properties situated near Bathurst, New Brunswick:

- Armstrong (base metals; includes claim block nos. 1796, 5041, 5042, 5043, 5292, 2611 and 4503).
- California Lake (silver)
- Canoe Landing Lake (polymetallic deposit)
- McMaster (base metals; includes claim block nos. 1794, 4970, 5263, 5691 and 5262)
- Orvan Brook (base metals)
- Rio Road (gold)
- Restigouche (base metals; Claim Block 1802)
- Wildcat Brook (base metals)

The Corporation has acquired a 100% interest in the following properties in the Armstrong project area:

- Brandy Brook and Bear Creek (4201) that are subject to a 2% NSR royalty, and, Roller, Roller West, Roller 4 and Middle River properties (base metals), subject to a 1.5% NSR.

In addition, the Corporation holds the following option:

- Rocky Turn (base metals) in the Armstrong project area

The Corporation holds an interest in five mining leases (i.e. 6% in 2 claims and 33% in 78 claims) on the Sturgeon Lake property in western Ontario. Inmet Mining Corp. is the operator of the Sturgeon Lake property and has optioned the property to Unitronix Corp.

Liquidity and Financing

As at September 30, 2011, the Corporation had cash and cash equivalents of nil for current operating expenses and approximately \$0.79 million, under reserved funds for exploration which represents a decrease of \$1.80 million from December 31, 2010. In addition, the Corporation had marketable securities valued at \$1.16 million, an increase of \$0.14 million from December 31, 2010. The Corporation used \$910,629 of cash in 2011 related to its operations. This was financed through the issuance of equity by way of private placements totalling \$1,592,772. An amount of \$2.48 million was invested, mainly in the Val-d'Or properties during this nine month period.

The Corporation raises flow-through funds for exploration under a subscription agreement which requires incurring prescribed resource expenditures which are not available for current operating purposes and therefore are reported as funds reserved for exploration.

As at September 30, 2011 and December 31, 2010, the Corporation made use of funds reserved for exploration for other operating purposes. The temporary used of these funds is covered by the marketable securities currently held, valued at \$1.16 million.

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The Corporation is not currently generating any revenues. The Corporation must secure sufficient funding from external sources such as the sale of equity or the sale of assets, to maintain its existing operations, for exploration programs, capital expenditure programs, and general and administration expenses.

Outstanding Share Data

As of November 9, 2011, the Corporation had 143,024,048 outstanding common shares. Also, the Corporation had 11,700,000 options, 4,064,801 broker warrants and 22,352,805 share purchase warrants potentially convertible into 38,117,606 common shares in the future, which are potentially dilutive.

Summary of significant accounting estimates, assumptions and judgments

The preparation of financial statements requires management to make estimates, assumptions and judgments with respect to future events. These estimates and judgments are constantly challenged. They are based on past experience and other factors, in particular, forecasts of future events that are reasonable in the circumstances. The actual results are likely to differ from the estimates, assumptions and judgments made by management, and will seldom equal the estimated results.

The significant areas of estimation uncertainty considered by the Corporation management in preparing the financial statements are described below:

Proven and probable reserves: Proven and probable reserves are estimates of the quantity of ore that could be economically and legally extracted from a mine. The Corporation estimates its reserves using information compiled by qualified persons in accordance with industry standards defined under NI 43-101 of Canadian Securities regulatory authorities. This information relates to geological data on the size, depth and shape of the deposit and requires geological assessments to interpret the data. The assessment of recoverable reserves is based on factors such as the estimated exchange rate, price of metals, capital investments required and production costs stemming from geological assumptions based on the size and grade of the deposit. Changes in proven and probable reserves may impact upon the carrying value of exploration and assets, mining properties, deferred exploration costs, property and equipment, provision for ARO, recognition of deferred tax assets, and depreciation charges.

Provisions under asset retirement obligations: The Corporation assesses its asset retirement obligations periodically. Determining these obligations requires significant estimates and assumptions due to the numerous factors that affect the amount ultimately payable. Such factors include estimates of the scope and cost of restoration activities, legislative amendments, known environmental impacts, the effectiveness of reparation and restoration measures and changes in the discount rate. This uncertainty may lead to differences between the actual expense and the provision. At the date of the statement of financial position, asset retirement obligations represent management's best estimate of the actual cost for future restoration costs.

Share-based compensation expense: The estimation of share-based payment costs requires the selection of an appropriate valuation model and consideration as to the inputs necessary for the valuation model chosen. The Corporation has made estimates as to the volatility of its own shares, the probable life of options, the time of exercise of those options and expected forfeitures. The Corporation uses the Black-Scholes model.

Provisions and contingent liabilities: Judgments are made as to whether a past event has led to a liability that should be recognized in the condensed interim consolidated financial statements or disclosed as a contingent liability. These judgments are based on a number of factors including the nature of the claims or dispute, the legal process and potential amount payable, legal advice received past experience and the probability of a loss being realized. Several of these factors are sources of estimation uncertainty.

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Income taxes and deferred mining taxes: The Corporation is subject to taxes from different tax jurisdictions. It maintains allowances for uncertain tax positions that, in its opinion, appropriately reflect the risks related to the tax positions subject to discussions, audits, differences of opinion and appeals with the tax authorities or that are otherwise uncertain. These allowances are determined using best estimates of the amount payable based on a qualitative assessment of all relevant information. These allowances are reassessed at the end of each financial reporting period to determine if the amount is sufficient. However, audits by the tax authorities could subsequently result in an additional liability. Upon the definite resolution of a tax issue resulting in a tax amount that differs from the initially recognized tax expense, the difference is recognized in the tax expense of the period of definitive settlement.

New accounting standard issued but not yet in effect

The IASB issued the following Standards which are relevant but have not yet been adopted by the Corporation: IFRS 9, *Financial Instruments*, IFRS 10, *Consolidated Financial Statements*, IFRS 11, *Joint Arrangements*, IFRS 12, *Disclosure of Interests in Other Entities*, IFRS 13, *Fair Value Measurements*, amended IAS 27, *Separate Financial Statements*, and IAS 28, *Investments in Associates and Joint Ventures*, IAS 1 *Presentation of Financial Statements*, IAS 12 *Income Taxes* and IAS 19 *Employee Benefits*. The Corporation has not yet begun the process of assessing the impact that the new and amended standards will have on its consolidated financial statements or whether to early adopt any of the new requirements.

The following is a brief summary of the new standards:

a) International Financial Reporting Standard 9, Financial Instruments ("IFRS 9")

November 2009. It addresses classification and measurement of financial assets and replaces the International Financial Reporting Standard 9, *Financial Instruments*, ("IFRS 9") was issued in multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments and such instruments are either recognized at fair value through profit or loss or at fair value through other comprehensive income. Where such equity instruments are measured at fair value through other comprehensive income, dividends, to the extent not clearly representing a return of investment, are recognized in profit or loss; however, other gains and losses (including impairments) associated with such instruments remain in accumulated comprehensive income indefinitely. Requirements for financial liabilities were added in October 2010 and they largely carried forward existing requirements in IAS 39, *Financial Instruments – Recognition and Measurement*, except that fair value changes due to credit risk for liabilities designated as at fair value through profit and loss would generally be recorded in other comprehensive income.

This standard is required to be applied for accounting periods beginning on or after January 1, 2013, with earlier adoption permitted. The Corporation has not yet assessed the impact of the standard or determined whether it will adopt the standard early.

b) International Accounting Standard 12, Income Taxes, ("IAS 12")

The IASB issued on December 20, 2010 an amendment to IAS 12 *Income taxes* ("IAS 12") related to the recovery of underlying assets. It addresses *Deferred Tax: Recovery of Underlying Assets*. The amendments provide an exception to the general principles of IAS 12 for investment property measured using the fair value model in IAS 40 *Investment Property*. For the purposes of measuring deferred tax, the amendments introduce a rebuttable presumption that the carrying amount of such an asset will be recovered entirely through sale. The presumption can be rebutted if the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits over time, rather than through sale. The exception also applies to investment property acquired in a business combination if the acquirer applies the fair value model in IAS 40 subsequent to the business combination. The amendments also incorporate the requirements of SIC-21 *Income Taxes-Recovery of Revalued Non-Depreciable Assets* into IAS 12, i.e., deferred tax arising on a non-depreciable

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asset measured using the revaluation model in IAS 16 should be based on the sale rate. The effective date of the amendments is for annual periods beginning on or after January 1, 2012. Earlier application is permitted. The Corporation has not yet assessed the impact of the standard or determined whether it will adopt the standard early.

c) International Financial Reporting Standard 11, Joint Arrangements ("IFRS 11") & related Standards

On May 12, 2011, the IASB issued IFRS 11 Joint Arrangements which supersedes IAS 31, *Interests in Joint Ventures* and SIC-13, *Jointly Controlled Entities – Non-Monetary Contributions by Venturers*. Concurrent with the issuance of IFRS 11, the IASB also issued:

- IFRS 10, *Consolidated Financial Statements*; which replaces SIC-12 *Consolidation—Special Purpose Entities* and parts of IAS 27 *Consolidated and Separate Financial Statements*.
- IFRS 12, *Disclosure of Involvement with Other Entities*;
- IAS 27, *Separate Financial Statements* (revised 2011), has been amended for the issuance of IFRS 10 for subsidiaries, jointly controlled entities and associates in non-consolidated financial statements but retains the current guidance for separate financial statements; and
- IAS 28, *Investments in Associates and Joint Ventures* (revised 2011), has been amended for conforming changes based on the issuance of IFRS 10 and IFRS 11.

Each of the standards has an effective date for annual periods beginning on or after January 1, 2013, with earlier application permitted so long as each of the other standards are also early applied. However, entities are permitted to incorporate any of the disclosure requirements in IFRS 12 into their financial statements without early adopting IFRS 12.

Joint control: IFRS 11 defines a joint arrangement as an “arrangement of which two or more parties have joint control” and makes clear that joint control exists only when “decisions about the relevant activities require the unanimous consent of the parties that control the arrangement collectively.”

Joint operations and joint ventures: The new Standard establishes two types of joint arrangements: joint operations and joint ventures. The two types of joint arrangements are distinguished by the rights and obligations of those parties to the joint arrangement. In a joint operation, the parties to the joint arrangement (referred to as “joint operators”) have rights to the assets and obligations for the liabilities of the arrangement. By contrast, in a joint venture, the parties to the arrangement (referred to as “joint venturers”) have rights to the net assets of the arrangement. IFRS 11 requires that a joint operator recognize its share of the assets, liabilities, revenues and expenses in accordance with applicable IFRSs while a joint venturer would account for its interest using the equity method of accounting under IAS 28 (revised 2011), *Investments in Associates and Joint Ventures*.

Distinction between joint operations and joint ventures: The existence of a separate vehicle is a necessary, but not sufficient, condition for a joint arrangement to be considered a joint venture.

In the absence of a separate vehicle, IFRS 11 makes it clear that the parties to the joint arrangement have direct rights and obligations to the assets and liabilities of the arrangement and hence the arrangement will be classified as a joint operation. In an arrangement with a separate vehicle, that may or may not be the case, all relevant facts and circumstances should be considered in determining whether the parties to the arrangement have rights to the net assets of the arrangement.

Separate financial statements: Joint operations are accounted for in the same manner in the separate financial statements as in the consolidated financial statements (i.e., the investor recognizes directly its shares of assets, liabilities, revenues and expenses related to the joint operations). Joint ventures, like investments in associates and in subsidiaries, are accounted for in the separate financial statements of the venturer either at cost or under IFRS 9 (or IAS 39, as applicable) as permitted by IAS 27.

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Disclosures: The disclosure requirements for entities involved with joint arrangements are established in IFRS 12. This Standard establishes disclosure requirements for interests in other entities, such as joint arrangements, associates, special purpose vehicles and off balance sheet vehicles. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interests in other entities.

Effective date and transition: IFRS 11 is effective for annual periods beginning on or after January 1, 2013, with early application permitted (so long as IFRS 10, IFRS 12, IAS 27 (2011) and IAS 28 (2011) are adopted at the same time). When adoption of IFRS 11 requires a change in accounting, the impact of the change is calculated as at the beginning of the earliest period presented and the comparative periods are restated.

d) International Financial Reporting Standard 13, Fair Value Measurements ("IFRS 13")

In May 2011, the IASB issued IFRS 13 *Fair Value Measurements*, which is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosures about fair value measurement. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and in many cases does not reflect a clear measurement basis or consistent disclosures.

e) Employee Benefits ("IAS 19")

In June 2011, the IASB amended IAS 19 – *Employee Benefits*, eliminating the corridor approach to recognizing changes in actuarial gains and losses. Entities will also need to segregate changes in the defined benefit obligation and in the fair value of plan assets into three components: service costs, net interest on the net defined benefit liabilities (assets) and remeasurements of the net defined benefit liabilities (assets). The amendments also enhance disclosure about the risks arising from defined benefit plans. The amendments to IAS 19 must be applied retrospectively (with certain exceptions) for annual periods beginning on or after January 1, 2013, with early adoption permitted.

f) Presentation of Financial Statements ("IAS 1")

In June 2011, the IASB amended IAS 1 – *Presentation of Financial Statements*, providing guidance on items contained in other comprehensive income (OCI) and their classification within OCI. The amendments to IAS 1 must be applied retrospectively for annual periods beginning on or after July 1, 2012.

The adoption of these new IFRS standards and amendments is not expected to have a significant impact on the Corporation's financial statements.

Transition to IFRS

The Corporation's consolidated financial statements for the year ending December 31, 2011 will be the first consolidated annual financial statements that comply with IFRS. These condensed interim consolidated financial statement, as at September 30, 2011 were prepared in accordance with IAS 34, including application of IFRS 1. The effect of the transition from Canadian GAAP to IFRS on shareholders' equity, comprehensive loss and cash flows is presented and described in the Note 4 of the condensed interim consolidated financial statements as at September 30, 2011, June 30, 2011 and March 31, 2011.

OFF BALANCE SHEET ARRANGEMENT

The Corporation does not have any off-balance sheet arrangements.

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RISK FACTORS

Lack of Source of Income

Blue Note is not generating income from operations. Blue Note may therefore be dependent on raising funds through the issuance of securities, sale of assets, or attracting joint venture partners in order to finance further property acquisitions, undertake exploration and development of its mineral properties and meet general and administrative expenses. There is no assurance that Blue Note will be successful in raising the required capital in the future.

Financing Risks

Additional funding may be required to complete the funding of the proposed or future exploration, development and operational programs on Blue Note's properties and to conduct any other exploration programs. Additional funds will be required for the development of an economic mineral body and to place it in commercial production. The only sources of future funds presently available to Blue Note are the sale of equity or debt capital, government funding or the offering by Blue Note of an interest in its properties to be earned by another party carrying out their exploration or development. There is no assurance that any such funds will be available for operations. Failure to obtain additional financing, if required, on a timely basis, could cause Blue Note to reduce or delay its proposed operations.

Uncertainty in the Estimation of Mineral Reserves and Resources

There is a degree of uncertainty to the calculation of mineral reserves and mineral resources and corresponding grades being mined or dedicated to future production. Until mineral reserves or mineral resources are actually mined and processed, the quantity of mineral resources and mineral reserve grades must be considered as estimates only. In addition, the quantity of mineral reserves and mineral resources may vary depending on, among other things, metal prices. Any material change in quantity of mineral reserves, mineral resources, grade or stripping ratio may affect the economic viability of the Corporation's properties. In addition, there can be no assurance that metal recoveries in small scale laboratory tests will be duplicated under on-site conditions or during production. The evaluation of the mineral resources and reserves may include inferred mineral resources that are considered not to be defined in sufficient detail to have the economic consideration applied to them that would enable them to be categorized as mineral reserves. Furthermore, Blue Note may be relying on past studies completed by previous owners. Therefore, there is currently no certainty that the economic analysis proposed will be achieved. Fluctuation in base or precious metals prices, results of drilling, metallurgical testing and production and the evaluation of mine plans and any other new information regarding recoverable reserves subsequent to the date of any estimate may require revision of such estimate. The volume and grade of reserves mined and processed and recovery rates may not be the same as currently anticipated. Any material reductions in estimates of mineral reserves and mineral resources, or of Blue Note's ability to extract these mineral reserves, could have a materially adverse effect on Blue Note's results of operations and financial condition.

Uncertainty Relating to Inferred Mineral Resources

There is a risk that the inferred mineral resources cannot be converted into mineral reserves as the ability to assess geological continuity is not sufficient to demonstrate economic viability. Due to the uncertainty which may attach to inferred mineral resources, there is no assurance that inferred mineral resources will be upgraded to resources with sufficient geological continuity to constitute proven and probable mineral reserves as a result of continued exploration.

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Fluctuating Mineral Prices

The mining industry is heavily dependent upon the market price of the metals or minerals being mined. There is no assurance that, even if commercial quantities of mineral resources are discovered, a profitable market will exist for their sale. There can be no assurance that mineral prices will be such that the Corporation's properties can be mined at a profit. Factors beyond the control of the Corporation may affect the marketability of any minerals discovered. The prices of many base and precious metals have experienced volatile and significant price movements over short periods of time, and are affected by numerous factors beyond the control of the Corporation.

Insurance and Uninsured Risks

Blue Note's business is subject to a number of risks and hazards generally, including adverse environmental conditions, industrial accidents, labour disputes, unusual or unexpected geological conditions, ground or slope failures, cave-ins, changes in the regulatory environment and natural phenomena such as inclement weather conditions, floods and earthquakes. Such occurrences could result in damage to mineral properties or production facilities, personal injury or death, environmental damage to Blue Note's properties or the properties of others, delays in development or mining, monetary losses and possible legal liability. Although Blue Note maintains insurance to protect against certain risks in such amounts as it considers reasonable, its insurance will not cover all the potential risks associated with its operations. Blue Note may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration and production is not generally available to Blue Note or to other companies in the mining industry on acceptable terms. Blue Note might also become subject to liability for pollution or other hazards which may not be insured against or which Blue Note may elect not to insure against because of premium costs or other reasons. Losses from these events may cause Blue Note to incur significant costs that could have a materially adverse effect upon its financial performance and results of operations.

Dilution

Issuances of additional securities under financings will result in dilution of the equity interests of persons who are currently shareholders or who become shareholders of Blue Note.

Exploration and Development

Many of the properties in which Blue Note has an interest are in the exploration stages only and are without an economic mineral deposit. Development of Blue Note's mineral properties will only follow upon obtaining satisfactory exploration results, if any. Mineral exploration and development involves a high degree of risk and few properties, which are explored, are ultimately developed into producing mines. There is no assurance that Blue Note's mineral exploration and development activities will result in any discoveries of commercial mineral deposits. The long-term profitability of Blue Note's operations will be in part directly related to the cost and success of its exploration programs, which may be affected by a number of factors beyond Blue Note's control.

Operations and Exploration

Mineral exploration involves many risks, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. Operations in which Blue Note has a direct or indirect interest will be subject to all the hazards and risks normally incidental to exploration, development and production of mineral bearing ores, any of which could result in work stoppages, damage to property, and possible environmental damage.

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Marketing

There is no assurance that even if commercial quantities of minerals are discovered, a ready market will exist for their sale. Factors beyond the control of Blue Note may affect the marketability of any minerals discovered. These factors include market fluctuations, the proximity and capacity of commercial markets and processing equipment, government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in Blue Note not receiving an adequate return on invested capital or issuing its investment capital.

Shortage of Equipment and Materials

Blue Note uses a variety of raw materials in its business, including explosives, ground control supplies, diesel fuel and gasoline, propane, mill reagents and grinding media, as well as a wide variety of mining equipment. If any of these materials or equipment are unavailable, or if the prices of any of these materials or equipment increase significantly, the Corporation's production and financial performance could be negatively impacted.

Environmental, Health and Safety Regulations

All phases of Blue Note's operations are subject to federal, provincial and local laws relating to the protection of the environment, including laws regulating removal of natural resources from the ground and the discharge of materials into the environment. Mining operations are also subject to federal, provincial and local laws and regulations which seek to maintain health and safety standards by regulating the design and use of mining methods and equipment. Various permits from government bodies are required for mining operations to be conducted; no assurance can be given that such permits will be received. No assurance can be given that environmental standards imposed by federal, provincial or local authorities will not be changed or that any such changes would not have materially adverse effects on Blue Note's activities. Moreover, compliance with such laws may cause substantial delays or require capital outlays in excess of those anticipated, thus causing an adverse effect on Blue Note. Additionally, Blue Note may be subject to liability for pollution or other environmental damages, which it may not insure against.

Operating Hazards and Risks

Hazards such as environmental hazards, industrial accidents, floods, fires, explosions, adverse weather conditions (including extreme winter weather), metal losses, unusual or unexpected geological formations and other conditions are involved in mineral exploration and development. Blue Note may become subject to liability for pollution, environmental contamination, cave-ins or hazards against which it cannot insure or against which it may elect not to insure. The payment of such liabilities may have a materially adverse effect on Blue Note's financial position. Although Blue Note maintains liability insurance in an amount which it considers adequate, the nature of these risks is such that liabilities might exceed policy limits, the liabilities and hazards might not be insurable or Blue Note may not elect to insure itself against such liabilities due to high premium costs or other reasons, in which event Blue Note could incur significant costs that could have a materially adverse effect upon its financial position.

Management

The success of Blue Note's business is largely dependent upon the efforts of a small management team. The loss of any key member could be detrimental to Blue Note if a suitable replacement could not be found at a comparable compensation level. Blue Note has not obtained key-man life insurance with respect to these individuals.

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Nature of the Securities

The purchase of Blue Note securities will involve a high degree of risk and should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. Blue Note securities should not be purchased by persons who cannot afford the possibility of the loss of their entire investment. Furthermore, an investment in Blue Note securities should not constitute a major portion of an investor's portfolio.

Permits and Licenses

The operations of Blue Note will require licenses and permits from various governmental authorities. Blue Note believes it will be able to obtain in the future all necessary licenses and permits to carry on the activities which it intends to conduct, and that it intends to comply in all material respects with the terms of such licenses and permits. There can be no guarantee, however, that Blue Note will be able to obtain and maintain, at all times, all necessary licenses and permits required to undertake its proposed exploration and development or to place its properties into commercial production and to operate mining facilities thereon. In the event of commercial production, the cost of compliance with changes in governmental regulations has the potential to reduce the profitability of operations or preclude the economic development of the property.

Title Matters

The acquisition of title to mineral properties is a very detailed and time-consuming process. Title to and the area of mineral properties may be disputed. There is no guarantee of title to any of Blue Note's properties. Blue Note's properties may be subject to prior unregistered agreements or transfers and title may be affected by undetected defects. Blue Note's properties may also be subject to prior unregistered agreements of transfer or aboriginal land claims, and title may be affected by undetected defects.

Possible Volatility of Stock Price

The market price of Blue Note's securities can be subject to wide fluctuations in response to factors such as actual or anticipated variations in Blue Note's results of operations, changes in financial estimates by securities analysts, general market conditions and other factors. Market fluctuations, as well as general economic, political and market conditions such as recessions, interest rate changes or international currency fluctuations may adversely affect the market price of Blue Note's securities.

The Mining Industry is Extremely Competitive

The resource industry is intensely competitive in all of its phases, and Blue Note competes with many companies that possess greater financial resources and technical facilities. Competition could adversely affect Blue Note's ability to acquire suitable new producing properties or prospects for exploration in the future. Competition could also affect Blue Note's ability to raise financing to fund the exploration and development of its properties or to hire qualified personnel.

Business Partners

Blue Note's business and technology systems and platforms depend on products and services provided by third parties including contractors, surveyors, consultants, etc. If there is any interruption or other disruption to the products or services provided by third parties, Blue Note's business may be adversely affected and may be unable to fund adequate replacement products or services on a timely basis or at all.

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Conflicts of Interest

Certain directors and officers of Blue Note are also directors, officers, or shareholders of other companies that are similarly engaged in the business of acquiring, developing, and exploiting natural resource properties. Such associations may give rise to conflicts of interest from time to time. The directors of Blue Note are required by law to act honestly and in good faith with a view to the best interests of Blue Note and to disclose any interest which they may have in any project or opportunity of Blue Note. If a conflict of interest arises at a meeting of the Board, any director in conflict will disclose his or her interest and abstain from voting on such matter. In determining whether or not Blue Note will participate in any project or opportunity, the directors will primarily consider the degree of risk to which Blue Note may be exposed and its financial position at the time.

Readers are encouraged to read and consider the risk factors, which are incorporated in this MD&A, and additional information regarding the Corporation on the SEDAR website at www.sedar.com

Signed: "Léon Méthot"

Léon Méthot

Chairman, President and Chief Executive Officer

Signed: "Daniel Bortoluzzi"

Daniel Bortoluzzi

Chief Financial Officer