

Blue Note Mining Inc.

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

For the Period ended December 31, 2009

Introduction

The following Management's Discussion and Analysis ("MD&A") as at April 22, 2010 of Blue Note Mining Inc. (the "Predecessor" prior to August 31, 2009 or the "Successor" or the "Corporation" subsequent to August 31, 2009) for the three-month and twelve-month periods ended December 31, 2009 and 2008, should be read in conjunction with the Predecessor's interim financial statements as well as annual financial statements dated December 31, 2009. This financial information has been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). All references made to "Notes" in the MD&A correspond to the Notes to the audited financial statements dated December 31, 2009. All dollar amounts reported herein are expressed in Canadian dollars unless specifically stated to the contrary.

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

Cautionary Note Regarding Forward Looking Information

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.

Plan of Arrangement and Reorganization

As a result of the uneconomic nature of the Corporation's wholly-owned subsidiary, Blue Note Caribou Mines Inc. ("BNC") operations at commodities prices prevailing in 2008, and the Predecessor's inability to obtain financing given the then existing market conditions, BNC sought protection under the Companies' Creditors Arrangement Act ("CCAA"), on February 20, 2009. The majority of the operating assets of the Predecessor were held in BNC, which filed bankruptcy on June 30, 2009. As of that date, the Predecessor concluded that it had lost its control over BNC and therefore classified its investment as held-for-trading. As a result of the bankruptcy of BNC and the Predecessor's inability to obtain financing under the then existing market conditions, the Predecessor decided to seek protection under the CCAA on June 12, 2009.

On July 17, 2009, the Predecessor's creditors approved the proposed plan of arrangement and reorganization (the "Plan") submitted to them by the Predecessor under the CCAA. At a meeting held on July 17, 2009, 95% of the votes registered by the Predecessor's creditors were in favor of the Plan.

Blue Note Mining Inc.

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

For the Period ended December 31, 2009

On August 4, 2009, the Court approved the Plan submitted to them under the CCAA. Under the terms of the Plan, the creditors received 74.36% of the Successor's outstanding common shares post-restructuring (35,131,088 shares). Management of the Predecessor, registered as creditors, have temporarily renounced their share distribution until the share issuance was approved by the Predecessor shareholders. On October 21, 2009, approval was obtained and therefore 1,195,847 shares were issued. The Plan also provided for a one for 30 share consolidation.

The implementation of the Plan on August 31, 2009 resulted in a substantial realignment of the interests in the Corporation between its existing creditors and shareholders as of August 31, 2009. As a result, the Successor's balance sheet as at August 31, 2009, has been prepared under the provisions of the Canadian Institute of Chartered Accountants ("CICA") Handbook Section 1625, *Comprehensive Revaluation of Assets and Liabilities* ("fresh start accounting"). Fresh start accounting requires resetting the historical net book value of assets and liabilities to fair value by allocating the entity's reorganization value of \$8,977,041 to its assets and liabilities in a manner consistent with the CICA Handbook Section 1581, *Business Combinations*. The excess reorganization value over the fair value of tangible and identifiable intangible assets and liabilities has been recorded as a reduction to share capital in the balance sheet. Future income taxes, at August 31, 2009 have been determined in accordance with CICA Handbook Section 3465, *Income Taxes*. As a result of applying fresh start accounting, the Predecessor became a new entity for financial reporting purposes. Accordingly, the financial statements of the Successor on or after August 31, 2009 are not comparable to the financial statements of the Predecessor prior to that date.

The Successor has performed an assessment of the fair value of the identifiable assets and liabilities. Management's estimates of fair value are based on independent appraisals and valuations. There are three generally accepted valuation approaches in the mining industry; a) income approach, b) market approach and c) cost approach. The process of determining the fair value of the identifiable assets and liabilities resulted in an adjustment of \$2,962,953 in fair value and was recorded in these assets and liabilities at the fresh start date which resulted in an increase of the Successor's equity.

Due to our adoption of fresh start accounting, the statement of income (loss) includes the results of operations for (i) the four month ended December 31, 2009 of the Successor and (ii) the eight month ended August 31, 2009 of the Predecessor. Therefore, for the purpose of the management's discussion and analysis of the results of operations, we have reviewed the period and year-to-date results of operations of the Predecessor and the Successor. These results of operations for the three months ended December 31, 2009 of the Successor will be compared to the same period of last year. The four months period of the Successor, plus the eight months ended August 31, 2009 of the Predecessor are then compared to the twelve months periods ended December 31, 2008.

The application of fresh start accounting results in the financial statements of the Successor not being comparable to the Predecessor in many respects.

The Corporation is not currently generating any revenue from its operations and for the three month period ended December 31, 2009, the Corporation recorded a loss of \$801,974. The Corporation must secure sufficient funding to maintain its existing operations for exploration programs and general and administration expenses.

The principal reason for the transaction to acquire X-Ore, completed in January 2010, was the near production Croinor Gold Project. The property is held in a 50/50 joint venture. The Corporation is actively seeking financing to go forward with plans to develop a mine in the very near future. The total capital costs are estimated to be approximately \$12 million to be split between the joint venture partners. The project is currently in the permitting phase.

Blue Note Mining Inc.

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

For the Period ended December 31, 2009

Management is seeking financing through the issuance of new equity instruments to continue its activities and there can be no assurance it will be able to do so in the future. Without new funding being available, the Corporation could be unable to continue its operations, and amounts realized for assets may be less than amounts reflected in these financial statements.

Overview of the Corporation

Blue Note is a mineral exploration and mining company with gold and base metal exploration properties located in New Brunswick, Quebec and Ontario. The business mission of the Corporation is to pursue its business plan of acquiring and operating near term producing assets, undervalued mining opportunities or underperforming mining operations with improvement potential. The minerals being targeted by the Corporation are gold, silver, zinc, lead, nickel, and copper.

As at December 31, 2009, the Corporation has working capital of \$992,323 and has incurred a net loss of \$975,634 for the four months ended December 31, 2009, resulting in a deficit of \$975,634.

In November 2009, the Corporation and X-Ore Resources Inc. ("X-Ore") announced a definitive pre-amalgamation agreement pursuant to which the Corporation agreed to acquire all of the outstanding common shares of X-Ore by way of amalgamation. The transaction was completed in January 2010 and took the form of an amalgamation between X-Ore and a wholly-owned subsidiary of the Corporation in exchange for the Corporation's common shares. The Corporation provided shareholders of X-Ore 0.50 of a Corporation common share for each X-Ore common share outstanding for a total of 43,017,352 Corporation common shares. As a consequence, the shareholders of X-Ore owned 45.16% of the common shares of the Corporation and the existing shareholders of the Corporation owned 54.84% of the common shares of the Corporation.

On March 18, 2010, the Corporation and Amex Exploration Inc. ("Amex") jointly announced that they had entered into a definitive agreement pursuant to which Amex agreed to acquire all of the outstanding shares of X-Ore International Inc., the Corporation's subsidiary that holds mining assets and conducts exploration activities in Mexico through its subsidiary Minerales X-Ore SA de CV. The consideration for the transaction is staggered cash payments totaling \$200,000 and the issuance of 7,000,000 Amex common shares and 1,000,000 common share purchase warrants of Amex to be exercisable over a period of 24 months following their issuance. In addition, Amex assumed all of X-Ore International and Minerales X-Ore SA de CV obligations and liabilities. The Corporation will receive approximately \$2.2 million over the time period.

With these transactions, the Corporation will be better positioned to focus on its Canadian gold and base metal properties. On March 17, 2010, the Corporation closed a private placement generating a total gross proceed of \$1,000,000, which will be used for exploration on new sites in Val D'Or, Quebec.

Additional information is available on the press release posted on www.Sedar.com.

Blue Note Mining Inc.

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

For the Period ended December 31, 2009

Discontinued Operations – Blue Note Caribou Mines Inc.

On June 30, 2009, BNC filed for bankruptcy, and the Court appointed monitor, PricewaterhouseCoopers Inc. started liquidation of BNC assets. As of that date, the Predecessor concluded that, based on the criteria under Canadian GAAP, its control over BNC was lost. Accordingly, the Predecessor's investment in BNC has no longer been consolidated as of June 30, 2009. The Predecessor's investment in BNC was classified as held-for-trading and its carrying value was valued at zero. BNC activities were also considered as "Discontinued Operations" in the audited financial statements of the Predecessor.

As of June 30, 2009, immediately prior to deconsolidation, the Predecessor's unaudited balance sheet included a net assets deficiency of \$154,663,535, represented by the excess of the liabilities and non-controlling interest over BNC assets.

The net assets deficiency and the accumulated comprehensive loss of BNC were reversed upon deconsolidation on June 30, 2009, generating a net gain of \$ 37,437,864.

For further details, refer to note 13 of the Corporation's audited financial statements as of December 31, 2009.

In this Management's Discussion and Analysis, only continuing operating activities of the Corporation are included in the analysis of operating results.

Results of Operations

For the period	Three Months ended December 31, 2009	Three Months ended December 31, 2008 (1)	Four Months ended December 31, 2009	Eight Months ended August 31, 2009 (1)	Twelve Months ended December 31, 2008 (1)
	\$	\$	\$	\$	\$
Revenues	1,113	73,322	1,775	14,368	761,950
Direct operating expenses	802,048	5,218,007	974,973	3,551,151	10,549,859
Other expenses	1,039	687,427	2,436	2,033,226	2,734,352
Other	-	5,514,712	-	901,617	19,871,196
Consolidated net loss from Continuing operations	(801,974)	(11,346,824)	(975,634)	(6,471,626)	(32,393,457)
Future income taxes recovered	-	-	-	-	672,500
Discontinued Operations	-	(11,814,808)	-	19,288,808	(130,106,459)
Net Loss	(801,974)	(23,161,632)	(975,634)	12,817,182	(161,827,416)
Per share consolidated net loss (income)	(0.016)	(0.064)	(0.019)	0.035	(0.446)

(1) Earnings per share do not reflect the share consolidation on August 31, 2009

Blue Note Mining Inc.

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

For the Period ended December 31, 2009

Selected Quarterly Information (unaudited)

	Revenue	Net loss from continuing operations (net income)	Net loss from continuing operations (2) Per common share
	\$	\$	\$
2009			
Fourth Quarter	1,113	801,974	0.021
One Month ended September 30	662	173,661	0.003
Two Months ended August 31 (1)	1,791	482,922	0.001
Second Quarter (1)	3,255	3,919,863	0.013
First Quarter (1)	9,322	2,068,840	0.006
2008 (1)			
Fourth Quarter	73,322	11,346,824	0.031
Third Quarter	124,535	17,442,394	0.048
Second Quarter	218,159	(29,617)	-
First Quarter	345,935	2,961,355	0.009

(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

Presentation of financial information and combined quarterly financial results

Fourth Quarter Review

Because the Corporation's financial statements reflect fresh start accounting adjustments as of August 31, 2009, and because of the effects of the transactions that became effective pursuant to the Plan, financial information in these and future financial statements will not be comparable to the Corporation's financial information from prior periods.

For the quarter ended December 31, 2009 depletion and amortization declined due to the disposition of some equipment and the leasehold improvements. The Corporation incurred direct operating expenses of \$802,048 compared to \$5,218,007 in the corresponding quarter of 2008. The decline reflects mainly the following items; restructuring cost for \$2,346,500, lower salary expense of \$709,341 due to reduced staffing levels, decrease in marketing and investor relations of \$217,478 due to lower business development expenses and decrease in accounting and legal fees of \$825,347. Interest on long-term debt, which is part of the other expenses, amounted to only \$537 reflecting the restructuring of previous debts, compared to \$693,150 in the quarter ended December 2008. In the fourth quarter of 2008, the Predecessor incurred accretion expense on long-term debt of \$4,037,778, none in 2009; the Predecessor reduced the loss on exercise of convertible debenture of \$405,405, none in 2009 and also in 2008, the Predecessor incurred a loss from impairment on long-term assets of \$1,918,242; there was no similar expense in 2009.

Blue Note Mining Inc.

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

For the Period ended December 31, 2009

Year to Date Review

Because the Corporation's financial statements reflect fresh start accounting adjustments as of August 31, 2009, and because of the effects of the transactions that became effective pursuant to the Plan, financial information in these and future financial statements will not be comparable to the Corporation's financial information from prior periods.

The results for the year to date reflect four months (ended December 31, 2009) for the Corporation and eight months (ended August 31, 2009) for the Predecessor. For the four months ended December 31, 2009, the Corporation incurred a net loss, of \$975,634 (\$0.019 per share) while the Predecessor incurred a net gain, after gain from discontinued operations of \$12,817,182 (\$0.035 per share) in the eight months ended August 31, 2009 compared to a net loss from continuing operations of \$31,720,957 and a net loss after discontinued operations of \$161,827,416 (\$0.446 per share before share consolidation) for the corresponding period in 2008.

For the eight months ended August 31, 2009 the Predecessor recorded depletion and amortization of \$43,663 and the Successor recorded for the four months ended December 31, 2009 an amount of \$17,069 which represent a decline of \$57,151 due to the disposition of some equipment and the leasehold improvements. The Corporation incurred direct operating expenses of \$974,973 and the Predecessor incurred \$3,551,151 in the eight months ended August 31, 2009 compared to \$10,549,859 in the corresponding twelve months of 2008. The decrease in costs are mainly from the following items; restructuring cost of \$2,346,500, salary decrease of \$1,646,412 due to reduced staffing levels, decrease in marketing and investor relations of \$912,348 due to lower business development expenses and decrease in accounting and legal fees of \$485,851, also stock-based compensation was reduced by \$344,871 during the same twelve month period. Interest on long-term debt, which is part of the other expenses, amounted to \$2,022,942 reflecting the restructuring of previous debts, compared to \$2,750,000 in 2008. The Predecessor recorded in 2008 accretion expense on long-term debt of \$5,787,004, none in 2009; the Predecessor reduced the yearly loss by recording a revaluation on long-term debt of \$2,406,173, which was offset by the loss on exercise of convertible debenture of \$14,949,161, none in 2009.

The Predecessor had a gain on disposal of a short-term investment of \$593,726 in the eight month period ended August 31, 2009 (\$nil in 2008). In 2008, the Predecessor incurred a loss from change in fair value of derivatives of \$341,134; there was no similar expense in 2009.

As at December 31, 2009, the Corporation had total assets of \$9.3 million compared to the Predecessor's total assets of \$42.8 million at December 31, 2008. The decline is due primarily to discontinued operations of \$28.9 million.

Financial review

Industry Trends and Outlook

Global economic conditions affect our customers' businesses and the markets they serve. The credit crisis and global economic weakness have resulted in sharp decline in commodity prices. During 2008 and continuing in 2009, we undertook various initiatives to adapt our cost structure to the rapidly changing economic environment including:

- Closing the Caribou mining operation in October 2008 and divesting non-strategic equipment in 2009.
- Reducing corporate staff levels by more than 50% in 2008.
- Freezing or reducing the salaries of all employees.

Blue Note Mining Inc.

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

For the Period ended December 31, 2009

The lingering effect of the global recession is expected to continue to cause uncertainty in commodity markets. Under these conditions, we are focusing our efforts on gold production, demonstrated by the recent acquisition of X-Ore Resources Inc.

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.

Commitments

The Corporation has no significant contractual obligations other than the actual long-term premises leases totaling \$353,137 expiring in January 2012.

The Corporation is committed to spend \$700,000 (\$371,966 spent at year end) in exploration expenses relating to flow-through financing completed in September 2009. These expenses have to be incurred before December 31, 2010.

Transactions with Related Parties

The related party is an entity subject to significant influence of the Corporation's chief executive officer. The advance does not bear interest and is due on demand. The advances are in the normal course of business.

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.

Exploration and Reserve Development

In the latter part of 2008, the Corporation staked 1,882 mineral claims in the area of the Williams Brook Property in northern New Brunswick following the intersection of encouraging gold mineralization in diamond drilling on the Williams Brook Property and includes the following claim groups:

- Williams Brook Extension (#5495 – 218 claims)
- Williams Brook South (#5499 – 114 claims)
- Nine Mile Brook (#5493 – 228 claims)
- Upsalquitch Forks (#5500 – 255 claims)
- Cravens Gulch (#5502 – 256 claims)
- McDougall's Brook (#5503 – 256 claims)
- Popelogan (#5504 – 243 claims)
- Northwest Upsalquitch (#5505 – 256 claims)
- Bubar Brook (#5506 – 56 claims)

During 2009, the Corporation staked the Jerry Ferguson Brook Property (claim block #5557), and the Caribou Mountain Property (claim block #5589), each block consisting of 32 claims that are contiguous with claims recently staked by the Corporation near the Williams Brook Property. 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 411 sq km surrounding the Williams Brook property.

In addition, the Corporation holds the following options:

- Williams Brook (gold)

Blue Note Mining Inc.

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

For the Period ended December 31, 2009

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

The Corporation terminated an option to acquire 100% interest in the North Branch Middle River property in the Armstrong project area, and the property was returned to the vendor on October 17, 2009.

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.

The Corporation still holds a 100% interest in 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, and 5262)
- Orvan Brook (base metals)
- Rio Road (gold)
- Restigouche (base metals; Claim Block 1802)
- Wildcat Brook (base metals)

Most of these base metal properties located in proximity to the Caribou mine, near Bathurst, were tested for impairment, due to the bankruptcy of BNC. Prior to the application of fresh start accounting, the Predecessor recorded an impairment loss of \$1,457,566 related to base metal properties.

As of August 31, 2009, the Predecessor adjusted the mineral and exploration properties to their fair value which was based on independent appraisals and evaluations, by \$3,441,886, as required by fresh start accounting.

Favorable results of gold exploration at the Williams Brook Property have prompted an increased exploration effort for gold in that area. Gold exploration and development is currently the main focus for the Corporation. Geophysical and geochemical surveys designed to follow gold-bearing alteration zones along strike and identify new target areas as well as trenching and/or diamond drilling to further test known gold-bearing vein systems and alteration zones are planned for the Williams Brook Project in 2010. Geochemical and geophysical surveys and trenching and/or diamond drilling is planned to test gold geochemical anomalies identified on the Upsalquitch project and to define new target areas in the region.

During the quarter ended December 31, 2009, the Corporation incurred \$330,736 (2008 – \$1,579,455) in exploration activities, mainly on the Williams Brook and Upsalquitch projects. For the twelve month period ended December 31, 2009, \$503,841 was spent in exploration.

In the last quarter of 2010 an arrangement was made for the Corporation to acquire all of the outstanding common shares of X-Ore Resources. This transaction was completed in the first quarter of 2010 in the form of an amalgamation whereby X-Ore Resources is held by Blue Note as a wholly owned subsidiary of the Corporation.

X-Ore Resources and First Gold Exploration Inc. 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 of Quebec. The Croinor deposit, situated on the mining lease, has a NI 43-101 compliant resource estimated to contain 238,414 ounces of gold in 814,228 tonnes (measured and indicated) grading 9.11 g/t gold. X-Ore holds a 100% interest in 280 claims on the Croinor property that surround the joint venture property. Royalties on

Blue Note Mining Inc.

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

For the Period ended December 31, 2009

the Croinor project include 5% of net income from production of 97 claims, 15% of net profit from commercial production on 92 claims and other royalties also exist on other claims on the property.

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 (41 claims)
- Pascalis (43 claims)
- Lac Tavernier (26 claims)
- Belcourt (10 claims)
- Tex-Sol (10 claims)

X-Ore also has a 100% interest in the Fairbank property (Cu-Pb-Zn-Ag) covering 1,502 acres in central Ontario and 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.

A diamond drill program is planned at Croinor to extend the current resources and test the deposit at depth. A drill program is planned at the past producing Chimo mine to test gold mineralized zones identified in diamond drilling by previous operators. Detailed compilation of other gold projects in the Val d'Or region is in progress to determine work programs.

Liquidity and Financing

As at December 31, 2009, the Corporation had cash and cash equivalents of approximately \$573,000, which represents a decrease of \$4.9 million. This decline is explained by cash utilization from operations amounted to \$6.5 million, acquisition of mining properties of \$0.5 million, advance to X-Ore Resources of \$0.1 million, partially offset by sale of asset held for sale for \$1 million, short-term investment of \$0.6 million, and equity issuance of \$0.6 million.

The Corporation is not currently generating any revenues. The Corporation must secure sufficient funding from external source 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.

On March 18, 2010, the Corporation sold to Amex Exploration Inc. ("Amex") all of the outstanding shares of X-Ore International Inc., the Corporation's subsidiary that holds mining assets and conducts exploration activities in Mexico through its subsidiary Minerales X-Ore SA de CV. Partial cash payment of \$25,000 was received in April 2010.

The Corporation no longer has a bank operating credit facility.

Outstanding Share Data

As of April 22, 2010, the Corporation had 104,795,293 outstanding common shares. Also, the Corporation had 9,583,332 options and 15,977,263 broker warrants and warrants potentially convertible into 25,560,595 common shares in the future, which are potentially dilutive.

Blue Note Mining Inc.

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

For the Period ended December 31, 2009

Critical Accounting Estimates

In preparing financial statements, management has to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Based on historical experience, current conditions and expert advice, management makes assumptions that are believed to be reasonable under the circumstances. These estimates and assumptions form the basis for judgments about the carrying value of assets and liabilities and reported amounts for revenues and expenses. Different assumptions would result in different estimates and actual results may differ materially from results based on these estimates. These estimates and assumptions are also affected by management's application of accounting policies. Critical accounting policies and estimates are those that affect the financial statements materially and involve a significant level of judgment by management.

The financial statements have, in management's opinion, been properly prepared using careful judgement within reasonable limits of materiality and within the framework of the accounting policies summarized below:

Mineral properties and deferred exploration costs: Mineral properties and deferred exploration costs are recorded at cost, less government grants. Costs of exploration and related capital assets on existing projects are deferred until production commences. Mineral properties and deferred exploration costs are depleted over the estimated economic life of the project if successful, on a units-of-production basis, based on expected tonnes of proven and probable reserves to be mined, and written off or down to its estimated net realizable value if a project is unsuccessful or is economically unfeasible. Option payments received are applied against the related mining properties and deferred exploration costs.

Impairment of long-lived assets: The Corporation reviews and evaluates the carrying value of its long-lived assets including its mining properties and deferred explorations properties for impairment when events or circumstances indicate that the carrying amounts of related assets may not be recoverable. If the total estimated future cash flows on an undiscounted basis are less than the carrying amount of the asset, an impairment loss is measured and assets are written down to fair value, which is normally the discounted value of future cash flows. Assumptions underlying future cash flow estimates are subject to risks and uncertainties. It is possible that changes in estimates could occur which may affect the expected recoverability of the Corporation investments in mining properties.

Stock-based compensation: The Corporation has a stock option compensation plan which is described in note 8 of the financial statement as of December 31, 2009. The Corporation applies the fair value method. The fair value is measured at the grant date using the Black-Scholes option pricing model. The fair value of options issued to employees, officers and directors are generally recognized as an expense over the vesting period with a corresponding increase to contributed surplus. The fair value of stock-based compensation issued to consultants is generally recognized as an expense at the earlier of the vesting date or over the period over which the services are performed with a corresponding increase to contributed surplus. Any consideration paid by employees, officers and directors on exercise of stock options or purchase of stock is credited to share capital

Accounting Changes & New Pronouncements

"Credit Risk and the Fair Value of Financial Assets and Financial Liabilities",

On January 1, 2009, the Corporation adopted Emerging Issues Committee ("EIC") EIC-173 which provides guidance on how to take into account its own credit risk and counterparty credit risk in determining the fair value of financial assets and financial liabilities, including derivative instruments. The adoption of EIC-173 had no significant impact on the Corporation's financial statements.

"Mining Exploration Costs",

On January 1, 2009, the Corporation adopted EIC-174 which clarifies guidance related to capitalization of exploration costs and impairment of capitalized costs. During the eight month period ended August 31,

Blue Note Mining Inc.

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

For the Period ended December 31, 2009

2009, the Predecessor had indicated that a significant adverse change in the business climate incurred and therefore the carrying amount of long-lived asset may not be recoverable and that a test for impairment is required. The adoption of EIC-174 had significant impact on the Predecessor's financial statements as disclose on note 6 of the annual financial statements as of December 31, 2009.

"Financial instruments – Disclosures"

In May 2009, the CICA amended Section 3862, "Financial Instruments" – Disclosures, to improve disclosure requirements about fair value measurement for financial instruments and liquidity risk disclosures. These amendments require that all financial instruments recognized at fair value on the Balance Sheet must be classified in three fair value hierarchy levels, which are as follow:

Level 1: valuation based on quoted prices observed in active markets for identical assets or liabilities;

Level 2: valuation techniques based on inputs other than quote prices in active markets that are either directly or indirectly observable;

Level 3: valuation techniques with significant unobservable market inputs.

The results of the application of these new standards are included in note 11 of the annual financial statements as of December 31, 2009.

New Accounting Standards Issued

"Business combinations, Consolidated financial statements and Non-controlling interests"

In January 2009, the Accounting Standards Board issued 3 new accounting standards: Section 1582 "Business Combinations"; Section 1601 "Consolidated Financial Statements"; and Section 1602 "Non-Controlling Interests". These new sections harmonize significant aspects of Canadian accounting standards with the International Financial Reporting Standards ("IFRS") that will be mandated for entities with fiscal years beginning on or after January 1, 2011. The Corporation does not expect the adoption of these standards to have a significant impact on their financial statements. The Corporation will adopt these standards on January 1, 2010 in connection with the transaction disclose in note 16 of the annual financial statements as of December 31, 2009.

International financial reporting standards conversion plan

Canada's Accounting Standards Board (AcSB) confirmed that effective January 1, 2011, International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) will replace current Canadian GAAP for publicly accountable enterprises for interim and annual financial statements effective for fiscal years beginning on or after January 1, 2011, including comparatives for 2010. Financial reporting under IFRS differs from Canadian GAAP in many respects, some of which are significant. IFRS on the date of adoption may differ from current IFRS due to new IFRS standards and pronouncements issued before the changeover date that may cause the Company to select different accounting policy choices and/or IFRS 1 exemptions.

To comply with the Canadian Securities Administrators (CSA) Staff Notice 52-320, "Disclosure of Expected Changes in Accounting Policies Relating to Changeover to IFRS", we have structured our IFRS conversion plan to incorporate six key elements, specifically: i) accounting policies and financial statement preparation, including choices among policies permitted under IFRS, and implementation decisions such as whether certain changes will be applied retrospectively or prospectively; ii) information technology and data systems; iii) internal control over financial reporting; iv) disclosure controls and procedures including investor relations and external communications plans; v) training requirements and

Blue Note Mining Inc.

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

For the Period ended December 31, 2009

communications and vi) business activities, such as foreign currency activities, as well as other matters that may be influenced by Canadian GAAP measures.

In 2009, we identified the differences between IFRS and our current accounting policies and we continue to assess the impact of these differences as well as the various accounting policy alternatives offered pursuant to IFRS.

The table that follows provides a summary of the key elements, their status and the timing of the IFRS changeover plan. At this time, we cannot quantify the impact, which may be material, that the future adoption of IFRS will have on our financial statements. Additional information will be provided as we move towards the changeover date.

Key Elements and Timing of Changeover Plan to IFRS (as required by CSA Staff Notice 52-320)

	SELECTED KEY ACTIVITIES	MILESTONES/DEADLINES	PROGRESS TO DATE
Accounting policies and financial statement preparation	Identify differences between IFRS and Canadian GAAP	Assessment and quantification of the significant effects of the changeover to be completed by approximately the third quarter of 2010	Completed the IFRS diagnostic phase in the first quarter of 2009, which involved a high-level review of the major differences between IFRS and Canadian GAAP.
	Select IFRS 1 accounting policy choices		
	Select ongoing IFRS policies	Final selection of accounting policy choices by the changeover date	In-depth analysis of issues and accounting policy choices is currently underway
	Quantify the effects of IFRS 1 disclosures for 2010 financial statements		
	Prepare financial statements and related note disclosures to comply with IFRS		Further changes to IFRS are being monitored
Information technology and data systems	Identify and address IFRS differences that require changes to financial systems	Changes to significant systems and parallel record-keeping completed in time for the third quarter of 2010	Currently reviewing options to address process changes to parallel record-keeping during 2010
	Evaluate and select methods to address need for parallel record-keeping of IFRS and Canadian GAAP during 2010 for comparatives and budget and planning purposes in 2011		No significant system impacts have been identified
Internal control over financial reporting (ICFR)	Revise existing internal control processes and procedures to address significant changes to existing accounting policies and practices, including the need for parallel record-keeping during 2010	Changes completed by the third quarter of 2010 Conduct management evaluation of new or revised controls throughout 2010	Designing solutions to address IFRS differences to permit implementation of necessary internal controls
	Design and implement internal controls with respect to one-time changeover adjustments and related communications	Update the Chief Executive Officer/Chief Financial Officer certification process by the fourth quarter of 2010	

Blue Note Mining Inc.

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

For the Period ended December 31, 2009

	SELECTED KEY ACTIVITIES	MILESTONES/DEADLINES	PROGRESS TO DATE
Disclosure controls and procedures (DC&P)	For changes to accounting policies and practices identified, assess the DC&P design and effectiveness implications	Consistent with ICFR deadlines. See ICFR above	MD&A disclosures have begun
Training and Communication	Provide training to project team members, affected employees and management Communicate progress of changeover plan to internal and external stakeholders	Timely training provided to align with work under changeover – training completed by mid-2010 Timely communication of effects of changeover with Audit Committee of the Board of Directors on a regular basis up to changeover in 2011	Training for project team members and resources directly engaged in the changeover is occurring throughout the project Updates are provided to the Audit Committee and are ongoing on a regular basis
Business activities	Identify impact of changeover on contractual arrangements, including collaboration and supplier agreements, financial covenants and employee compensation plans Make any required changes to arrangements and plans	Changes completed by the third quarter of 2010	Currently reviewing contracts for embedded derivatives and other potential IFRS impacts No material impacts have been identified to date

Off-Balance Sheet Arrangements

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

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 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

Blue Note Mining Inc.

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

For the Period ended December 31, 2009

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 has not conducted any geochemical or drill hole sampling, has not implemented any QAIQC procedures and 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.

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.

Blue Note Mining Inc.

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

For the Period ended December 31, 2009

Dilution

Issuances of additional securities under financings or debt restructurings 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.

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.

Blue Note Mining Inc.

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

For the Period ended December 31, 2009

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.

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

Blue Note Mining Inc.

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

For the Period ended December 31, 2009

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.

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. In particular, Michael Judson is the president and chief executive officer, and a director of Forest Gate Energy Inc. ("Forest Gate"), which is involved in the business of the exploration of oil and gas properties. In addition, Jean Mayer, a director of Blue Note, is also a director of Forest Gate. 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, the SEDAR website at www.sedar.com.

Signed: "Michael Judson"

Michael Judson
Chairman, President and Chief Executive Officer
Blue Note Mining Inc.
April 22, 2010
Montreal, Quebec