

**Form 51-102F1**  
**Interim Management's Discussion and Analysis ("MD&A")**  
**for**  
**Strongbow Exploration Inc. ("Strongbow" or the "Company")**

**Containing Information up to and including December 15, 2011**

**Description of Business**

Strongbow Exploration Inc. (the "Company") is a Canadian mineral exploration company focused on exploring prospective gold properties in the Carolina slate belt of the southeastern United States, nickel/copper properties within the Snowbird Tectonic Zone in northern Saskatchewan and the Northwest Territories and gold and copper properties in British Columbia. The Company also continues to review and evaluate new gold and base metal exploration opportunities in North America. Shares of the Company trade on the TSX Venture Exchange under the symbol SBW.

The following discussion and analysis of the Company's financial condition and results of operations for the nine month period ended October 31, 2011, should be read in conjunction with the audited financial statements of the Company for the years ended January 31, 2011 and January 31, 2010, together with the notes thereto, and the condensed interim consolidated financial statements for the nine months ended October 31, 2011. These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The impact of the transition from Canadian Generally Accepted Accounting Principles (GAAP) to IFRS is explained in note 14, including the nature and effect of significant changes in accounting policies from those used in the Company's consolidated financial statements for the year ended January 31, 2011.

Unless otherwise noted, all currency amounts are stated in Canadian dollars.

**Forward-Looking Statements**

This interim MD&A may contain "forward-looking statements" within the meaning of Canadian securities legislation and the United States Private Securities Litigation Reform Act of 1995. These forward-looking statements are made as of the date of this interim MD&A and the Company does not intend, and does not assume any obligation, to update these forward-looking statements, except as required by law.

Forward-looking statements relate to future events or future performance and reflect management's expectations or beliefs regarding future events and include, but are not limited to, statements with respect to the estimation of mineral reserves and resources, the realization of mineral reserve estimates, the timing and amount of estimated future production, costs of production, capital expenditures, success of mining operations, environmental risks, unanticipated reclamation expenses, title disputes or claims and limitations on insurance coverage.

These forward-looking statements include, among others, statements with respect to the Company's objectives for the ensuing year, our medium and long-term goals, and strategies to achieve those objectives and goals, as well as statements with respect to our beliefs, plans, objectives, expectations, anticipations, estimates and intentions. The words "may," "could," "should," "would," "suspect," "outlook," "believe," "plan," "anticipate," "estimate," "expect," "intend," and words and expressions of similar import are intended to identify forward-looking statements. In particular, statements regarding the Company's future operations, future exploration and development activities or other development plans and estimated future financing requirements contain forward-looking statements.

All forward-looking statements and information are based on the Company's current beliefs as well as assumptions made by and information currently available to the Company concerning anticipated financial performance, business prospects, strategies, regulatory developments, development plans, exploration, development and mining activities and commitments. Although management considers these assumptions to be reasonable based on information currently available to it, they may prove to be incorrect.

By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and risks exist that predictions, forecasts, projections and other forward-looking statements will not be achieved. We

caution readers not to place undue reliance on these statements as a number of important factors could cause the actual results to differ materially from the beliefs, plans, objectives, expectations, anticipations, estimates and intentions expressed in such forward-looking statements.

These factors include, but are not limited to, developments in world financial and commodity markets, risks relating to fluctuations in the Canadian dollar and other currencies relative to the US dollar, changes in exploration plans due to exploration results and changing budget priorities of the Company or its joint venture partners, changes in project parameters as plans continue to be refined; possible variations in ore reserves, grade or recovery rates; accidents, labour disputes and other risks of the mining industry; delays in obtaining governmental approvals or financing, the effects of competition in the markets in which the Company operates, the impact of changes in the laws and regulations regulating mining exploration and development, judicial or regulatory judgments and legal proceedings, operational and infrastructure risks and the additional risks described in the Company's most recently filed Annual MD&A, and the Company's anticipation of and success in managing the foregoing risks. The Company cautions that the foregoing list of factors that may affect future results is not exhaustive. When relying on our forward-looking statements to make decisions with respect to the Company, investors and others should carefully consider the foregoing factors and other uncertainties and potential events. The Company does not undertake to update any forward-looking statement, whether written or oral, that may be made from time to time by the Company or on our behalf, except as required by law.

### **Highlights for the period ended October 31, 2011 and subsequent events up to December 15, 2011**

- The Company announced complete results for 2011 exploration at the Midway gold property, South Carolina, including the identification of anomalous gold and molybdenum mineralization and related alteration zones at several targets. Further drilling is required to fully evaluate these and other priority targets;
- The Company increased its land holdings in the Ridgeway area of South Carolina, to over 1,300 acres in eighteen properties located along strike to the east of the past producing Ridgeway gold mine. A geochemical survey on one of the properties has defined a prominent gold anomaly coincident with a known gold showing, indicating potential to further expand this showing and also confirming the effectiveness of the Company's geochemical survey techniques;
- The Company continued with evaluation of the gold potential of over 130,000 acres of private property in the southeastern United States;
- The Company announced final results from a 1,400 m drilling program at the Parker gold mine property, North Carolina;
- Xstrata Copper Canada completed a nine hole drilling program on the Company's Inza copper-gold property, British Columbia. Drilling confirmed the presence of copper porphyry mineralization associated with a 2,000 m IP chargeability anomaly;
- Westhaven Ventures completed a seven hole, 614.78 m drilling program at the Company's Shovelnose gold property, British Columbia;
- The Company announced the discovery of Cu-Au-Ag mineralization at the company's Piltz Mountain property, British Columbia including a 2,000 m long gold-in-soil geochemical anomaly and prospecting rock samples ranging from background values up to highs of 0.75% Cu, 1.1 g/t Au and 544 g/t Ag;
- The Company announced the discovery of Cu-Ag mineralization at the Company's Mons Creek property, British Columbia including a 1,200 m copper-in-soil geochemical anomaly and prospecting rock samples ranging from 0.15% Cu to 1.5% Cu;

A summary of the exploration activities for the Company follows, as well as a description of other corporate activities. These summaries include some discussion of management's future exploration plans. The reader is cautioned that actual results, performance or achievements may be materially different from those implied or

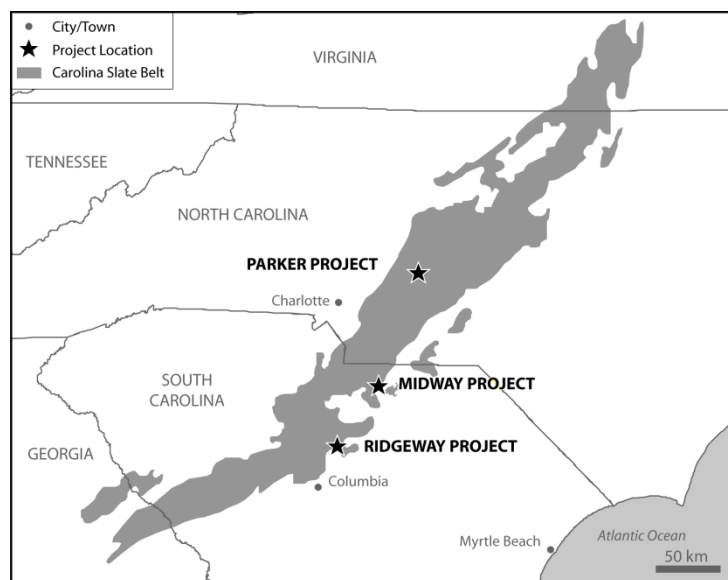
expressed in these statements. The Company's exploration programs are subject to change from time to time, based on the analysis of results and changing corporate priorities, exploration targets and funding considerations.

### **Exploration Update**

Unless otherwise stated below, the Company's gold and base metal exploration activities are conducted under the supervision of David Gale, P.Geo.(BC), P.Geo.(NT/NU), Vice-President of Exploration for the Company and a "Qualified Person" under National Instrument ("NI") 43-101.

During the nine months ended October 31, 2011, the Company focused its efforts and resources on exploration activities in the Carolina slate belt of the southeastern United States. The Company also continued to evaluate its other mineral property holdings, including the Snowbird and Nickel King nickel-copper properties in the Northwest Territories and Saskatchewan, as well as the Chilcotin, Inza and Shovelnose gold and copper-gold properties, British Columbia.

### **Carolina Slate Belt Gold Properties – Southeastern USA**



During the nine months ended October 31, 2011, the Company continued to focus its resources on evaluating the Midway gold project and acquiring additional exploration properties within the Carolina Slate Belt ("CSB") in the southeastern United States. The CSB is host to a number of past producing mines including Rio Tinto's Ridgeway mine which had total gold production of approximately 1.5 million ounces. The Company's Midway gold project (described below) is located between and along strike from Romarco Mineral's Haile gold mine and Buzzard exploration properties. Current measured and indicated resources reported by Romarco for the Haile gold mine consist of 3.1 million ounces gold with additional inferred resources of 1.1 million ounces gold, and the deposit is currently in the mine permitting stage.

The Company's activities in the southeastern United States currently consist of three components:

1. Evaluation and continued acquisition of properties within the Midway project along the Haile-Brewer gold trend in South Carolina;
2. The identification and acquisition of historic gold showings or mines within the CSB including the Company's Ridgeway and Parker gold mine properties (described below); and
3. A regional evaluation of the CSB for new, greenfields gold targets.

The Company's exploration activities in the southeastern United States are conducted through Palmetto State Gold, Inc. ("Palmetto"). Palmetto is a wholly owned subsidiary of the Company, incorporated in South Carolina, USA.

### **Midway Project – South Carolina, USA (Au)**

During the nine months ended October 31, 2011, the Company continued to evaluate and expand the Midway gold project, South Carolina, USA. The project consists of thirty-one option agreements with twenty-nine private land owners covering over 3,500 acres within the Haile-Brewer gold trend. The Haile-Brewer trend extends for over 15 kilometres between the past-producing Haile and Brewer gold mines located within the volcanic and sedimentary rocks of the CSB.

The Midway project includes 1) over 1,700 contiguous acres covering a 2.5 kilometre strike length in the middle of the Haile-Brewer gold trend; 2) approximately 100 acres adjoining the northeastern boundary of the Haile gold mine

property, directly along strike from Romarco's Haile gold mine property; and 3) over 1,000 contiguous acres directly adjoining the past producing Brewer gold mine to the east and the Buzzard exploration properties of Romarco and Firebird Resources to the southwest. Despite their location along strike from and in close proximity to the Haile and Brewer properties, extensive coastal plain sand deposits cover most of the Midway properties, and, as a result, comparably little past exploration work has been conducted in this area. Importantly, at the Haile gold mine, Romarco has discovered significant gold mineralization beneath the coastal plain sands, including intercepts of 60.7 m grading 11.9 g/t gold and 148.3 m grading 3.6 g/t gold at the Horseshoe deposit. Mineralization at the Horseshoe deposit confirms the potential of the CSB to host additional high grade gold mineralization along strike from the Haile gold mine beneath the coastal plain sands.

The Company has used geochemical survey techniques as a key exploration tool at Midway. Over 2,800 geochemical samples have been collected to date and fifteen discrete geochemical targets have been identified. During the current period, the Company completed a ten hole (1,949 m) exploration drilling program intended to test five of the fifteen target areas. At four of the targets, drilling intersected variable widths (centimetre scale up to 32.4 metres) of hydrothermal, sericite-silica-pyrite alteration. Molybdenite and chalcopyrite mineralization is associated with these alteration zones and gold values are locally elevated (from background up to 375 ppb). Drilling of the fifth target was terminated early due to challenging drilling conditions. Four of the five tested targets were located beneath ten to fifteen metres of unconsolidated sand cover. Management is encouraged by the identification of hydrothermal alteration and pathfinder element mineralization with this first phase of drilling as it confirms that a mineralized system is present and further drilling is required to fully evaluate these targets.

In September 2011, the Company completed additional infill surface geochemical surveys that have further confirmed and defined the highest priority targets. The Company is planning an overburden drilling program intended to rapidly test each geochemical target with multiple, shallow (<200 feet) drill holes in an effort to better define the complex geology underlying the sand deposits and identify potential mineralization. Results of the overburden drilling and the recent detailed geochemical surveys will be used to prioritize drill targets for a second phase of diamond drilling planned for 2012.

The terms of the option agreements covering the Midway project include certain annual cash payments to the landowners. To keep the existing property option agreements in good standing, the Company must make annual payments of up to US\$340,862 during calendar 2012. Please see Note 8 of the condensed interim consolidated financial statements for the nine months ended October 31, 2011 for more details regarding the Company's option payments for the Midway project properties. Upon exercising each of the options, the Company will either purchase each subject property or enter into a long term mining lease. The properties will be subject to a gross overriding royalty to the current land owners.

#### Ridgeway project – South Carolina, USA (Au)

During the period ending October 31, 2011, the Company increased its land position in the Ridgeway project area, South Carolina to over 1,300 acres (18 properties) located between two and five kilometres along strike to the east of Rio Tinto's past producing Ridgeway gold mine. The Ridgeway mine produced approximately 1.5 million ounces of gold during mining in the 1980's and 1990's.

Two of the properties have seen past exploration work, with historic drill results that include gold assays ranging from background values up to 2.3 g/t over 25.9 m from a mineralized zone estimated to be at least 250 m long (the Lloyd zone). An initial geochemical survey completed by the Company has confirmed a prominent 300 m by 350 m geochemical anomaly over the Lloyd zone and also identified a second, 200 m by 300 m anomaly located 600 m to the southwest.

Terms of the Ridgeway area agreements are similar to the previously announced agreements at Midway and include certain annual cash payments and, upon exercising an option, the Company will either purchase the subject property or enter into a long term mining lease. The properties will be subject to a gross overriding royalty to the current land owners.

### Parker gold mine – North Carolina, USA (Au)

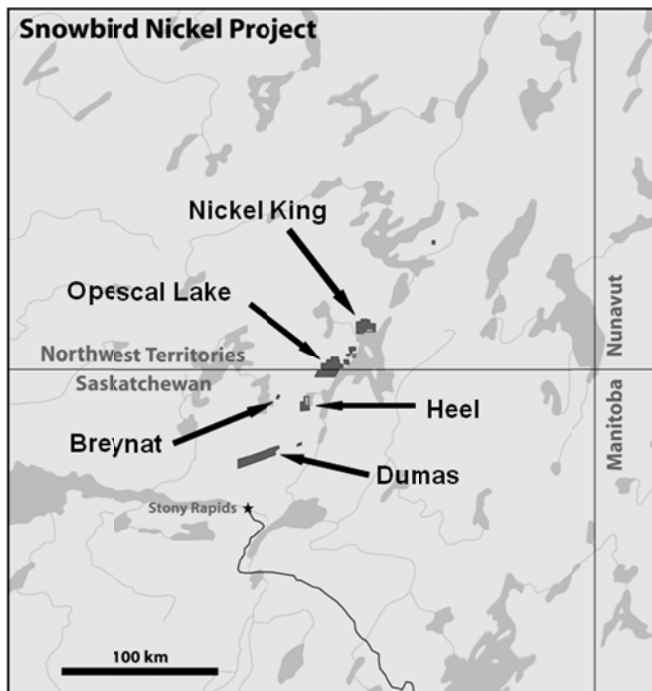
During the nine months ended October 31, 2011, the Company entered into an option agreement with a private land owner to acquire the historic Parker gold mine located within the Gold Hill mining district of North Carolina, USA. Gold Hill is considered the most productive gold producing region of North Carolina with estimated past production of at least 160,000 ounces. The Parker mine property consists of approximately 300 acres zoned for heavy industrial use, including a mining permit issued by the North Carolina Department of Environment and Natural Resources. The Parker mine option agreement allows the Company to retain an option to purchase the Parker mine property by making payments of US \$120,000 to the current owner over a 30 month period (US \$80,000 in the first year). Upon exercising the option, Palmetto can purchase the property for a maximum price of US \$10.3 million. The property will also remain subject to a 1.5% gross overriding royalty.

The Parker mine property had never been tested by geophysical surveys or diamond drilling, and in July, 2011, the Company completed an initial 1,400 m, eight hole exploration drilling program intended to test the historic Parker mine workings. Eight holes were completed during the program, seven testing below the historic workings and a single hole testing a separate geochemical target. All eight holes encountered narrow zones of weak to moderate silicification and quartz veining. Gold mineralization (ranging from 100 ppb gold up to 9,643 ppb gold) was generally restricted to narrow intervals of less than 2.5 m. The lack of a broad alteration system accompanying gold bearing quartz veins within the project area is disappointing, and no further work is planned for the property and the underlying agreement will be terminated. In anticipation of terminating the Parker mine option agreement, the Company has written off acquisition and exploration expenditures totaling \$344,080 on the property.

### Regional Exploration – Southeastern United States (Au)

The Company has reached agreements with several private land owners allowing access to approximately 130,000 acres of land within the southeastern United States. The purpose of these access agreements is to allow the Company to explore and evaluate large areas of prospective geology that have previously seen limited to no past exploration work. To date, the Company has completed initial high level evaluations of approximately 88,000 acres, including the collection of over 3,700 geochemical samples. A number of target areas have been identified by this regional work and property acquisition efforts are underway. Ongoing evaluation of the remaining areas will occur concurrently with exploration programs at the Midway project.

### Snowbird Nickel Project Properties – Northwest Territories & Saskatchewan



The Company's nickel exploration strategy is focused on investigating the potential of the southern Snowbird Tectonic Zone ("STZ") to host magmatic Ni-Cu-Co deposits. The STZ is a major crustal scale structure that can be traced for over 2,800 km from the Rocky Mountains in southern Alberta to Hudson Bay in Nunavut and represents an underexplored region prospective for magmatic nickel sulphide deposits. Exploration work completed by the Company has confirmed that numerous mafic-ultramafic intrusions are located along the STZ. Some of these intrusions are known to host nickel-copper sulphide mineralization, including the Company's **Nickel King** deposit, Northwest Territories. Other magmatic nickel deposits located along the STZ include the past producing Rankin Inlet Nickel Mine and the advanced stage Ferguson Lake Ni-Cu-Co-PGE deposit in Nunavut, as well as the Axis Lake occurrence in Saskatchewan.

The Company's Snowbird nickel project incorporates approximately 40,000 ha of mineral

claims and mining leases located along a 185 km strike length of the southern STZ, straddling the Saskatchewan-Northwest Territories border. These properties include the Nickel King project area, as well as the Dumas, Heel, Breynat and Opescal Lake project areas. The Company maintains a 100% interest in each of the properties.

The Company continues to evaluate opportunities to finance continued exploration of the Snowbird and Nickel King projects.

#### Nickel King Project - Northwest Territories

The Company's principal nickel property is the 7,642 ha Nickel King project located in the STZ in the southeastern corner of the Northwest Territories, approximately 135 km northeast of Stony Rapids, Saskatchewan. The project hosts the Nickel King Ni-Cu-Co sulphide deposit where mineralization is hosted within two stacked, south dipping norite sills and has been traced over a strike length exceeding 2,600 m. Initial metallurgical studies indicate the deposit is amenable to traditional processing techniques and capable of producing a final concentrate with grades of 16.5% Ni, 4.2% Cu and 0.74% Co at recoveries of 78.4% (Ni), 89.1% (Cu) and 63.5% (Co). The deposit hosts a NI 43-101 compliant resource of 11.11 million tonnes grading 0.4% Ni, 0.10% Cu and 0.018% Co in the indicated category and 33.06 million tonnes grading 0.36% Ni, 0.09% Cu and 0.018% Co in the inferred category. In an effort to quantify the potential to increase the size of the Nickel King deposit, the Company estimates that between 10 and 27 million tonnes of potential mineral deposits ("PMD") occupy gaps within the NI 43-101 compliant resource estimate where there is insufficient drilling to classify an inferred resource. The June 2, 2010 NI 43-101 technical report on the Nickel King project, authored by PEG Mining Consultants, is available for viewing under the Company's profile at [www.sedar.com](http://www.sedar.com) or can be downloaded from the Company's website at [www.strongbowexploration.com](http://www.strongbowexploration.com).

Company management believes the Nickel King deposit is significantly larger than the current resource estimate and could be increased in each of three ways:

1. Through infill drilling within the extent of the current NI 43-101 resource estimate to test areas where the PMD are currently estimated to be located;
2. By expanding the size of the deposit through step out drilling along strike and up dip from the current NI 43-101 resource estimate; and
3. By discovering new Ni-Cu deposits within the Nickel King area and further to the south within the Snowbird project area.

Company management also believes significant potential remains to increase the size of the Nickel King deposit outside of the current resource model. Geophysical and structural modeling suggests that Nickel King mineralization may extend a further 600-700 m along strike to the southwest of the current limit of drilling. The deposit also remains open up dip and along strike to the east, where geophysical surveys suggest mineralization could extend a further 250 m.

The Company's interest in the Nickel King project is subject to two royalties totaling 5% that are payable on production from a portion of the property. The Company may purchase a 3% royalty from one of the royalty holders for \$1,500,000. The Company can also purchase half of the remaining 2% royalty from the second royalty holder for \$2,500,000. If the Company made both purchases, two of the mineral claims that comprise the property would remain subject to a 1% royalty.

#### Opescal Lake, Heel, Breynat and Dumas Projects – Saskatchewan/Northwest Territories

The Opescal Lake, Heel, Breynat and Dumas projects comprise the remainder of the Company's Snowbird nickel project properties. Mapping and prospecting surveys of the properties have identified a number of mafic and ultramafic intrusions (norite, pyroxenite, peridotite and gabbro) coincident with, or in close proximity to, identified geophysical and geochemical anomalies. Important nickel-copper sulphide mineralization has been discovered on the Opescal, Heel and Dumas properties, supporting the Company's belief that the southern STZ could host a series of magmatic nickel-copper-PGE sulphide deposits.

## **British Columbia Gold and Gold-Copper Properties**



### **Inza Property – British Columbia (Cu-Au-Mo)**

The Inza porphyry copper gold prospect is located in the Fort St. James area of the Quesnel Trough, in central British Columbia. The 6,104 ha property is located approximately 54 km northwest of Fort St. James and is accessible by a series of logging roads. The Mount Milligan deposit, currently undergoing mine development, is located 40 km to the northeast of the property and the Kwanika deposit is situated 87 km to the northwest. Mineralization at both of these deposits is similar in style to that being targeted at Inza.

In April 2011, the Company entered into an agreement with Xstrata Copper Canada Inc. (“Xstrata”), allowing Xstrata the option to earn up to a 75% interest in the Inza property. In November 2011, the Company reported that Xstrata had forwarded results of the 2011 exploration program. From July to September 2011,

Xstrata completed 1,700 metres of drilling in nine drill holes, 40 km of ground IP geophysical surveys, the collection of over 400 soil geochemical samples, as well as geological mapping and prospecting surveys. Initially, a 1,000 m drilling program was planned, however the overall program was expanded considerably based on initial positive drilling results.

Exploration work tested a thirty-five square kilometre area that encompasses two distinct magnetic anomalies. Drilling confirmed that the northwestern magnetic anomaly is associated with a feldspar-hornblende porphyry that intrudes a mixed sequence of Takla Group intermediate volcanic and fine grained sedimentary rocks. The porphyry is comprised of multi-stage intrusive phases and breccias, and consistently contains disseminated pyrite (up to 3%) with local concentrations of visible chalcopyrite and molybdenite. Volcanic and sedimentary wall-rocks are typically hornfels-altered proximal to the porphyry and contain up to 5% disseminated and veined pyrite. Elevated copper, gold and/or molybdenum values were intersected in six of the nine drill holes with values ranging from detection up to highs of 0.12% Cu, 2.2 g/t Au and 0.10% Mo. The bulk of anomalous copper values (defined as >90<sup>th</sup> percentile) were returned from drill holes testing the northern magnetic anomaly. In particular, drill hole Inza-11-05 returned a 42.5 m zone of elevated copper values within hornfels altered intermediate volcanic rocks. Importantly, this mineralized zone is located at the northern end of an IP chargeability anomaly that extends for over 2,000 metres and coincides with the northwestern magnetic high anomaly. Xstrata has indicated that planning is underway for additional ground and airborne geophysical surveys in advance of a 2012 drilling program intended to further test the deep potential of this porphyry system.

Under the terms of the option agreement, Xstrata may earn an initial 51% interest by making staged cash payments to the Company totaling \$100,000 (\$25,000 received) and incurring cumulative exploration expenditures totaling \$1.1 million over a 4 year period. Upon vesting at a 51% interest in the property, a joint venture will be formed and Xstrata will maintain the right to earn a further 24% interest (75% interest total) by funding the completion of a pre-feasibility study and a feasibility study or incurring \$20 million in expenditures towards the completion of a prefeasibility study and a feasibility study on the property.

### **Shovelnose Property (Au-Ag)**

The Company’s Shovelnose gold property is located approximately 175 km east of Vancouver and 30 km south of Merritt along the Coquihalla Highway, which crosses the northwestern corner of the property. The property covers prospective stratigraphy in the southern portion of the Spences Bridge Gold Belt. Gold mineralization, in the form of a series of massive to colloform banded quartz veins and local vein breccia zones, has been identified at several locations within the property, including the Line 6 and Mik showings, where the veins are hosted within moderately to strongly altered felsic volcanic rocks.

In January 2011, the Company announced the signing of an option agreement with Westhaven Ventures Inc. (“Westhaven”) whereby Westhaven can earn up to a 70% interest in the property. In August 2011, Westhaven commenced an initial exploration program at the property and in October the Company announced that the property had been expanded to approximately 16,000 ha. Westhaven collected approximately 1,000 soil samples and 169 prospecting rock samples and also completed initial 7 hole, 614.78 m drilling program. Final assay results from this program are pending.

Under the terms of the option agreement, Westhaven can earn an initial 51% interest by i) incurring \$1.5 million in exploration expenditures over a three year period, including a firm commitment to spend \$250,000 in the first year of the agreement, and ii) issuing a total of 300,000 common shares to the Company including 100,000 common shares within 5 business days of Exchange approval of the option agreement (received). Within 12 months of having earned its 51% interest in the property, Westhaven will have the option to earn an additional 19% interest (bringing its total property interest to 70%) by i) issuing an additional 500,000 shares to the Company, and ii) incurring an additional \$1.5 million in exploration expenditures. Westhaven and the Company are related by virtue of a common director.

The 2011 exploration program at Shovelnose was supervised by Kristopher J. Raffle, P. Geo (BC) Senior Geologist for APEX Geoscience Ltd. of Edmonton, AB, who is the qualified person for the project as defined by National Instrument 43-101.

#### Piltz Mountain and Mons Creek Properties (Au-Cu)

During the nine months ended October 31, 2011, the Company continued its evaluation of the Piltz Mountain and Mons Creek exploration properties in the Chilcotin region of south central British Columbia (collectively referred to as the “Chilcotin properties”). The Chilcotin properties are situated 90 km southwest of the regional centre of Williams Lake and have excellent access that benefits from a network of logging roads. Brief exploration programs were completed during August, including soil geochemical surveys and prospecting.

At Piltz Mountain, exploration work followed up prospecting rock sample results from 2010 that returned from background values to 0.75% Cu and 0.45 g/t Au. In 2011, a total of 186 soils, 12 stream sediment and 3 rock samples were collected from the property and have helped define several priority copper and gold targets. Two gold-in-soil anomalies, with locally coincident molybdenum, have been identified. The largest of the anomalies extends for 2,000 m and is distinctly associated with an Eocene-aged, tonalite intrusion. Rock samples from the same area returned from detection to maximum values of 0.75% Cu, 1.1 g/t Au and 544 g/t Ag. Mineralization is related to disseminated copper sulphides within the intrusive country rocks and quartz veins. All anomalous rock samples are either in float or subcrop. There is no history of trenching or drilling on the property.

At Mons Creek, a total of 55 soil samples and 5 rock samples were collected in areas targeted for follow up from the 2010 silt sampling program. Results from this work have defined a copper-in-soil anomaly that extends for approximately 1,200 metres. Five rock samples collected proximal to this soil anomaly returned from **0.15% to 1.54% Cu** and from detection to **25 g/t Ag**. Mineralization has been identified in outcrop and subcrop over a 250 m long north-striking trend, and is hosted in both disseminated sulphide-bearing granites and cross-cutting quartz veins.

Management is very pleased with these 2011 program results. Planning is underway for a 2012 exploration program that will include follow up grid geochemical sampling and geophysical and bedrock mapping surveys.

#### Investment in North Arrow Minerals Inc.

North Arrow is a Canadian exploration company exploring for gold, base metal and diamond resources in North and South America. North Arrow and the Company have two directors in common. As of October 31, 2011, the Company continues to hold 4,819,609 shares of North Arrow as a result of a Plan of Arrangement completed by the Company and North Arrow on May 9, 2007. This amount presently represents approximately 9.1% of the outstanding shares of North Arrow as at December 15, 2011.



## **Results of Operations**

The Company's principal business activity is the acquisition and exploration of mineral properties in the United States and Canada. The Company currently has mineral property interests in the southeastern United States and the Canadian provinces of British Columbia, Saskatchewan, the Northwest Territories and Nunavut.

During the nine months ended October 31, 2011 (the "**Current Period**"), the Company recorded a net loss of \$1,611,651 (\$0.02 loss per share) as compared to a net loss of \$830,865 (\$0.01 loss per share) for the nine months ended October 31, 2010 (the "**Comparative Period**"). Comprehensive loss for the Current Period totaled \$1,867,483 as compared to \$819,357 in the Comparative Period. The main reasons for the Company's larger net loss in the Current Period are an increase in share-based compensation (Current Period - \$507,155; Comparative Period - \$119,796) and generative exploration costs (Current Period - \$302,071; Comparative Period - \$16,335). Administrative expenses, excluding generative exploration costs and share-based payments, increased in the Current Period to \$477,653 from \$374,098 in the Comparative Period.

The increase in administrative expenses in the Current Period results from both an increase in the number and size of exploration programs operated by the Company. Share based compensation had the largest impact on expenses (Current Period - \$507,155; Comparative Period - \$119,796) resulting from the grant of 1,710,000 stock options with a fair value of \$588,023 which is recognized over the vesting period of the options; followed by an increase in generative exploration costs (Current Period - \$302,071; Comparative Period - \$16,335) resulting from exploration activity in the United States; professional fees (Current Period - \$127,902; Comparative Period - \$115,036) due to legal fees related to the negotiation and execution of property option agreements and additional fees charged by the Company's auditor related to the conversion from CDN GAAP to IFRS; and advertising and promotion (Current Period - \$100,588; Comparative Period - \$46,498). Depreciation (Current Period - \$7,534; Comparative Period - \$12,517) and office, miscellaneous and rent (Current Period - \$57,719; Comparative Period - \$71,036) decreased from the Comparative Period. In contrast, the Company spent more on salaries and benefits (Current Period - \$135,092; Comparative Period - \$97,283), insurance related to the Company's US exploration activities (Current Period - \$31,244; Comparative Period - \$17,488), and regulatory and filing fees (Current Period - \$17,574; Comparative Period - \$14,220).

During the Current Period, the Company wrote-off accumulated acquisition and exploration expenses of \$344,097, as compared to \$394,038 in the Comparative Period. Other factors affected the Company's loss before taxes in the Current Period, including interest income (Current Period - \$16,930; Comparative Period - \$1,025), mineral exploration tax credits recognized as income (Current Period - \$2,395; Comparative Period - \$Nil), and a gain on the sale of marketable securities (Current Period - \$Nil; Comparative Period - \$72,377).

Total assets decreased to \$14,977,412 as at October 31, 2011 as compared to total assets of \$16,092,644 as at January 31, 2011. Mineral property costs, capitalized as assets, increased to \$13,436,569 as at October 31, 2011 from \$12,096,800 as at January 31, 2011. The Company reduced its capitalized exploration costs by \$113,585 (Comparative Period - \$19,694) to record B.C. mineral exploration tax credits of \$53,585 and property option payments received of \$60,000 consisting of cash (\$25,000) and common shares (\$35,000).

**Summary of Exploration Expense**

	January 31, 2011	Expended During The Period	Write-off of Costs and Recoveries	October 31, 2011
Gold and Base Metal Properties, British Columbia				
Exploration costs	\$ 50,693	43,319	(28,209)	65,803
Acquisition costs	83,090	5,227	-	88,317
Geological and assays	128,106	5,599	(8,557)	125,148
Office and salaries	<u>606,195</u>	<u>29,736</u>	<u>(76,835)</u>	<u>559,096</u>
	<u>868,084</u>	<u>83,881</u>	<u>(113,601)</u>	<u>838,364</u>
Gold and Base Metal Properties, NWT& NU				
Exploration costs	7,420,874	39,506	-	7,460,380
Acquisition costs	82,657	2,364	-	85,021
Geological and assays	252,728	-	-	252,728
Office and salaries	<u>1,120,581</u>	<u>18,466</u>	<u>-</u>	<u>1,139,047</u>
	<u>8,876,840</u>	<u>60,336</u>	<u>-</u>	<u>8,937,176</u>
Gold and Base Metal Properties, Saskatchewan				
Exploration costs	1,136,089	-	-	1,136,089
Acquisition costs	84,387	-	-	84,387
Geological and assays	20,161	-	-	20,161
Office and salaries	<u>234,324</u>	<u>681</u>	<u>-</u>	<u>235,005</u>
	<u>1,474,961</u>	<u>681</u>	<u>-</u>	<u>1,475,642</u>
Gold and Base Metal Properties, USA				
Exploration costs	235,854	842,170	(176,587)	901,437
Acquisition costs	375,025	369,859	(85,716)	659,168
Geological and assays	52,247	88,911	(25,791)	115,367
Office and salaries	<u>213,789</u>	<u>351,612</u>	<u>(55,986)</u>	<u>509,415</u>
	<u>876,915</u>	<u>1,652,552</u>	<u>(344,080)</u>	<u>2,185,387</u>
<b>TOTAL</b>	<b>\$ 12,096,800</b>	<b>1,797,450</b>	<b>(457,681)</b>	<b>13,436,569</b>

During the nine months ended October 31, 2011, the Company wrote-off \$344,097 (October 31, 2010 - \$394,038) relating to certain properties and recorded recoveries for B.C. mineral exploration tax credits of \$53,585 (October 31, 2010 - \$17,792) and other recoveries of \$60,000 (October 31, 2010 - \$1,902). Of the \$53,585 in BC mineral exploration tax credits received, \$2,395 has been included on the condensed interim consolidated statements of loss and deficit for the nine months ended October 31, 2011.

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral properties. The Company has investigated title to all of its mineral properties and, to the best of its knowledge, title to all of its properties is in good standing.

### Summary of Quarterly Results

The following table sets out selected unaudited quarterly financial information of Strongbow Exploration Inc. and is derived from the Company's unaudited quarterly financial statements prepared by management. The Company's interim financial statements are prepared in accordance with IFRS and are expressed in Canadian dollars.

Quarter Ending	Revenues	Earnings or (Loss) from Continued Operation and Net Income (Loss)	Basic Earnings (Loss) per share <sup>(1)</sup> from Continued Operation and Net Income (Loss)	Fully Diluted Earnings (Loss) per share <sup>(1)</sup> - from Continued Operation and Net Income (Loss)
October 31, 2011	\$ 3,165	\$ (713,658)	\$ (0.01)	\$ (0.01)
July 31, 2011	\$ 11,484	\$ (534,739)	\$ (0.01)	\$ (0.01)
April 30, 2011	\$ 4,676	\$ (363,252)	\$ (0.01)	\$ (0.01)
January 31, 2011 <sup>3</sup>	\$ 7,814	\$ (412,191)	\$ (0.01)	\$ (0.01)
October 31, 2010 <sup>3</sup>	\$ 339	\$ (611,606)	\$ (0.01)	\$ (0.01)
July 31, 2010 <sup>3</sup>	\$ 239	\$ (98,760)	\$ (0.00)	\$ (0.00)
April 30, 2010 <sup>3</sup>	\$ 448	\$ (120,377)	\$ (0.01)	\$ (0.01)
January 31, 2010 <sup>2</sup>	\$ 2,129	\$ (158,957)	\$ (0.00)	\$ (0.00)

- (1) Based on the treasury share method for calculating diluted earnings.  
(2) Canadian GAAP  
(3) Restated IFRS

### Current Quarter

During the three months ended October 31, 2011 (the “**Current Quarter**”), the Company's net loss totaled \$713,658, as compared to a net loss of \$611,606 in the three months ended October 31, 2010 (the “**Comparative Quarter**”). Administrative expenses at \$372,726 in the Current Quarter were higher than the Comparative Quarter expenses of \$234,168, with generative exploration costs experiencing the largest increase (Current Quarter - \$96,814; Comparative Quarter - \$Nil) due to generative exploration activities in the United States, share based compensation also increased significantly (Current Quarter - \$153,530; Comparative Quarter - \$83,331), due to the granting of 1,710,000 stock options in the previous quarter. During the Current Quarter, the Company recognized a gain (Current Quarter - \$Nil; Comparative Quarter - \$44,469) from the sale of marketable securities.

### Liquidity and Capital Resources

Working capital as at October 31, 2011 was \$1,392,026 as compared to \$3,790,773 at January 31, 2011. Cash and equivalents decreased by \$2,262,876 in the Current Period (Comparative Period -\$336,474), to \$731,244 as at October 31, 2011 (Comparative Period - \$459,249). Cash flow used in operations during the Current Period was \$836,328 (Comparative Period -\$250,642). The most significant changes in non-cash working capital items during the Current Period included a decrease in payables of \$47,513 and an increase of \$40,702 in prepaid expenses.

The Company's primary investing activity is the acquisition and exploration of mineral properties. During the Current Period, the Company spent \$1,833,949 (Comparative Period - \$581,052) to acquire and explore its mineral property interests and recorded a recovery to its capitalized exploration costs totaling \$113,585 (Comparative Period - \$19,694), which relates to the receipt of the B.C. mineral exploration tax credits refunds and other credits received during the Current Period. The Company's exploration activities during the Current Period focused on its gold properties in the US. In the Comparative Period, the Company received proceeds of \$481,693 (Current Period - \$Nil) from the sale of marketable securities.

During the Current Period, the Company received proceeds of \$288,781 from 772,500 stock options and warrants being exercised. As at October 31, 2011, the Company had 6,950,000 outstanding stock options with exercise prices that range from \$0.17 to \$0.6552 and 462,500 warrants outstanding at an exercise price of \$0.35, which subsequently expired without exercise in November 2011.

Although the Company had positive working capital of \$1,392,026 as at October 31, 2011, management expects that the Company will require additional financing to conduct further exploration programs on its properties and for future corporate and administrative expenses. The Company's cash and cash equivalents totaled \$731,244 as at

October 31, 2011; the fair value of the Company's marketable securities totaled \$653,799 as at October 31, 2011; most of the value of the Company's marketable securities is concentrated in its shareholding in North Arrow. Please see "*Investment in North Arrow Minerals Inc.*" above for additional information. Due to the size of the Company's shareholding in North Arrow, without significant liquidity for North Arrow, it would be difficult for the Company to sell all or a significant portion of its holdings in North Arrow without adversely affecting North Arrow's share price.

Actual funding requirements may vary from those planned due to a number of factors, including results from exploration activities and the Company's ability to raise additional funds at favourable terms. The Company's ability to generate cash is very much affected by the current market conditions, its share price and third party interest in its assets. In previous years, the Company was able to sell or option its non-core assets, or sell common shares received for these non-core assets, as one means to finance its operations and to further exploration on its mineral property interests. Despite an increase in commodity prices over the last several years, equity financings at the Company's stage of development can be challenging, and result in dilution to existing shareholders. Dilution to existing shareholders from an equity financing increases as the share price decreases. In addition, market volatility and economic uncertainties have the potential to make future financing challenging. The Company has no credit facilities that can be used for ongoing operations because it has no operating cash flow. The funds that the Company does have that aren't required immediately for exploration or overhead expenditures are invested for up to 90 days in Bankers' Acceptance ("BAs") or Bankers' Deposit Notes ("BDN's") to reduce the Company's exposure to credit risk or in Guaranteed Investment Certificates ("GICs") issued by a Chartered Bank and cashable without penalty after 30 days. The Company has no exposure to asset-backed commercial paper nor does the Company have any long-term debt.

The Company's most significant fixed costs relate to its lease for office space and then the costs associated with maintaining a TSX-V listing. The Company's minimum commitments for its premises and leased exploration equipment are approximately \$64,500 for calendar 2011. Please see the "Commitments" section below for further details. In addition, to keep its Midway and Ridgeway project properties in good standing, the Company must make cash option payments to the landowners of approximately US\$430,000 annually over the next five years. Failure to make these option payments could result in the loss of the Company's right to further explore or acquire these properties.

The Company has sufficient financial resources to keep its material landholdings and the majority of its non-material landholdings in good standing through to at least December 2012. With respect to the Company's Nickel King project, the current mining leases allow the Company to maintain the Nickel King Main Zone deposit for 17 years at an annual cost of \$5,883 per year. The Company's management actively manages its landholdings in an effort to keep landholdings with the greatest exploration potential in good standing for as long as possible. The Company's management regularly reviews its cash position against future plans and makes decisions regarding these plans accordingly. Exploration plans in 2011 were focused on the Company's Midway Project in South Carolina and the Parker gold property in North Carolina, in addition to generative exploration opportunities.

The Company's financial statements have been prepared on the basis that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. However, the Company has sustained substantial losses from operations since inception and has no current source of revenue. Continued operations of the Company are dependent on the Company's ability to complete equity financings or generate profitable operations in the future. The Company's financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

### **Risks and Uncertainties**

The Company's financial condition and future prospects are significantly affected by overall economic conditions. The Company has no source of operating revenue and relies on equity financings and, in recent years, the sale of marketable securities acquired from exploration option and purchase and sale agreements to finance its operations and in particular, to further exploration on its properties.

The current low interest rate environment means that interest income cannot materially offset the Company's general and administrative expenses. Historically, the majority of the Company's expenses have been denominated in Canadian Dollars, so its exposure to foreign exchange risk was limited. The Company's foreign exchange exposure has increased with the acquisition of mineral properties in the United States.

The Company has no exposure to asset-backed commercial paper through its short-term investments, which are invested in chartered bank-issued BA's or BDN's or GICs to minimize, to the extent possible, the Company's credit risk. The majority of the Company's receivables consist of sales tax receivables due from the federal government, receivables from companies with which the Company has exploration agreements or options and receivables from related parties. The maximum amount of the Company's exposure to credit risk with respect to its receivables is the carrying value of those receivables as at the balance sheet date.

The Company's management actively monitors its cash flows and made decisions and plans for 2011 accordingly. The Company's material mineral properties are all in good standing and the Company has sufficient financial resources to keep those properties in good standing into 2012. The Company regularly reviews its landholdings with a view to reducing or consolidating those landholdings to focus on specific areas of interest and exploration potential.

The Company has no long-term debt and, as of the report date, the Company has positive working capital, which will be used to continue to advance the Company's material exploration properties and for future corporate and administrative expenses. However, management expects future equity financings will be required.

### **Outstanding Share Data**

The Company's authorized capital is unlimited common shares without par value. As at December 15, 2011, there were 81,995,963 common shares issued and outstanding.

As December 15, 2011, the Company had the following options outstanding:

	Number of Shares	Exercise Price	Number Vested	Expiry Date
<b>Options</b>	990,000	0.6552	990,000	March 29, 2012
	845,000	0.4600	845,000	December 21, 2012
	1,575,000	0.1700	1,575,000	July 26, 2014
	1,760,000	0.2000	1,320,000	September 23, 2015
	70,000	0.4200	35,000	December 22, 2015
	1,710,000	0.5500	855,000	April 28, 2016

### **Transactions with Related Parties**

During the nine months ended October 31, 2011, the Company charged rent of \$16,000 (October 31, 2010 - \$18,000) to North Arrow, a company with two common directors.

Included in receivables are amounts due from North Arrow totaling \$16,218 (January 31, 2011 - \$22,510) for reimbursement of exploration expenditures and shared administrative expenses paid by the Company on North Arrow's behalf.

The remuneration of directors and other key management personnel during the nine month period ending October 31, 2011 was as follows:

	<b>Nine Months Ended October 31, 2011</b>	Nine Months Ended October 31, 2010
Salaries <sup>1</sup>	\$ 222,917	\$ 193,705
Share-based payments <sup>2</sup>	<b>438,438</b>	170,034
<b>Total</b>	<b>\$ 661,355</b>	\$ 363,739

1 – When key management is working specifically on mineral properties their time is capitalized against the mineral property.

2 - Share-based payments are the fair value of options that have been granted to directors and key management personnel.

### **Changes in Accounting Policy Including Initial Adoption of IFRS**

The Current Quarter is the third reporting period that condensed consolidated interim financial statements have been prepared in accordance with IFRS, and specifically, in accordance with IAS 34 – Interim Financial Reporting. The Company adopted IFRS in accordance with IFRS 1, First-time Adoption of International Financial Reporting Standards (“IFRS 1”) as of February 1, 2011. The first date at which IFRS was applied was February 1, 2010 (the “Transition Date”).

The Company’s accounting policies adopted under IFRS are presented in Note 3 of the condensed interim consolidated financial statements for the three months ended April 30, 2011. The statements of financial position, loss and comprehensive loss, statements of changes in equity and cash flows are all presented in accordance with IFRS.

IFRS 1, First-time Adoption of International Financial Reporting Standards (“IFRS 1”) sets forth guidance for the initial adoption of IFRS. Under IFRS 1, the standards are applied retrospectively at the transitional statement of financial position date with all adjustment to assets and liabilities taken to retained earnings unless certain exemptions are applied. The Company has applied the following exemptions to its opening statement of financial position dated February 1, 2010:

**a) Business Combinations**

IFRS 1 indicates that a first-time adopter may elect not to apply IFRS 3, Business Combinations retrospectively to business combinations that occurred before the date of transition to IFRS. The Company has chosen this election and will apply IFRS 3 to business combinations prospectively from the Transition Date.

**b) Share-based Payment Transactions**

IFRS 1 encourages, but does not require, first-time adopters to apply IFRS 2 Share-based Payment to equity instruments that were granted on or before November 7, 2002, or equity instruments that were granted subsequent to November 7, 2002 and vested before the later of the date of transition to IFRS and January 1, 2005. The Company has chosen to only apply IFRS 2 to equity instruments granted after November 2, 2002 which have not vested as of the Transition Date.

**c) Estimates**

In accordance with IFRS 1, an entity’s estimates under IFRS at the date of transition to IFRS must be consistent with estimates made for the same date under previous GAAP, unless there is objective evidence that those estimates were in error. The Company’s IFRS estimates as of February 1, 2010 are consistent with its Canadian GAAP estimates for the same date.

### **Reclassification Within Equity Section**

As at February 1, 2010 the “contributed surplus” account was reclassified to “share-based payment reserve” and the “accumulated other comprehensive income” account was reclassified to “investment revaluation reserve” as terminologies differ under IFRS.

Differences between Canadian GAAP and IFRS have resulted in adjustments to the Company’s capitalized mineral property balances and its equity accounts. Under IFRS, mineral property expenditures cannot be capitalized until the legal right to explore the property has been obtained. As a result, the Company has reduced the carrying value of its capitalized mineral property costs by \$347,085 as of the February 1, 2010 transition date. The presentation of Capital and Reserves on the interim consolidated condensed statements of financial position is presented differently under IFRS. Terms such as “contributed surplus” and “accumulated other comprehensive income” have been replaced with “share-based payment reserve” and “investment revaluation reserve”. Furthermore, the valuation of stock options differs under IFRS. Such differences require the Company to estimate forfeitures due to the termination or expiry of options as well as to recognize share-based payment expense using a graded vesting method. Previously under Canadian GAAP, the Company used a straight line method to recognize stock-based compensation expense. As a result, the Company has increased its share-based payment reserve account, with a related increase in the deficit, by \$58,278 as of the February 1, 2010 transition date. As at the February 1, 2010

transition date, the Company's deficit increased from \$11,515,332 under Canadian GAAP to \$11,920,695 under IFRS; capitalized mineral property costs decreased from \$11,784,512 to \$11,437,427 and share-based payment reserve increased from \$3,296,908 to \$3,355,186. Similar adjustments were made to the January 31, 2011 balances: the Company's deficit increased from \$12,758,701 under Canadian GAAP to \$13,147,416 under IFRS as at January 31, 2011; capitalized mineral property costs decreased from \$12,414,460 to \$12,096,800 and share-based payment reserve increased from \$3,571,488 to \$3,642,543.

Please see Note 14 of the condensed interim consolidated financial statements for the nine months ended October 31, 2011 for a complete summary of reconciliations between Canadian GAAP and IFRS for the three and nine months ended October 31, 2010.

### **Commitments**

The Company is committed to minimum future lease payments for office premises through January 31, 2016 and leased office equipment through to January 31, 2017 as follows:

Fiscal year ending January 31, 2012	\$ 63,446
Fiscal year ending January 31, 2013	\$ 62,904
Fiscal year ending January 31, 2014	\$ 62,904
Fiscal year ending January 31, 2015	\$ 62,904
Fiscal year ending January 31, 2016	\$ 62,904
Fiscal year ending January 31, 2017	\$ 8,778

The Company's lease costs may be reduced due to recoveries through sub-leases.

### **Off-Balance Sheet Arrangements**

Not applicable.

### **Financial Instruments**

The Company's financial instruments consist of cash and equivalents, marketable securities, receivables, and accounts payable and accrued liabilities. Cash and equivalents are carried at fair value using a level 1 fair value measurement. The carrying value of receivables, accounts payable and accrued liabilities approximate their fair values due to their immediate or short-term maturity. Marketable securities are recorded at fair value based on the quoted market prices in active markets at the balance sheet date, which is consistent with level 1 of the fair value hierarchy.

The Company is exposed to a variety of financial risks by virtue of its activities, including credit risk, interest rate risk, liquidity risks, foreign currency risk, and equity market risk. The Company's objective with respect to risk management is to minimize potential adverse effects on the Company's financial performance. The Board of Directors provides direction and guidance to management with respect to risk management. Management is responsible for establishing controls and procedures to ensure that financial risks are mitigated to acceptable levels.

#### *Credit risk*

Credit risk is the risk of financial loss to the Company if a counter-party to a financial instrument fails to meet its contractual obligations. The Company manages credit risk by investing its excess cash in short-term investments with investment grade ratings, issued by a Canadian chartered bank. The Company's receivables consist primarily of sales tax receivables due from the federal government and receivables from companies with which the Company has exploration agreements or options. The maximum exposure to credit risk at the reporting date is the carrying value of the Company's receivables and cash and equivalents.

#### *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Financial assets and liabilities with variable interest rates expose the Company to interest rate risk with respect to its cash flow. The risk that the Company will realize a loss as a result of a decline in the fair value of any short-term investment included in cash and equivalents is limited because these investments, although readily convertible into cash, are generally held to maturity.

### *Liquidity risk*

Liquidity risk is the risk that the Company will not be able to meet its obligations as they become due. The Company's ability to continue as a going concern is dependent on management's ability to raise the funds required through future equity financings, asset sales or exploration option agreements, or a combination thereof. The Company has no regular cash flow from its operating activities. The Company manages its liquidity risk by forecasting cash flow requirements for its planned exploration and corporate activities and anticipating investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of annual budgets and significant expenditures and commitments. Failure to realize additional funding, as required, could result in the delay or indefinite postponement of further exploration and development of the Company's properties. As at October 31, 2011, the Company had cash and equivalents of \$731,244 available to settle current liabilities of \$122,392.

### *Foreign Currency Risk*

The Company has some exposure to foreign currency risk with its acquisition of mineral properties in the United States however, the majority of its assets and liabilities are denominated in Canadian dollars. The Company's exploration activities and ongoing land tenure expense in the United States make it subject to foreign currency fluctuations, which may affect the Company's financial position, and cash flows. The Company is affected by changes in exchange rates between the Canadian Dollar and the US dollar. The Company does not presently invest in foreign currency contracts to mitigate this risk, but may use this type of financial instrument in the future to mitigate its exposure to fluctuations in foreign exchange rates.

### *Equity market risk*

The Company is exposed to equity price risk arising from its marketable securities, which are classified as available-for-sale. The Company plans to sell its marketable securities as market conditions permit, or as is required to finance the Company's operations from time-to-time. There can be no assurance that the Company will be able to sell all or a portion of its shareholding in North Arrow without affecting the market for North Arrow's shares, due to the size of the Company's shareholding in North Arrow.

## **Capital Management**

The capital of the Company consists of the items included in capital and reserves. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company. The Company's objective for capital management is to plan for the capital required to support the Company's ongoing acquisition and exploration of its mineral properties and to provide sufficient funds for its corporate activities.

The Company's mineral properties are in the exploration stage. As an exploration stage company, the Company is currently unable to self-finance its operations. The Company has historically relied on equity financings and, more recently, asset sales or exploration option agreements, to finance its operations. In order to carry out the Company's planned exploration programs and to pay for administrative costs, the Company will spend its existing working capital and raise additional funds as required. To effectively manage the Company's capital requirements, the Company's management has in place a planning and budgeting process.

## **Additional Disclosure for Venture Issuers Without Significant Revenue**

Additional disclosure concerning the Company's general and administrative expenses and mineral property costs is provided in the Company's statement of financial position, statement of changes in equity, statement of loss and comprehensive loss and the mineral properties note contained in its audited consolidated financial statements for the years ended January 31, 2011 and 2010 prepared in accordance with CDN GAAP and in its condensed, interim consolidated financial statements for the nine months ended October 31, 2011 prepared in accordance with IFRS. These statements are available on SEDAR at [www.sedar.com](http://www.sedar.com).

## **Additional Information**

Additional information relating to the Company is on SEDAR at [www.sedar.com](http://www.sedar.com) and is available on the Company's website at [www.strongbowexploration.com](http://www.strongbowexploration.com).



**Approval**

The Board of Directors of the Company has approved the disclosure contained in this interim MD&A. A copy of this interim MD&A will be provided to anyone who requests it.