

# **ASTRAL MINING CORPORATION**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE NINE MONTHS ENDED DECEMBER 31, 2007**

### **Introduction**

The following management discussion and analysis and financial review, prepared as at February 27, 2008, should be read in conjunction with the Company's unaudited interim consolidated financial statements and related notes for the nine months ended December 31, 2007 and audited consolidated financial statements and related notes for the years ended March 31, 2007 and 2006. The consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP"). Except as otherwise disclosed, all dollar figures in this report are stated in Canadian dollars. Additional information relevant to the Company can be found on the SEDAR website at [www.sedar.com](http://www.sedar.com).

### **Forward Looking Statements**

Certain of the statements made and information contained herein is "forward - looking information" within the meaning of the Ontario Securities Act. Forward-looking statements are subject to a variety of risks and uncertainties which could cause actual events or results to differ from those reflected in the forward-looking statements, including, without limitation, risks and uncertainties relating to foreign currency fluctuations; risks inherent in mining including environmental hazards, industrial accidents, unusual or unexpected geological formations, risks associated with the estimation of mineral resources and reserves and the geology, grade and continuity of mineral deposits; the possibility that future exploration, development or mining results will not be consistent with the Company's expectations; the potential for and effects of labour disputes or other unanticipated difficulties with or shortages of labour; the inherent uncertainty of future production and cost estimates and the potential for unexpected costs and expenses, commodity price fluctuations; uncertain political and economic environments; changes in laws or policies, foreign taxation, delays or the inability to obtain necessary governmental permits; and other risks and uncertainties, including those described under Risk Factors Relating to the Company's Business in the MD&A for the year ended March 31, 2007 that can be found on the SEDAR website and in each management discussion and analysis. Forward-looking information is in addition based on various assumptions including, without limitation, the expectations and beliefs of management, the assumed long term price of gold; that the Company can access financing, appropriate equipment and sufficient labour. Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in forward-looking statements. Accordingly, readers are advised not to place undue reliance on forward-looking statements.

### **Company Overview**

The Company was incorporated under the Company Act (British Columbia) on February 12, 2004 and was transitioned under the Business Corporations Act (British Columbia) on November 1, 2004. On June 6, 2005, the Company changed its name from Amanda Resources Corp. to Astral Mining Corporation. The Company completed its initial public offering and on March 1, 2006 commenced trading on the TSX Venture Exchange ("TSXV") under the symbol "AST".

The Company commenced limited operations in February 2004; however, the year ended March 31, 2007 was the first active year of operations and exploration. The Company has entered into option agreements or acquired through direct staking, a number of properties located in Nevada, North Carolina and South Carolina, USA and British Columbia, Canada.

The Company is a junior mineral exploration company engaged in the business of acquiring, exploring and evaluating natural resource properties and either joint venturing or developing these properties further or disposing of them when the evaluation is completed. All of the Company's mineral property interests are located in Canada and USA.

The Company is currently reviewing mineral property interests in North America. As of the date of this MD&A, the Company has not earned any production revenue, nor found any proved reserves on any of its properties. The Company is a reporting issuer in British Columbia, Alberta and Ontario.

## Exploration Projects

### *Jumping Josephine Property, British Columbia*

In 2006, the Company entered into an option agreement with Kootenay Gold Inc. (“Kootenay Gold”) to earn a 60% undivided interest in the 11,785 hectare Jumping Josephine Property (“JJ Property”) located in the Nelson Mining Division of southern British Columbia. The JJ Property consists of mineral claims held 100% by Kootenay Gold and straddles Highway 3, north of the town of Rossland and west of Castlegar.

To fulfill the terms of the option agreement the Company must spend \$2.1 million on exploration, issue 400,000 shares (150,000 shares issued) and make \$97,000 in option payments over 5 years. Subsequent to exercise of the earn-in, the Company and Kootenay Gold will form a 60/40 joint venture. Funding of further work on the JJ Property will then be on a proportional basis under the direction of a management committee with voting rights proportional to ownership percentage. Either party may be diluted on the basis of a standard formula if they do not contribute to the planned programs. If either party is diluted to 5%, their interest will convert to a 2.5% NSR royalty, 2% of which can be purchased at any time for \$2 million by the surviving partner.

Gold mineralization is interpreted to be localized by several prominent north to north-northwest trending structural zones. Four main mineralized areas have been identified to date within a 15 by 10 kilometre area and are referred to as: JJ Main; JJ West; Pb-Zn; and Granville Mountain, which includes two historical prospects: the Albion and Dubrovnik veins. Another prospect, the Bonanza Pass, is located south of Granville Mountain. In 2006, the Company completed an airborne geophysical survey and carried out a surface exploration program, which included a first phase soil sampling, rock-chip and channel sampling at Bonanza Pass and Albion prospects and two phases of trenching at JJ Main. This work revealed extensive gold mineralization in the JJ Main zone, significant gold anomalies in the Bonanza Pass and Albion Prospects and three main anomalous soil zones over Bonanza Pass.

The Company completed two phases of drilling in 2007. Phase I drill program started in the spring of 2007 and targeted JJ Main (20 holes for 1431m), Bonanza Pass (2 holes for 643m) and Albion-Dubrovnik areas (9 holes for 553m). The subsequent Phase II drill program comprised 5101m in 38 holes on the JJ Main Gold Zone. Based on the encouraging results from the 2007 drilling an aggressive exploration program including significant further drilling, a 3D-IP geophysical survey and additional trenching and soil grids is being planned for 2008.

At the JJ Main discovery zone Phase I drilling was completed in 5 fences along 40m-spaced section lines, testing the gold-bearing quartz stockwork zone over a strike length of 180m and to a vertical depth in excess of 100m. The Phase II drill program included four infill holes (#37,38,39,42) and thirty-four step out holes to the north and south of Phase I drilling. Significant results for both phases of drilling at the JJ Main zone are included in the table below.

Hole Number	From (m)	To (m)	Width (m)	Au (g/t)
07JD001	6	16	10	9.95
07JD002	10	19	9	1.34
07JD013	46	65	19	7.01
07JD016	91	101	10	1.17
07JD032*	29	33	4	15.18
07JD034*	101	106	5	7.74
07JD043*	28	31	3	13.83
07JD046*	128	134	6	8.28
07JD048*	54	62	8	12.44
07JD051*	58	63	5	7.96
07JD068*	218	219	1	5.96

\* Phase 2 drilling

Gold mineralization hosted by structurally-controlled quartz stockwork veining has now been intersected along 15 section lines over a strike length of 700m and to vertical depths of up to 225m below surface. Current information indicates the JJ Main Gold Zone has an estimated true width of up to 12.6m as evidenced by hole 13. The stockwork zone remains open along both strike directions and to depth. Infill aeromagnetics, geological mapping and surface geochemistry suggest that the host structure for the mineralized stockwork at JJ Main may extend for over three kilometres.

Two NQ2 drill holes were completed at Bonanza Pass in order to test soil geochemical anomalies and gold bearing quartz veins observed in road cuts. Results from this prospect included 4.5m averaging 0.54 g/t gold from hole 07JD022. Also of note was anomalous molybdenum in 07JD021: 187.5m averaging 0.0035% Mo including 1.5m averaging 0.039% Mo.

Five holes at the historical Albion prospect and four at the adjacent Dubrovnik vein were also completed. Significant results for this work include 4.5m averaging 1.14 g/t gold from 07JD028 at the Dubrovnik prospect.

Phase I analytical results for JJ Main (holes 07JD001-020) are from 500g samples analyzed using the Metallic Gold method by Acme Laboratories (“Acme”) in Vancouver B.C. Re-assayed intervals from JJ Main were analyzed by 1kg Metallic Gold method at Analytical Laboratories Services Chemex (“ALS”) of North Vancouver using reject material from the original Acme work. Phase II assays (holes 07JD032-069) were completed using the 1kg Metallic Gold method at ALS. Bonanza Pass and Albion-Dubrovnik analyses were done by Acme and utilized 30g Fire Assay for gold and a 0.5g aqua regia digestion with ICP-MS analysis for a 36-element suite. Both laboratories are internationally-recognized analytical service providers. In addition to laboratory standards Astral Mining Corporation has included independently-prepared standards into the sample sequence to assure proper quality assurance/quality control (QA/QC).

The exploration work at Jumping Josephine was completed under the supervision of the Company’s Project Geologist Dale Brittliffe, B.Sc., P.Geo. Technical information has been reviewed by Dr. David Terry, P.Geo, Vice President Exploration and a Qualified Person as defined in National Instrument 43-101 (a “Qualified Person”).

### ***BlueBerry Property, British Columbia***

On June 4, 2007 the Company announced it had entered into an agreement to acquire a 100% interest in the 7,000 ha BlueBerry property located immediately east of the JJ Property. The property is considered strategic due to its location. A surface exploration program on the BlueBerry property is planned for 2008 to evaluate its mineral potential.

To earn a 100% undivided interest in the BlueBerry property the Company must issue a total of 140,000 shares (25,000 issued) and make cash payments totaling \$75,000 (\$15,000 paid) over four years to a private Canadian company. During the term of the option the Company must keep the properties in good standing. Upon exercise of the option the vendor will retain a 2.5% NSR. The Company has the right to purchase 2.0% of the NSR for a total of \$2 million. Under the terms of the Company's option agreement with Kootenay Gold, any properties acquired within 5 kilometres of the boundaries of the Jumping Josephine property must be offered to the other party for inclusion in the claims covered by JJ option agreement.

### ***Chenier Property, British Columbia***

On April 18, 2007 the Company announced that it had entered into an option agreement with Kootenay Gold to earn a 60% undivided interest in the 6,500 hectare Chenier Copper-Gold Project located in the West Kootenay region of southern British Columbia. The Chenier Project is located 30km north of Rock Creek and straddles the Greenwood-Osoyoos Mining Division boundary. The property covers a newly-discovered mineralized system with the characteristics of the upper level of an alkalic porphyry copper-gold/silver system including well zoned structurally controlled alteration and mineralization.

To fulfill the terms of the option agreement the Company must spend \$2.5 million on exploration over four years and issue up to 500,000 shares (150,000 issued) over a three year period. Should the property go into commercial production Kootenay Gold will receive an additional 200,000 shares of the Company. Subsequent to exercise of the earn-in, the Company and Kootenay Gold will form a 60/40 joint venture. Funding of further work on the Chenier Property will be on a proportional basis under the direction of a management committee with voting rights proportional to ownership percentage. Either party may be diluted on the basis of a standard formula if they do not contribute to the planned programs. If either party is diluted to 5%, their interest will convert to a 2.5% NSR royalty, 2% of which can be purchased at any time for \$2 million by the surviving partner.

In late April 2007, an AeroTEM helicopter-borne geophysical survey was completed on the Chenier Project. The 1000 line-kilometre airborne survey was flown by Aeroquest Limited of Mississauga, Ontario using an AeroTEM helicopter time-domain EM system. The survey was flown at a 100 metre line spacing to produce a high definition product. The Company carried out a surface exploration program in 2007 comprising primarily of soil sampling and is currently compiling and interpreting results to identify drill targets.

The analytical work to date on samples from the Chenier property was carried out by Acme. Work on the Chenier Project has been carried out under the supervision of Dr. Trygve Hoy, P.Eng., a Qualified Person, Dale Brittliffe, B.Sc., P.Geo. and Dr. David Terry, P.Geo, Vice President Exploration and a Qualified Person.

### ***JAG Property, British Columbia***

By agreement dated September 21, 2006, the Company agreed to option an undivided 100% interest in 90 claims located on the Nechako Plateau in North Central British Columbia (collectively the "JAG Properties"). The JAG properties are grass roots exploration properties. The Company must make payments to the optionor of \$1,000,000 (\$20,000 paid) and expend \$2,000,000 on the properties over a period of 5 years to maintain its option.

After two campaigns of exploration in 2007, Astral has terminated the JAG Property option resulting in a write-off of the property carrying value of \$80,336.

### ***Saluda and Bear Creek Projects, Carolina Slate Belt, North and South Carolina***

On March 12, 2007 the Company signed an option agreement with Gold Summit Corporation USA Inc. ("Gold Summit"), for a joint venture to explore for high-grade gold deposits in the Carolina Slate Belt. The agreement allows the Company to acquire an initial 51% interest in Gold Summit's properties within the designated gold districts by making an option payment of US \$10,000 (paid) and incurring total work expenditures of US \$300,000 (incurred) over a two year period, US \$100,000 within the first year.

After earning a 51% interest the parties will continue to jointly fund exploration in the two designated gold districts unless the Company exercises its further option to acquire a total 70% interest in any property by funding further exploration and completing a feasibility study. In addition, the Company has the option to acquire a total 80% interest in any property by placing a mine into production. Gold Summit's team of consultants in the Carolinas will operate the joint venture subject to budget and program approval by the Company.

The Carolina districts both contain old workings with outcropping "greenstone-style" quartz veining from which samples containing visible gold, confirmed by assay, have been obtained. The districts are referred to as the Saluda Project (South Carolina) and the Bear Creek Project (North Carolina).

#### **Saluda Project**

In Saluda County, South Carolina, 253 acres (102 ha) of land have been leased in the auriferous Carolina Slate Belt. This land surrounds a gold-quartz vein showing ("Main Vein" at "Prospect Pit"), exposed in historical trenches. A 150m by 100m gold in soil anomaly (the Rinehart soil anomaly) surrounds the area; grades of quartz grab samples range from 3.4 to 144 g/t gold and visible gold has been identified (December 13, 2006 Gold Summit News Release).

Core drilling on the Rinehart lease on the Saluda Project was carried out in late April 2007. A total of 525m in 6 holes were completed along a 135m long segment of a northwest-trending shear zone. Hole S1 (14.4 g/t Au over 2.16m and 7.8 g/t Au over 1.95m in duplicate intersections) and Hole S4 (17.8 g/t Au over 1.98m) intersected the Main Vein, respectively 55m and 75m northwest of the Prospect Pit. Where intersected, the Main Vein has an interpreted true width of 1.3m; it strikes to the northwest and dips at approximately 45° to the southwest. While the Main Vein does not appear to extend to the southeast, potential exists for extensions to the Main Vein down-dip and along strike to the northwest. Significant potential for parallel mineralized veins also exists.

A three hole program to follow up on the 2007 drilling is expected to commence in Q4 of fiscal 2008. It is designed to test down-dip of the high grade intercepts from 2007.

#### **Bear Creek Project**

In the Bear Creek project area of North Carolina a key 170-acre tract has been leased and more areas are being acquired to cover five linear gold-bearing quartz-sericite-pyrite alteration zones with associated gold-soil anomalies. Over the summer of 2007 geological mapping, rock and soil sampling as well as IP and ground magnetic surveys were carried out.

The Company is currently drilling a large gold in soil and rock chip anomaly approximately 400 metres long and 100 metres wide. Three core holes, totaling 1000 metres are planned to intersect un-weathered volcanic host rocks across the NE trending anomaly.

The anomaly is defined by rock chip grab samples assaying between 500 and 800 ppb (0.5-0.8 g/t) gold with high of 6 g/t gold. Soil values range between 50 ppb and 200 ppb gold and compare favourably with the 60 ppb gold soil anomaly that defined the southern ore zone at Ridgeway, a 1.7 million ounce deposit in South Carolina discovered in 1980.

All assays quoted above were by standard Fire/AA or Fire/Gravimetric methods performed at American Assay Laboratories in Sparks, Nevada ("American Assay"), an internationally-recognized analytical service provider. The drilling programs on the Saluda Project are overseen by Ronald D McDaniels, BSc., MSc., a registered Professional Geologist in the State of North Carolina, and a Qualified Person. Dr. David Terry, P.Ge., Vice President Exploration and a Qualified Person has also reviewed the above information.

### ***Gold Springs Project, Nevada***

By agreement dated March 17, 2004, and amended November 17, 2004, the Company agreed to option an undivided 100% interest in 127 claims located within the Stateline Mining District along the Nevada-Utah border (collectively the "Gold Springs Project").

Upon earning the 100% interest the Gold Springs Project will be subject to a 3% net smelter royalty ("NSR"). In addition, the Company will be required to pay US \$75,000 annually, commencing March 5, 2009, as an advance on the NSR. The Company has the right to purchase 1.5% NSR (the "NSR Buyback") for US \$1,500,000, less any advances paid by the Company.

The property comprises 127 claims and covers an area approximately three kilometres in an east-west direction by six kilometres in a north-south direction. The property is located within the Stateline Mining District along the Nevada-Utah border which had small-scale production from at least 13 high-grade narrow veins from the late 1800s through to the mid 1900s. Gold Springs is underlain by Tertiary-aged intermediate to felsic volcanic rocks that have demonstrated potential to host both precious metal deposits in high-grade narrow vein zones and quartz stockwork/disseminated bulk tonnage targets. Three main targets have been identified on the property: Jumbo, Jennie North and Etna.

In 2006 the Company completed an initial ten-hole 1,760m reverse circulation drill program testing the three main targets. Of the 10 RC holes completed, 8 were drilled in the Jumbo area (holes GS-06-01, 02, 03, 05, 06, 07, 08, 09), one hole in the Jennie North area (GS-06-04), and one hole in the Etna area (GS-06-10). The drill program has intersected narrow high-grade structures and wide zones of anomalous gold mineralization.

The Company is currently planning a 1,500m diamond drill program for fiscal 2009 to test two targets: 1) a deep (>300m) CSAMT anomaly beneath the Jumbo low sulphidation epithermal vein system and 2) the Jennie North anomaly.

A National Instrument 43-101 report on the Gold Springs Project authored by Gregory Smith, a Qualified Person, has been filed on the SEDAR website at [www.sedar.com](http://www.sedar.com).

The fiscal 2007 drilling program was carried out under the supervision of John Rice, C.P.G., a Qualified Person and all technical information has been reviewed by Dr. David A. Terry, P.Ge., Director and Vice President Exploration and a Qualified Person.

### ***Scraper Springs Property, Nevada***

On November 5, 2004, the Company entered into a letter agreement (the "Scraper Springs Agreement") with Nevada Eagle Resources and Sedi-met, Inc. ("Sedi-met"), pursuant to which the Company was granted a lease respecting the Scraper Springs claims 1-33 located in Elko Co., Nevada (the "Scraper Springs Property"). Subject to a 3% NSR, the Company has the right to retain the proceeds from the disposition of any minerals produced on the Scraper Springs Property during the term of the Scraper Springs Agreement. The Scraper Springs Property is located on the northern extension of the prolific Carlin Gold Trend in northwestern Elko County.

The Company terminated its option agreement on Scraper Springs on February 4, 2008 after completing a review of the

merits of the project resulting in a write-off of the property carrying value of \$170,605.

### ***Emmy Property, Nevada***

On October 11, 2004, the Company acquired through staking, 30 claims located in the Burner Hill area, Elko County, Nevada (the "Emmy Property"). The claims were staked by J. Rice Development Corporation ("JRD") on behalf of the Company. JRD was reimbursed for time and expenses incurred in staking the claims. Should the Emmy Property advance to production, JRD will maintain an underlying 1.5% net smelter royalty on the Emmy Property payable on a monthly basis on any gold or silver produced. Ownership of the claims will revert to JRD in the event the Company elects not to maintain the claims. The Company is required to pay all expenses associated with claim maintenance such as filing fees, annual assessment fees and notice of intent fees. Any contiguous claims staked will become part of the Emmy Property and will be subject to the same terms and conditions as the existing claims.

The Emmy Property lies 11 kilometres north of the Scraper Springs Property and 25 kilometres north-northwest of the Midas gold deposit. Emmy occurs in the same general geological environment as Scraper Springs and also has potential to host buried Carlin-type mineralization. No work was carried out on the property during fiscal 2007. Surface work comprising geological mapping, rock and soil sampling and ground magnetics is planned for fiscal 2009.

### ***REF Property, Nevada***

On October 16, 2004, the Company acquired, through staking, 34 claims located on the southern end of Battle Mountain - Eureka Trend, Nevada. The REF property is situated approximately 28 km south of the town of Eureka, Nevada, and covers an area 1 km by 3 km. The exploration target on the property is a carbonate-hosted disseminated gold deposit within the Nevada Formation and/or Pogonip Group. The Gold Bar deposit, located 50 km to the north of REF is hosted in similar Nevada Formation carbonates.

The REF property is underlain by carbonate rocks mapped as belonging to the Nevada Formation. Exposures of continuous to discontinuous massive calcite veins, ranging up to 15m in thickness, occur within a zone of sheared carbonate and calcite veining, up to 60m wide, extending over a strike length of greater than 2.7km along an east-facing range front near the pediment contact. Locally the calcite veining is replaced by red-coloured jasperoid. Gold values in 46 rock samples collected from the property by the Company since its initial staking range between <3 and 359 ppb gold and <0.1 to 11.9 ppm silver. Higher gold values are associated with jasperoidal zones within the carbonate-dominant vein system. A small knob of outcrop protruding through the pediment east of the range front has several small historical trenches and one shallow shaft.

Surface work programs comprising ground magnetics and soil sampling was carried out on the REF Property during the summer of 2006. Several combined geochemical-geophysical anomalies have been identified.

The Company intends to conduct a preliminary drill test of the main targets during the 2008 field season.

All analytical results of the REF property were carried out by American Assay. Work on the project was carried out under the supervision of John Rice, C.P.G., a Qualified Person. The technical information contained in this release has also been reviewed by Dr. David A. Terry, P.Geol., Vice President Exploration and a Qualified Person.

### ***Roy and Hills Properties, Nevada***

On June 9, 2006 the Company signed a Letter of Intent (amended on September 28, 2007) to option from Amera Resources Corporation ("Amera") the Roy and Hills properties, located in the prolific Walker Lane Mineral Belt of West Central Nevada, where past production has yielded more than 35 million gold equivalent ounces. Under the terms of this Letter of Intent, the Company may earn up to an 80% undivided interest in the Roy and Hills properties. An initial 65% interest in the project may be earned by incurring US\$2,500,000 in work expenditures over four years and issuing 500,000 common shares (100,000 shares were issued upon TSXV approval) to Amera. Upon earning the initial 65%, the Company may then elect to earn an additional 15% interest, by issuing a further 500,000 shares and completing a bankable feasibility study, within three years.

The Roy and Hills properties are situated midway between the historic mining district of Tonopah (3.5 million ounces gold equivalent) and the more recently mined Paradise Peak deposit (1.5 million ounces gold). These claim blocks are underlain by Oligocene and Miocene-age volcanic rocks that consist of latites, quartz latites and dacite flows that have

undergone epithermal alteration and mineralization prior to being covered by lacustrine volcanic sediments and Quaternary gravels.

On the Roy property a gold-silver epithermal system is hosted within an alteration zone that outcrops over a 2.25 square kilometre area. The Hills property is located 7km to the northwest of the Roy property and hosts a prospective silver-gold epithermal system within a 1km by 500m alteration area.

A phase I Reverse Circulation drill program of the Roy and Hills Properties was carried out between January and February 2007. The program comprised seven Reverse Circulation (RC) drill holes totaling 1,075.9m. Six of the holes were drilled on the Roy property and one was drilled on the Hills, 7km to the northwest.

The aim of the 2007 drill program was to test geophysical and geochemical gold-silver targets in epithermal alteration zones identified on both properties. The best results from the program were a 6.1m interval averaging 0.89 g/t gold, including a 1.5m interval assaying 2.1 g/t gold, in hole R-07-5. This hole, along with R-07-03, was designed to test the area where surface samples of subcropping bladed quartz vein material assayed 41.5 g/t gold. Zones of anomalous arsenic concentration were observed in all holes except R-07-7; zones of elevated silver and copper were detected in hole R-07-05 and a 20.1m wide zone of arsenic-mercury±antimony±copper was present near the top of hole R-07-06. Management believes several more holes are required to follow up on the anomalous zone identified in hole R-07-05 and to further test the structure and vein system near hole R-07-05.

The Roy and Hills drilling program was carried out under the supervision of John Rice, C.P.G., a Qualified Person. All analytical work for the Roy and Hills drilling program was performed by American Assay. The technical information above has also been reviewed by Dr. David A. Terry, P.Geo., Vice President Exploration and a Qualified Person.

### ***Monzo Property, Nevada***

In the fall of 2006 the Company staked 120 lode claims, named the Monzo 1-120 in the Walker Lane District of Nevada. The 100%-owned Monzo Property is located in the Cedar Mountains of west central Nevada, approximately 90 kms northwest of Tonopah and 35 kms southeast of Gabbs. The claims cover approximately 2,480 acres (1004 hectares) and are believed to have potential for low-sulphidation epithermal gold mineralization. The property is located approximately 21km southeast of the Paradise Peak mine, which produced 1.6 million ounces of gold and 24 million ounces of silver.

During its initial reconnaissance of the property the Company has collected 40 surface rock samples. Gold grades vary from below detection to 6.3 g/t. Copper values range from less than detection to >10,000 ppm.

For fiscal 2009 the Company plans to carry out geological mapping, rock and soil sampling and ground magnetics to identify drill targets on the Monzo property.

Work on the Monzo property has been carried out by John Rice, C.P.G., a Qualified Person. Technical information stated above has been reviewed by Dr. David Terry, P.Geo., Vice President of Exploration and a Qualified Person.

### **Selected Quarterly Financial Information**

The following selected financial information is derived from the unaudited interim consolidated financial statements of the Company prepared in accordance with Canadian GAAP.

	Fiscal 2008			Fiscal 2007			Fiscal 2006	
	Dec 31 \$	Sep 30 \$	June 30 \$	Mar. 31 \$	Dec. 31 \$	Sep. 30 \$	June 30 \$	Mar. 31 \$
Revenues	-	-	-	-	-	-	-	-
Net income (loss)	(569,397)	(258,646)	(328,024)	99,401	(171,227)	(203,943)	(275,535)	(241,440)
Net income (loss) per common share - basic and diluted	(0.03)	(0.01)	(0.02)	0.01	(0.01)	(0.01)	(0.02)	(0.03)

For the three months ended December 31, 2007, the Company recorded a net loss of \$569,397, an increase in loss of \$398,170 from the \$171,227 loss incurred in the three months ended December 31, 2006. The increase in loss is primarily a result of:

- Corporate development and investor relations expenses increased by \$25,736
- Management fees increased by \$18,333
- Office and sundry expenses increased by \$21,660
- Stock options were granted resulting in stock-based compensation expense of \$77,203
- The JAG and Scrapper Spring mineral properties were written-off in the amount of \$259,941

### **Summary of Financial Results**

For the nine months ended December 31, 2007, the Company reported a consolidated loss of \$1,156,067 (\$0.06 per share), an increase in loss of \$505,362 from the \$650,705 loss (\$0.05 per share) for the nine month period ended December 31, 2006. The increase in consolidated loss in the current period is due to a number of factors of which \$222,663 can be attributed to an increase in operating expenses and \$282,699 to a decrease in other income items (primarily write-off of mineral properties).

### **Results of Operations**

The Company's operating expenses for the nine months ended December 31, 2007 were \$909,553 compared to \$686,890 for the period ended December 31, 2006. Significant expenditures were incurred in the following categories:

- Corporate development and investor relations expenses of \$233,366 were incurred for the period compared to \$192,723 as a result of the increase in activity the current period.
- Management fees of \$88,764 were incurred in the 2007 period compared to \$65,000 in the 2006 period. The management fees are for the services of the President of the Company who is paid an annual fee of \$110,000.
- Office and sundry expenses of \$95,234 were incurred for the period compared to \$66,251 as a result of the increase in activity the current period. The office expense includes an allocation of fees from the Grosso Group (see Related Party Transactions section below for more details).
- Rent expense was \$53,024 for the nine months ended December 31, 2007 compared to \$66,375 in the nine months ended December 31, 2006. The rent expense represents an allocation of fees from the Grosso Group.
- Salaries and benefits expenses increased to \$146,218 in the 2007 period from \$129,545 in the 2006 period as a result of increased activity in the current period. The salaries expense represents an allocation of fees from the Grosso Group.
- Stock-based compensation expense increased to \$195,146 in the 2007 period from \$68,338 in the 2006 period. Stock-based compensation expense is the estimated fair value of stock options granted to officers, directors and consultants in the period. Stock-based compensation expense is accounted for at fair value as determined by the Black-Scholes option pricing model using estimates that are believed to approximate the volatility of the trading price of the Company's stock, the expected lives of awards of stock-based compensation, the fair value of the Company's stock and risk-free interest rate. In addition, in the nine months ended December 31, 2007 \$7,586 in stock-based compensation expense was capitalized to mineral properties and deferred costs.
- Write-off of mineral properties was \$259,941 for the nine months ended December 31, 2007 compared to \$Nil in the nine months ended December 31, 2006.

During the period ended December 31, 2007 the Company capitalized \$1,661,913 of expenditures to the JJ Property, \$351,673 on the Chenier Property, and \$65,174 on the Blueberry Property in western Canada. In addition, in the 2007 period the Company capitalized \$16,780 on the Gold Springs project, \$23,172 on the Roy and Hills Properties, and \$263,063 on the Saluda and Bear Creek Properties in the United States. The Company terminated its agreements for the JAG and Scrapper Springs properties subsequent to period end resulting in a write-down of \$259,941. See "Exploration Projects" section above for further discussion.

### **Liquidity and Capital Resources**

The Company's cash position at December 31, 2007 was \$137,555 compared to \$182,474 at March 31, 2007. Short-term investments balance increased to \$903,729 at December 31, 2007 from \$600,000 at March 31, 2007. Total assets increased to \$5,133,829 at December 31, 2007 from \$2,548,427 at March 31, 2007. This increase is mainly due to the increase in the exploration expenditures incurred the 2007 period which were capitalized to mineral properties and deferred costs.

As the Company is an exploration stage company, revenues are limited to interest earned on cash held with the Company's financial institutions. In the nine months ended December 31, 2007 the Company recorded interest income of \$32,624 compared to \$29,743 in the nine months ended December 31, 2006.

The Company has financed its operations through the sale of its equity securities. During the nine month period ended December 31, 2007:

- the Company completed a non-brokered private placement of 2,500,000 units priced at \$0.50 resulting in gross proceeds of \$1,250,000. Each unit consists of one common share and one share purchase warrant. Each share purchase warrant entitles the holder to purchase one common share of the Company for 24 months at a price of \$0.75 per common share.
- the Company completed a non-brokered private placement to the MineralFields Group of 1,000,000 flow-through units of the Company at a price of \$0.50 per unit for total gross proceeds of \$500,000. Each flow-through unit consists of one flow-through common share and one-half of one share purchase warrant. Each whole warrant entitles the holder to purchase one non-flow-through common share of the company for a term of eighteen months at a price of \$0.65.
- The Company completed a non-brokered private placement to the MineralFields Group of 1,000,000 flow-through units of the Company at a price of \$0.50 per unit for total gross proceeds of \$500,000. Each flow-through unit consists of one flow-through common share and one-half of one share purchase warrant. Each whole warrant entitles the holder to purchase one non-flow-through common share of the company for a term of eighteen months at a price of \$0.65.
- The Company completed a non-brokered private placement of 2,072,000 flow-through units priced at \$0.50 resulting in gross proceeds of \$1,036,000. Each unit consists of one common share and one share purchase warrant. Each share purchase warrant entitles the holder to purchase one common share of the Company for 18 months at a price of \$0.65 per common share.

The Company considers that it has adequate resources to maintain its core operations for the balance of the fiscal year but currently may not have sufficient working capital to fund all of its planned exploration and development work. The Company will continue to rely on successfully completing additional equity financing to further exploration of its existing and new properties in North America. There can be no assurance that the Company will be successful in obtaining the required financing. The failure to obtain such financing could result in the loss of the Company's interest in one or more of its mineral claims.

The Company does not know of any trends, demand, commitments, events or uncertainties that will result in, or that are reasonably likely to result in, its liquidity either materially increasing or decreasing at present or in the foreseeable future. Material increases or decreases in liquidity are substantially determined by the success or failure of the exploration programs. The Company does not have any loans or bank debt and there are no restrictions on the use of its cash resources.

### **Operating Cash Flow**

Cash outflow from operating activities was \$763,241 for the period ended December 31, 2007 compared to \$551,438 for the period ended December 31, 2006 as a result of the changes in non-cash working capital balances and an increase in operating activities.

### **Financing Activities**

For the period ended December 31, 2007, the Company received \$3,286,000 from the sale of common shares and warrants less issue costs of \$231,066 compared to \$1,088,000 less share issue costs of \$70,511 for the period ended December 31, 2006. The Company also received \$30,070 and \$238,497 from stock options and warrants being exercised, respectively.

## **Investing Activities**

Investing activities required cash of \$2,605,179 for the period ended December 31, 2007, compared to \$1,715,527 in the 2006 period. In the 2007 period, these investing activities included additions of \$2,301,450 to mineral properties and an increase of \$303,729 in short-term investments. In the 2006 period, the investing activities relate to additions to mineral properties and deferred costs of \$815,527 and an increase of \$900,000 to short-term investments.

## **Related Parties Transactions**

The Company engages Grosso Group Management Ltd. (“Grosso Group”) to provide services and facilities to the Company. The Grosso Group is a private company owned by the Company, IMA Exploration Inc. (“IMA”), Golden Arrow Resources Corporation, Amera Resources Corporation, Gold Point Energy Corp. and Blue Sky Uranium Corp., each of which owns one share of the Grosso Group. The Grosso Group provides its shareholder companies with geological, corporate development, administrative and management services. The shareholder companies pay monthly fees to the Grosso Group. The fee is based upon a pro-rating of the Grosso Group’s costs including its staff and overhead costs among each shareholder company with regard to the mutually agreed average annual level of services provided to each shareholder company.

During the nine months ended December 31, 2007, the Company incurred fees of \$258,382 (2006 - \$248,676) to the Grosso Group which have been allocated to rent, salaries and office expenses. In addition, included in amounts receivable, prepaids and deposits as at December 31, 2007 is a \$50,000 (2006 - \$10,000) unsecured deposit to the Grosso Group for the purchase of equipment and leasehold improvements and for operating working capital.

The President of the Company provides his services on a part-time basis under a contract with a private company controlled by the President for an annual fee of \$110,000. During the nine months ended December 31, 2007, the Company paid \$88,764 (2006 - \$65,000) to the President. The contract also provides that, in the event the services are terminated without cause or upon a change in control of the Company, a termination payment would include three months or eighteen months, respectively, of compensation plus a bonus amount agreed to by the parties.

Effective May 1, 2007, the Company entered into an agreement with IMA to pay a monthly fee for the services provided IMA’s Chief Executive Officer. The agreement may be terminated at any time by the Company upon 30 days written notice. For the nine months ended December 31, 2007, the Company paid \$1,875 to IMA for the services.

All of the related party transactions and balances in these consolidated financial statements arose in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

## Contractual Commitments

As of December 31, 2007, the Company had the following Canadian dollar and US dollar option payment and work expenditure commitments, as well as share issue commitments, in relation to its mineral property projects:

	Less than 1 year \$	1 to 3 years \$	Greater than 3 years \$	Total \$
Canadian dollar commitments				
Option payments	40,000	77,000	15,000	132,000
Work expenditures	-	850,000	2,100,000	2,950,000
	<u>40,000</u>	<u>927,000</u>	<u>2,115,000</u>	<u>3,082,000</u>
	Less than 1 year US\$	1 to 3 years US\$	Greater than 3 years US\$	Total US\$
US dollar commitments				
Option payments	75,000	-	-	75,000
Work expenditures	150,000	2,450,000	-	2,600,000
	<u>225,000</u>	<u>2,450,000</u>	<u>-</u>	<u>2,675,000</u>
	Less than 1 year #	1 to 3 years #	Greater than 3 years #	Total #
Share issue commitments	612,500	400,000	127,500	1,140,000

Further details of the Company's option payments and work expenditure commitments are disclosed in Note 4 to the Company's December 31, 2007 interim consolidated financial statements.

## Critical Accounting Policies

Reference should be made to the Company's significant accounting policies contained in Note 2 of the Company's consolidated financial statements for the year ended March 31, 2007. These accounting policies can have a significant impact of the financial performance and financial position of the Company.

## Recent Accounting Pronouncements

Effective April 1, 2007, the Company adopted the following new accounting standards issued by the Canadian Institute of Chartered Accountants ("CICA").

- (a) Section 3855, *Financial Instruments – Recognition and Measurement* and Section 3861, *Financial Instruments – Disclosure and Presentation*, prescribe the criteria for recognition and presentation of financial instruments on the balance sheet and the measurement of financial instruments according to prescribed classifications. These sections also address how financial instruments are measured subsequent to initial recognition and how the gains and losses are recognized.

The Company is required to designate its financial instruments into one of the following five categories: held for trading; available for sale; held to maturity; loans and receivables; and other financial liabilities. All financial instruments are to be initially measured at fair value. Financial instruments classified as held for trading or available for sale are subsequently measured at fair value with any change in fair value recorded in net earnings and other comprehensive income, respectively. All other financial instruments are subsequently measured at amortized cost.

The Company has designated its financial instruments as follows:

- (i) Cash and short-term investments are classified as "*Available-for-sale*". Due to their short-term nature, their carrying value is equal to their fair value.

- (ii) Marketable securities are classified as “*Available-for-sale*”. The fair value is obtained by reference to the closing quoted market price on the balance sheet date.
- (ii) Amounts receivable, prepaids and deposits are classified as “*Loans and Receivables*”. These financial assets are recorded at values that approximate their amortized cost using the effective interest method.
- (iii) Accounts payable and accrued liabilities are classified as “*Other Financial Liabilities*”. These financial liabilities are recorded at values that approximate their amortized cost using the effective interest method.

As a result of adopting Section 3855, on April 1, 2007, interest accrued from short-term investments in the amount of \$6,707 was reclassified from amounts receivable, prepaids and deposits to short-term investments.

- (b) Section 1530, *Comprehensive Income*, introduces a new financial statement “Statement of Comprehensive Income” and provides guidance for the reporting and display of other comprehensive income. Comprehensive income represents the change in equity of an enterprise during a period from transactions and other events arising from non-owner sources including gains and losses arising on translation of self-sustaining foreign operations, gains and losses from changes in fair value of available for sale financial assets and changes in the fair value of the effective portion of cash flow hedging instruments. The Company has not recognized any adjustments through other comprehensive income for the nine months ended December 31, 2007.
- (c) Section 3865, *Hedges* specifies the criteria under which hedge accounting may be applied, how hedge accounting should be performed under permitted hedging strategies and the required disclosures. This standard did not have an impact on the Company for the nine months ended December 31, 2007.

#### **Use of Estimates**

The preparation of financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the period. Significant areas requiring the use of management estimates relate to the determination of environmental obligations and assessment of carrying values of mineral properties and deferred costs. Actual results may differ from these estimates.

#### **Mineral Properties and Deferred Costs**

Consistent with the Company’s accounting policy disclosed in Note 2 of the annual consolidated financial statements, direct costs related to the acquisition and exploration of mineral properties held or controlled by the Company have been capitalized on an individual property basis. It is the Company’s policy to expense any exploration associated costs not related to specific projects or properties. Management of the Company periodically reviews the recoverability of the capitalized mineral properties. Management takes into consideration various information including, but not limited to, results of exploration activities conducted to date, estimated future metal prices, and reports and opinions of outside geologists, mine engineers and consultants. When it is determined that a project or property will be abandoned or its carrying value has been impaired, a provision is made for any expected loss on the project or property. In the period ended December 31, 2007 it was determined that the JAG property and Scraper Springs Claims would be abandoned, their carrying value in the amount of \$259,941 was written off.

#### **Financial Instruments**

The Corporation's financial instruments are comprised of cash, short-term investments, amounts receivable, prepaids and deposits, and accounts payable and accrued liabilities.

The fair values of cash, short-term investments, amounts receivable, prepaids and deposits, and accounts payable and accrued liabilities approximate their carrying values due to the short-term nature of these instruments.

#### **Risk Factors**

The Company’s operations and results are subject to a number of different risks at any given time. These factors, include but are not limited to disclosure regarding exploration, additional financing, project delay, titles to properties, price fluctuations and share price volatility, operating hazards, insurable risks and limitations of insurance, management,

foreign country and regulatory requirements, currency fluctuations and environmental regulations risks. Exploration for mineral resources involves a high degree of risk. The cost of conducting programs may be substantial and the likelihood of success is difficult to assess. For a more complete discussion of these risks and others, reference should be made to the March 31, 2007 Management Discussion and Analysis.

### **Disclosure Controls and Procedures and Internal Control over Financial Reporting**

Management has designed disclosure controls and procedures, or has caused them to be designed under its supervision, to provide reasonable assurance that material information relating to the Company, is made known to management by others within those entities, particularly during the period in which the annual filings are being prepared. Management has also designed such internal control over financial reporting, or caused it to be designed under management's supervision, to provide reasonable assurance regarding the reliability of financial reporting and preparation of the financial statements for the nine months ended December 31, 2007 in accordance with Canadian GAAP. There has been no change in the Company's disclosure controls and procedures or in the Company's internal control over financial reporting that occurred during the most recently completed quarter that has materially affected, or is reasonably likely to materially affect, the Company's disclosure controls and procedures or internal control over financial reporting.

### **Investor Relations Activities**

Mr. Manfred Kurschner is the Company's President and coordinates investor relations activities. During the nine months ended December 31, 2007 the Company retained an external investor relations firm, Vantage Communications Ltd., to provide investor relations services for a fee of \$4,500 per month. The Company also maintains a web site at [www.astralmining.com](http://www.astralmining.com).

### **Outstanding Share Data**

The Company's authorized share capital is an unlimited number of common shares without par value. As at December 31, 2007, there were 21,471,109 outstanding common shares and 2,006,000 stock options, which were outstanding and exercisable, with an exercise prices ranging from \$0.40 to \$0.50 per share. In addition, as at December 31, 2007, there were 4,536,000 warrants outstanding with exercise prices ranging from \$0.65 to \$0.75 per share.

As at February 27, 2008 there were 21,471,109 common shares, 2,006,000 stock options and 4,536,000 warrants outstanding.