

# **ASTRAL MINING CORPORATION**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED MARCH 31, 2008**

### **Introduction**

The following management discussion and analysis and financial review, prepared as at June 11, 2008, should be read in conjunction with the Company's audited annual consolidated financial statements and related notes for the years ended March 31, 2008 and 2007. 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 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 ("TSX-V") 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 and make \$97,000 in option payments over 5 years. Early in 2008 Astral completed its obligations under the option agreement to earn a 60% undivided interest in the JJ Gold Project. The companies are now completing a formal Joint Venture agreement and have formed a Management Committee which will direct all future exploration work on the project. Funding will be on a proportional basis under the direction of the 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 1,431m), Bonanza Pass (2 holes for 643m) and Albion-Dubrovnik areas (9 holes for 553m). Phase II drill program comprised 5,101m in 38 holes on the JJ Main Gold Zone.

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 (#’s 37,38,39,42) and thirty-four step out holes to the north and south of Phase I drilling. Significant intervals for both phases of drilling at the JJ Main zone are included in the table below.

#### **JJ Main: 2007 Phase I and II Drilling Intercepts**

Hole Number	From (m)	To (m)	Width (m)	Au (g/t)
07JD001	6	16	10	9.95
07JD002	10	19	9	1.34
07JD003	32	34	2	2.81
07JD004	24	29	5	2.04
07JD006	11	17	6	3.49
07JD007	18	21	3	10.41
07JD008	3	6	3	0.69
07JD009	6	8	2	0.92
07JD010	37	40	3	6.08
07JD011	35	37	2	1.43
07JD012	28	36	8	3.06
07JD013	46	65	19	7.01
07JD014	77	78	1	3.07
07JD015	105	108	3	0.68
07JD016	91	101	10	1.17
07JD017	83	84	1	0.34
07JD018	20	24	4	0.42
07JD019	Core lost in transport accident			
07JD020	58	59	1	0.38

Hole Number	From (m)	To (m)	Width (m)	Au (g/t)
07JD032*	29	33	4	15.18
07JD033*	32	34	2	3.81
and	37	38	1	4.83
and	42	45	3	3.25
07JD034*	101	106	5	7.74
07JD035*	94	104	10	1.96
07JD036*	145.91	151.25	5.34	1.48
07JD037*	26	28	2	2.55
07JD038*	32	36	4	3.85
07JD039*	76	80	4	7.48
07JD040*	64	65	1	3.09
07JD041*	100	105	5	0.54
07JD042*	124	127	3	1.82
07JD043*	28	31	3	13.83
and	35	37	2	3.59
07JD044*	47	52	5	3.94
and	55	56	1	3.07
07JD045*	120	121	1	4.73
and	127	132	5	1.44
07JD046*	128	134	6	8.28
07JD047*	40	43	3	4.04
07JD048*	54	62	8	12.44
07JD049*	88	89	1	4.52
and	97	99	2	2.08
07JD050*	no significant intercepts			
07JD051*	58	63	5	7.96
07JD052*	70	71	1	1.40
and	73	74	1	2.62
07JD053*	123	133	10	0.62
07JD054*	159	160	1	1.55
07JD055*	78	79	1	2.5
07JD056*	93	94	1	2.57
07JD057*	53	54	1	1.72
07JD058*	90	95	5	0.63
07JD059*	36	37	1	0.69
07JD060*	no significant intercepts			
07JD061*	no significant intercepts			
07JD062*	21	22	1	1.10
07JD063*	5	6	1	1.53
07JD064*	no significant intercepts			
07JD065*	no significant intercepts			
07JD066*	no significant intercepts			
07JD067*	83	84	1	0.78
07JD068*	218	219	1	5.96
and	256	257	1	1.78
07JD069*	239	240	1	0.39

\* Phase 2 drilling

All HQ core except for holes 18-20, 68, 69 (NQ2)

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 are reported in the table below.

**Bonanza Pass: 2007 Drilling Intercepts**

Hole Number	From (m)	To (m)	Width (m)	Au (g/t)	Mo (%)
07JD021	21.0	208.5	187.5		0.0035%
07JD022	261.0	265.5	4.5	0.54	

Five holes at the historical Albion prospect and four at the adjacent Dubrovnik vein were also completed. Results for this work are reported in the table below.

**Albion (07JD023-027) and Dubrovnik (07JD028-031) 2007 Drilling Intercepts**

Hole Number	From (m)	To (m)	Width (m)	Au (g/t)
07JD023	44.5	52.0	7.5	0.49
07JD024	no significant results			
07JD025	no significant results			
07JD026	no significant results			
07JD027	no significant results			
07JD028	22.0	26.5	4.5	1.14
07JD029	22.0	25.0	3.0	0.51
and	29.5	31.0	1.5	0.58
07JD030	18.0	21.0	3.0	0.36
07JD031	28.5	30.0	1.5	0.32

An independent 43-101 report detailing work on the JJ Project up to the end of 2007 by Apex Geoscience has been completed and is posted on SEDAR ([www.sedar.com](http://www.sedar.com)).

The 2008 exploration program on the Jumping Josephine Project has commenced with diamond drilling now underway and a 40 line kilometre three dimensional (3D) Induced Polarization (IP) survey also started.

Initial drilling will be focused on infilling and expanding the auriferous structurally-controlled quartz stockwork zone at JJ Main. Subsequently other gold targets currently defined on the property will be drilled in addition to geochemical targets and targets identified by the 3D IP survey. The drill program is anticipated to comprise up to 10,000m to be carried out in two phases. Further geochemical surveys, geological mapping and trenching will also be carried out as part of the 2008 exploration program.

The 3D IP survey will be carried out by SJ Geophysics of Delta and will cover a 2.5km by 5.4km grid centred on the JJ Main Zone. The aim of the survey is to identify quartz-sulphide stockwork vein zones along strike and at depth along the JJ Main trend and to identify parallel zones. Matrix Diamond Drilling of Kimberly has been contracted to conduct the HQ diamond drilling program.

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, Director and 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 17, 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 (237,500 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 1,000 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 and planning the 2008 exploration program which is to include further soil sampling, IP geophysics and trenching to delineate 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, Director and 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, the Company 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 and Hole S4 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. Results from the 2007 drilling is reported in the table below.

#### **Saluda Project: 2007 Drilling Intercepts**

Hole Number	From (m)	To (m)	Width (m)	Au (g/t)
S 1	22.13	24.23	2.10	11.3
S 2	21.10	22.86	0.76	1.20
S 3	no significant results			
S 4	18.14	20.12	1.98	17.8
S 5	32.92	33.23	0.29	5.2
S 6	no significant results			

A three hole program to follow up on the 2007 drilling was carried out in Q4 of fiscal 2008; results are awaited. It was 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 tested a large gold in soil and rock chip anomaly approximately 400 metres long and 100 metres wide with three drill holes totaling 305m.

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.Geo., Director and 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 and March 12, 2007, 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.Geo., 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 \$183,747.

### ***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 Scrapper Springs Property and 25 kilometres north-northwest of the Midas gold deposit. Emmy occurs in the same general geological environment as Scrapper Springs and also has potential to host buried Carlin-type mineralization. No work was carried out on the property during fiscal 2008. 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 is currently evaluating conducting 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.Geo., Director and 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 issued) 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 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., Director and 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 (1,004 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., Director and Vice President 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			
	Mar 31	Dec 31	Sep 30	June 30	Mar 31	Dec 31	Sep 30	June 30
	\$	\$	\$	\$	\$	\$	\$	\$
Revenues	-	-	-	-	-	-	-	-
Net income (loss)	496,440	(569,397)	(258,646)	(328,024)	99,401	(171,227)	(203,943)	(275,535)
Net income (loss) per common share - basic and diluted	0.03	(0.03)	(0.01)	(0.02)	0.01	(0.01)	(0.01)	(0.02)

For the three months ended March 31, 2008, the Company recorded net income of \$496,440, an increase in income of \$397,039 from the \$99,401 income incurred in the three months ended March 31, 2007. The increase in income is primarily a result of:

- A foreign exchange gain increase of \$36,177 to \$35,147 in the 2008 period compared to a \$1,030 loss in the 2007 period.
- Future income tax recovery increase of \$359,883 to \$694,683 in the 2008 period compared to \$334,800. The future income tax recovery was recorded as the Company recognized the benefit of previously unrecognized tax losses in the period. The tax losses were recognized to offset the future income tax liability arising on the renunciation of the Company's flow-through expenditures.

## Selected Annual Financial Information

The following selected financial information is derived from the audited consolidated financial statements and notes thereto. The information has been prepared in accordance with Canadian GAAP.

	Years Ended March 31,	
	2008 \$	2007 \$
Total assets	5,040,584	2,548,427
Long term financial liabilities	-	-
Total revenues	-	-
General and administrative expenses	1,140,545	921,703
Net loss	(659,627)	(551,304)
Net loss per common share basic and diluted	(0.03)	(0.04)

Total assets increased \$2,492,157 from March 31, 2007 to March 31, 2008 primarily due the \$2,584,509 increase in capitalized mineral property expenditures incurred in fiscal 2008 and the \$302,626 decrease in short term investments.

## Summary of Financial Results

For the year ended March 31, 2008, the Company reported a consolidated loss of \$659,627 (\$0.03 per share), an increase in loss of \$108,323 from the \$551,304 loss (\$0.04 per share) for the year ended March 31, 2007. The increase in consolidated loss in the current period is due to a number of factors of which \$218,842 can be attributed to an increase in operating expenses, \$249,364 to a decrease in other income items (primarily write-off of mineral properties) and a increase in future income tax recovery of \$359,883.

## Results of Operations

The Company's operating expenses for the year ended March 31, 2008 were \$1,140,545 compared to \$921,703 for the year ended March 31, 2007. Significant expenditures were incurred in the following categories:

- Corporate development and investor relations expenses of \$303,595 were incurred for the period compared to \$249,779 as a result of the Company increased participation in investor and industry conferences during the year as well as incurring costs in order to increase investor awareness.
- Management fees of \$116,264 were incurred in 2008 compared to \$87,500 in 2007. The management fees are for the services of the President of the Company.
- Office and sundry expenses of \$122,830 were incurred for the year compared to \$91,012 in 2007 as a result of the increase in activity the current year. The office expense includes an allocation of fees from the Grosso Group Management Ltd. (the "Grosso Group") (see Related Party Transactions section below for more details).
- Rent expense was \$66,399 for 2008 compared to \$84,432 for 2007. The rent expense represents an allocation of fees from the Grosso Group
- Salaries expenses increased to \$199,375 in 2008 from \$187,232 in 2007. The salaries expense represents an allocation of fees from the Grosso Group.
- Stock-based compensation expense increased by \$116,163 to \$195,146 in 2008 from \$78,983 in 2007, which represents the estimated fair value of 785,000 (2007 – 454,000) stock options granted to directors and consultants in the year. The fair value was obtained using the Black-Scholes Pricing Model and was based on the following assumptions: dividend yield 0%, risk-free rate 3.98% (2007 – 4.00%), expected volatility 95% (2007 – 91%-100%) and expected life of 1.5 years (2007 – 1.5 years). In addition, in 2008 \$7,586 in stock-based compensation expense was capitalized to mineral properties and deferred costs (2007 - \$9,904).
- Write-off of mineral properties was \$264,083 for 2008 compared to \$Nil in the 2007. The write-off of mineral properties in 2008 is a result of the Company terminating its option agreements for the JAG properties and Scraper Springs Claims.

During the year ended March 31, 2008 the Company capitalized \$1,740,716 of expenditures to the JJ Property, \$355,213 on the Chenier Property, and \$65,174 on the Blueberry Property in western Canada. In addition, in the 2008 year the

Company capitalized \$126,454 on the Gold Springs project, \$27,239 on the Roy and Hills Properties, \$20,598 on the Monzo properties and \$361,852 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 \$264,083. See "Exploration Projects" section above for further discussion.

### **Liquidity and Capital Resources**

The Company's cash position at March 31, 2008 was \$212,902 compared to \$182,474 at March 31, 2007. Short-term investments balance decreased to \$304,081 in 2008 from \$606,707 in 2007. Total assets increased to \$5,040,584 in 2008 compared to \$2,548,427 in 2007. This increase is mainly due to the increase in capitalized 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. For the year ended March 31, 2008 the Company recorded interest income of \$39,637 compared to \$38,656 for the year ended March 31, 2007.

The Company has financed its operations through the sale of its equity securities. During the year ended March 31, 2008:

- 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 may not have adequate resources to maintain its core operations for the balance of the fiscal year and 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 has announced a financing to raise up to \$1,800,000.

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 \$1,149,885 for the year ended March 31, 2008 compared to \$785,135 for the year ended March 31, 2007 as a result of an increase in operating activities and changes in non-cash working capital balances.

## **Financing Activities**

For the year ended March 31, 2008, the Company received \$3,286,000 from private placements less share issue costs of \$231,066 and \$30,070 from the exercise of stock options and \$238,497 from the exercise of warrants and agent's warrants. For the year ended March 31, 2007 the Company received \$1,080,000 from a private placement less share issue costs of \$70,510 and \$8,000 from the exercise of stock options and \$149,818 from the exercise of warrants.

## **Investing Activities**

Investing activities required cash of \$2,143,188 for 2008 compared to \$1,622,601 for 2007. In the 2008 year, investing activities included additions of \$2,443,188 to mineral properties and deferred costs and a decrease of \$300,000 in short-term investments. In 2007, investing activities included additions of \$1,022,601 to mineral properties and deferred costs and an increase of \$600,000 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 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 year ended March 31, 2008, the Company incurred fees of \$335,348 (2007 - \$345,231) to the Grosso Group: \$367,933 (2007 - \$333,276) was paid in monthly payments and \$32,585 is included in accounts receivable (2007 - \$11,955 included in accounts payable). The fees have been allocated to rent, salaries and office expenses. In addition, included in amounts receivable, prepaids and deposits is a \$50,000 (2007 - \$10,000) unsecured deposit to the Grosso Group.

The Company has given notice that effective May 31, 2008 it will withdraw as a shareholder of Grosso Group and discontinue the use of the services and facilities provided.

The President of the Company provides his services under a contract with a private company controlled by the President for an annual fee of \$110,000, effective November 1, 2007 replacing the previous contract. During fiscal 2008, the Company paid \$116,264 (2007 - \$87,500) to the President, which included a bonus of \$15,000 (2007 - \$Nil). 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 year ended March 31, 2008, the Company paid \$2,292 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 March 31, 2008, 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	1,500,000	2,350,000
	<u>40,000</u>	<u>927,000</u>	<u>1,515,000</u>	<u>2,482,000</u>
	Less than 1 year US\$	1 to 3 years US\$	Greater than 3 years US\$	Total US\$
US dollar commitments				
Option payments	-	-	-	-
Work expenditures	150,000	2,450,000	-	2,600,000
	<u>150,000</u>	<u>2,450,000</u>	<u>-</u>	<u>2,600,000</u>
	Less than 1 year #	1 to 3 years #	Greater than 3 years #	Total #
Share issue commitments	<u>112,500</u>	<u>625,000</u>	<u>127,500</u>	<u>865,000</u>

Further details of the Company's option payments and work expenditure commitments are disclosed in Note 4 to the Company's March 31, 2008 audited annual 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, 2008. These accounting policies can have a significant impact of the financial performance and financial position of the Company.

## Recent Accounting Pronouncements

Effective January 1, 2008, new accounting standards were issued by the CICA which may impact the Company in the future as follows:

### *Accounting Changes*

Effective January 1, 2007, the Company adopted the revised CICA Handbook Section 1506 "Accounting Changes", which requires that: (a) a voluntary change in accounting principals can be made if, and only if, the changes result in more reliable and relevant information, (b) changes in accounting policies are accompanied with disclosures of prior period amounts and justification for the change and (c) for changes in estimates, the nature and amount of the change should be disclosed. The Company has not made any voluntary change in accounting principles since the adoption of the revised standard.

### *General Standards on Financial Statement Presentation*

CICA Handbook Section 1400, General Standards on Financial Statement Presentation, has been amended to include requirements to assess and disclose a company's ability to continue as a going concern. The changes are effective for interim and annual financial statements beginning January 1, 2008. The adoption of these changes did not have an impact on its financial statements.

### ***Capital Disclosures***

CICA Handbook Section 1535, Capital Disclosures, establishes standards for disclosing information about the company's capital and how it is managed. Under this standard the Company will be required to disclose the following, based on the information provided internally to the company's key management personnel:

- (i) qualitative information about its objectives, policies and processes for managing capital.
- (ii) summary quantitative data about what it manages as capital.
- (iii) whether during the period it complied with any externally imposed capital requirements to which it is subject.
- (iv) when the company has not complied with such externally imposed capital requirements, the consequences of such non-compliance.

This standard is effective for interim and annual financial statements beginning on January 1, 2008. The Company has not yet determined the impact of the adoption of this change on the disclosure in the financial statements. The adoption of the change on disclosure did not have an impact on its financial statements

### ***Goodwill and Intangible Assets***

CICA Handbook Section 3064, Goodwill and Intangible Assets, establishes revised standards for recognition, measurement, presentation and disclosure of goodwill and intangible assets. Concurrent with the introduction of this standard, the CICA withdrew EIC 27, Revenues and Expenses during the preoperating period. As a result of the withdrawal of EIC 27, companies will no longer be able to defer costs and revenues incurred prior to commercial production at new mine operations. The changes are effective for interim and annual financial statements beginning January 1, 2009. The Company does not expect the adoption of the revised standard to have an impact on its financial statements.

### ***Financial Instruments Disclosures***

In March 2007, the CICA issued section 3862 *Financial Instruments – Disclosures* and Section 3863 *Financial Instruments – Presentation*, which together comprise a complete set of disclosure and presentation requirements that revise and enhance current disclosure requirements. Section 3862 requires disclosure of additional detail by financial asset and liability categories. Section 3863 establishes standards for presentation of financial instruments and non-financial derivatives. The standard deals with the classification of financial instruments, from the perspective of the issuer, between liabilities and equity, the classification of related interest, dividends, losses and gains, and the circumstances in which financial assets and financial liabilities are offset. These sections are effective January 1, 2008 but are not expected to have an impact on the Company's disclosure and presentation.

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

In 2006, the Canadian Accounting Standards Board ("AcSB") published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008 the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada's own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended December 31, 2010. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

### ***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. For the year ended March 31, 2008 it was determined that the JAG property and Scrapper Springs Claims would be abandoned, accordingly the carrying value in the amount of \$264,083 was written off.

## **Financial Instruments**

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

The fair values of cash, short-term investments, amounts receivable, 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 including, but not limited to, the following:

*Exploration Risk:* Exploration for mineral resources is highly speculative in nature, involves many risks and frequently is nonproductive. The cost of conducting programs may be substantial and there can be no assurance that the Company's efforts to identify resources will be successful.

*Metal Price Risk:* The Company's portfolio of properties has exposure predominantly to changes in gold prices. The price of gold greatly affects the value of the Company and the potential value of its properties and investments.

*Financial Markets:* The Company is dependent on the equity markets as its sole source of operating working capital and the Company's capital resources are largely determined by the strength of the junior resource markets and by the status of the Company's projects in relation to these markets, and its ability to compete for the investor support of its projects.

*Currency Risk:* Business is transacted by the Company in a number of currencies. Fluctuations in the exchange rate may have a significant affect on the cash flows of the Company. Future changes in the exchange rate could materially affect the Company's results in either a positive or negative direction.

*Environmental Risk:* The Company seeks to operate within environmental protection standards that meet or exceed existing requirements in the countries in which the Company operates. Present or future laws and regulations, however, may affect the Company's operations. Future environmental costs may increase due to changing requirements or costs associated with exploration and the developing, operating and closing of mines. Programs may also be delayed or prohibited in some areas. Although minimal at this time, site restoration costs are a component of exploration expenses.

*Title Risk:* Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

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

Disclosure controls and procedures are defined under Multilateral Instrument 52-109 - Certification of Disclosure Controls in Issuers' Annual and Interim Filings ("MI 52-109") as "... controls and other procedures of an issuer that are designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted by it under provincial and territorial securities legislation is recorded, processed, summarized and reported within the time periods specified in the provincial and territorial securities

legislation and include, without limitation, controls and procedures designed to ensure that information required to be disclosed by an issuer in its annual filings, interim filings or other reports filed or submitted under provincial and territorial securities legislation is accumulated and communicated to the issuer's management, including its chief executive officers and chief financial officers (or persons who perform similar functions to a chief executive officer or a chief financial officer), as appropriate to allow timely decisions regarding required disclosure". The Company has conducted a review and evaluation of its disclosure controls and procedures, with the conclusion that it has an effective system of disclosure controls, and procedures as defined under MI 52-109. In reaching this conclusion, the Company recognizes that two key factors must be and are present:

- a) the Company is very dependant upon its advisors and consultants (principally its legal counsel) to assist in recognizing, interpreting, understanding and complying with the various securities regulations disclosure requirements; and
- b) an active Board and management with open lines of communication.

The Company has a small staff with varying degrees of knowledge concerning the various regulatory disclosure requirements. The Company is not of a sufficient size to justify a separate department or one or more staff member specialists in this area. Therefore the Company must rely upon its advisors and consultants to assist it and as such they form part of the disclosure controls and procedures.

Proper disclosure necessitates that one not only be aware of the pertinent disclosure requirements, but one is also sufficiently involved in the affairs of the Company and/or receives the communication of information to assess any necessary disclosure requirements. Accordingly, it is essential that there be proper communication among those people who manage and govern the affairs of the Company, this being the Board of Directors and senior management. The Company believes this communication exists.

While the Company believes it has adequate disclosure controls and procedures in place, lapses in the disclosure controls and procedures could occur and/or mistakes could happen. Should such occur, the Company would take whatever steps necessary to minimize the consequences thereof.

Management is responsible for the design of internal controls over financial reporting within the Company in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian generally accepted accounting principles. Management has evaluated the design of the Company's internal controls and procedures over financial reporting as of the end of the period covered by the annual filings, and believes the design to be sufficient to provide reasonable assurance.

During the fiscal year ended March 31, 2008, there were no changes in the Company's internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

### **Investor Relations Activities**

Mr. Manfred Kurschner is the Company's President and coordinates investor relations activities. 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 March 31, 2008, there were 21,821,109 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 March 31, 2008, there were 4,536,000 warrants outstanding with exercise prices ranging from \$0.65 to \$0.75 per share.

As at June 11, 2008 there were 21,908,609 common shares, 2,006,000 stock options and 4,536,000 warrants outstanding.