

ASTRAL MINING CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED MARCH 31, 2009

Introduction

The following management discussion and analysis and financial review, prepared as at July 24, 2009, should be read in conjunction with the Company's audited annual consolidated financial statements and related notes for the years ended March 31, 2009 and 2008. 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.

Forward Looking Statements

Certain information included in this discussion may constitute forward-looking statements. Forward-looking statements are based on current expectations and entail various risks and uncertainties. These risks and uncertainties could cause or contribute to actual results that are materially different than those expressed or implied. The Company disclaims any obligation or intention to update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise.

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 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 currently located in Canada. 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.

On March 26, 2009, the Company completed a consolidation of its share capital on a one new for ten old basis. All share amounts and per share amounts have been adjusted for accordingly.

The Company is committed to the prudent use of cash and, to assist in dealing with current market conditions, the Company has been and will continue to undertake the necessary steps to preserve capital including postponing work programs, reducing personnel and minimizing non-essential expenditures. The Company intends to conduct a rights offering to raise additional capital during the Company's second fiscal quarter. See. "Proposed Transactions".

Exploration Projects

Jumping Josephine Property, British Columbia

In 2006, the Company entered into an option agreement with Kootenay Gold Inc. ("Kootenay Gold") whereby the Company has now earned 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 straddles Highway 3, north of the town of Rossland and west of Castlegar.

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.

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. In 2008 the Company carried out a 34-hole 5,071m drill program and conducted a 40 line km 3D-IP survey as well as carrying out geological mapping and trenching.

At the JJ Main Zone gold mineralization hosted by structurally-controlled quartz stockwork veining has now been intersected over a strike length of 900m and to vertical depths of up to 240m 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.

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).

Infill drilling at JJ Main in 2008 comprised 30 HQ diamond drill holes (08JD070-100, 08JD091 abandoned) for a total of 3,632.49m; all holes intersected quartz stockwork veining within and below the known JJ Main stockwork zone. The 2008 drilling provides better definition to the mineralized zone delineated in 2007 with significant assays including 4m grading 21.04 g/t gold from Hole 08JD092. Drilled intercept density within the higher-grade mineralized shoot underneath the surface discovery zone is now approximately 20m x 20m.

2008 Infill Drilling – Significant Results

Hole ID	From	To	Interval (m)	Au * (g/t) (wt avg)	Interval (ft)	Au** (opt)
08JD073	37.5	39.5	2.0	7.01	6.56	0.205
<i>including</i>	37.5	38.5	1.0	12.60	3.28	0.368
08JD074	11.0	19.0	8.0	8.31	26.24	0.243
<i>including</i>	11.0	14.0	3.0	20.98	9.84	0.613
08JD075	16.0	31.3	15.3	0.71	50.1	0.021
08JD076	30.5	37.3	6.8	0.84	22.1	0.025
08JD077	37.5	54.5	17.0	1.50	55.8	0.044
<i>including</i>	49.5	50.5	1.0	15.90	3.3	0.464
08JD078	40.0	49.0	9.0	3.94	29.5	0.115
<i>including</i>	41.0	42.0	1.0	13.75	3.3	0.402
08JD079	54.0	71.0	17.0	1.25	55.8	0.037
<i>including</i>	64.0	67.0	3.0	2.58	9.8	0.075
08JD080	102.0	103.0	1.0	1.31	3.3	0.038
08JD081	30.0	37.0	7.0	2.43	22.9	0.071
08JD082	44.5	48.0	3.5	11.24	11.5	0.328
08JD083	51.0	59.0	8.0	1.71	26.2	0.050
<i>and</i>	67.0	68.0	1.0	2.48	3.3	0.072
08JD084	61.0	65.0	4.0	1.60	13.1	0.047
08JD085	74.0	84.0	10.0	1.01	32.8	0.029
08JD086	104.0	119.0	15.0	1.24	49.20	0.036
08JD087	144.0	147.0	3.0	1	9.84	0.029
08JD088	127.0	129.0	2.0	3.42	6.56	0.100
08JD089	140.0	141.0	1.0	6.77	3.28	0.198
08JD090	164.0	172.0	8.0	1.84	26.24	0.054
<i>and</i>	180.0	183.0	3.0	3.34	9.84	0.098
08JD092	118.0	122.0	4.0	21.04	13.12	0.614
<i>including</i>	119.0	120.0	1.0	50.2	3.28	1.466
08JD093	122.1	124.0	1.9	1.10	6.23	0.032

Hole ID	From	To	Interval (m)	Au * (g/t) (wt avg)	Interval (ft)	Au** (opt)
08JD094	167.0	169.0	2.0	2.96	6.56	0.086
08JD095	61.0	65.0	4.0	4.08	13.12	0.119
08JD096	74.0	80.0	6.0	8.73	19.68	0.255
08JD097	98.5	102.0	3.5	3.30	11.48	0.096
<i>and</i>	110.0	112.0	2.0	1.70	6.56	0.050
09JD098	37.0	38.0	1.0	0.22	3.28	0.006
08JD099	170.0	188.0	18.0	1.14	59.04	0.033
<i>including</i>	172.0	176.0	4.0	2.46	13.12	0.072
08JD100	227.0	228.0	1.0	5.72	3.28	0.167
<i>and</i>	232.0	***236.0	4.0	1.17	13.12	0.034

* grams per metric tonne

** troy ounce per short ton

*** 1.05m core loss within interval

Two drillholes (08JD101 and 102) totalling 893.59m were completed to test two selected 3D-Induced Polarization chargeability anomalies beneath and adjacent to known mineralization. 08JD101 (453.35m) targeted a columnar-shaped chargeability anomaly extending upwards from a deeper and larger anomaly centred beneath the location of the JJ Main showing. Gold values were generally low, though one significant intercept was returned from 08JD101 where the hole passed through the JJ Main stockwork zone.

08JD102 (440.24m) collared some 400m southeast (perpendicular to strike) from the JJ Main Zone and targeted a columnar chargeability anomaly extending to near surface. This hole encountered a 2.5m wide zone of stockwork veining from 162m averaging 0.36 g/t gold, containing arsenopyrite and pyrite, visually similar to the JJ Main Zone, suggesting the existence of a new previously-undiscovered stockwork zone. Given the variability of grade along strike and down plunge at the JJ Main Zone, this discovery is considered to be very significant and lends support to Astral's model that predicts the presence of additional structurally-controlled, parallel stockwork zones within the immediate 2km x 3km area surrounding the JJ Main Discovery Zone. Significant intercepts are presented below.

2008 I.P. Anomaly drilling – Significant Results

Hole ID	From (m)	To (m)	Interval (m)	Au (g/t) (wt. avg)	Interval (ft)	Au (opt)
08JD101	163.7	165.5	1.8	0.84	5.9	0.025
08JD102	162.0	164.5	2.5	0.36	8.2	0.011

Two drillholes (08JD103 and 104) totalling 545.73m were completed to test the southward extension of the JJ Main structure. 08JD103 (116.77m) sought to test for possible flexure in the mineralized structure while 08JD104 (428.96m) tested the main zone 180m south, and directly along strike from, previous drilling. 08JD103 did not detect a south-trending flexure. 08JD104 intersected a 12.4m wide quartz stockwork zone from 263m containing minor pyrite and chalcopyrite ± arsenopyrite. This zone is visually similar to the quartz stockwork that comprises the JJ Main Zone and effectively increases known occurrence of veining along the structural corridor to 900m.

2008 Extension Drilling – Significant Results

Hole ID	From (m)	To (m)	Interval (m)	Au (g/t) (wt avg)	Interval (ft)	Au (opt)
08JD103	no significant intercepts					
08JD104	264.0	275.0	11.0	0.32	36.1	0.009

An independent 43-101 report detailing work on the JJ Project up to the end of 2008 by Apex Geoscience has been completed and is posted on SEDAR (www.sedar.com).

A series of permit applications for work at Jumping Josephine have been prepared over the winter period. A multi-stage exploration program has been recommended in the 2009 43-101 report by Apex Geoscience, referred to above and much of the work is planned for the 2009 field season. Phase IA comprises prospecting, stream sediment sampling and a large regional soil program over much of the northern part of the JJ property. The program is designed to identify gold arsenic soil anomalies related to JJ Main type gold-bearing structures with associated arsenopyrite mineralization. Phase 1B will include trenching of the Highway showing, located 1.5km southwest of the drilling carried out to date along the JJ Main structure, and the Hillside showing, in the JJ West/Borrow Pit area. It will also include a minimum 1000m diamond drill program to test for extensions and or parallel gold chutes at the JJ Main prospect. Phase II of the recommended program would involve data compilation, geological modelling and resource estimation of JJ Main. A Phase III program is proposed involving follow-up fieldwork, drilling and bulk sampling, contingent on the results of the earlier work. An application for bulk testing at the JJ Main Discovery Zone is underway but is not anticipated to take place during the 2009 season. The extraction of up to a 10,000 tonne bulk sample will provide a reconciled head grade for JJ Main Zone, useful in determining the effectiveness of assay methods where coarse gold is present. The Company has also commenced a preliminary metallurgical test program on samples from JJ Main to assess the amenability of the mineralized material to modern processing methods.

All drill core samples from the 2008 drill program were from HQ diameter core halved by diamond saw. Given the occurrence of visible gold often observed in the mineralized zone, a large 1,000 gram portion of each pulverized sample was analyzed for gold by the Screen Fire assay method. All reported analyses were carried out by ALS Chemex in North Vancouver B.C. ALS-Chemex is an internationally-recognized analytical service provider compliant with ISO 9001:2000 for the provision of assay and geochemical services. The Vancouver laboratory has also been accredited to ISO 17025 standards for specific laboratory procedures by the Standards Council of Canada. In addition to laboratory standards, the Company has included independently prepared standards into the sample sequence to assure proper quality assurance/quality control (QA/QC).

The exploration work at the JJ Property 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, a director of the Company and a Qualified Person as defined in National Instrument 43-101 (a "Qualified Person").

Blueberry Property, British Columbia

On July 4, 2007 the Company entered into an agreement with Mineworks Ventures Inc. ("Mineworks"), a private Canadian company, to acquire a 100% interest in the 7,000 hectare Blueberry property located immediately east of the JJ Property. The property is considered strategic due to its location. No work was carried out on the Blueberry property is in 2008 but surface work is planned for 2009 to evaluate its mineral potential.

To earn a 100% undivided interest in the Blueberry property the Company must issue a total of 14,000 shares (7,500 shares issued) and make cash payments totalling \$75,000 (\$45,000 paid or settled with shares) over four years to Mineworks. During the term of the option the Company must keep the properties in good standing. Upon exercise of the option Mineworks will retain a 2.5% NSR. The Company has the right to purchase 2.0% of the NSR for a total of \$2 million.

Columbia-Rossland Property, British Columbia

On June 20, 2008 the Company announced it entered into an agreement with Mineworks to acquire a 100% interest in mineral claims known as the Columbia-Rossland claims. The claims consist of 15,000 hectares and are adjacent to the Company's Blueberry and Jumping Josephine claims.

To earn a 100% undivided interest in the Columbia-Rossland claims the Company has issued 30,000 shares in lieu of its \$15,000 cash payment requirement and must issue a total of 15,000 shares (10,000 shares issued) over three years to Mineworks. Upon completion of the option Mineworks will retain a 2.5% NSR, of which 2.0% is purchasable by the Company for a total of \$2 million. The Company is planning a preliminary surface work program of primarily silt sampling and prospecting to evaluate the property in 2009.

Chenier Property, British Columbia

On April 17, 2007 the Company entered into an option agreement with Kootenay Gold to earn a 60% undivided interest in the 6,591 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.

In 2007 a 1,000 line kilometre AeroTEM helicopter-borne geophysical survey and a soil sampling program was completed on the Chenier Project. No work was carried out on the property during 2008. The 2007 geophysical and soil surveys did not yield targets compelling enough to complete any work on the project in 2008. The Company's budgetary constraints also contributed to the decision to terminate the agreement to avoid further dilution and expense to maintain the option on a non-core property. The Company notified Kootenay Gold in February 2009 that it was terminating the option on the property. The Company has recorded a \$ 378,226 write-off of acquisition and exploration costs.

Gold Springs Project, Nevada

The Company has returned to the underlying vendor the Gold Springs gold project located in the Stateline Mining District along the Nevada-Utah border and has terminated its interest in the project. In 2006 the Company completed an initial ten-hole 1,760m reverse circulation drill program. An undivided 100% interest in the 127 claim project (collectively the "Gold Springs Project") was earned in 2008. The 1,760m RC drill program carried out on Gold Springs in 2006 yielded several gold intercepts but the bulk-tonnage grade target associated with the Jumbo Vein structure, that was Astral's primary focus, was not validated and continuity could not be defined on the high-grade vein intercepts in the hanging wall. The most promising remaining target for follow-up was the northern extension of the Jennie Mine structure where the single hole drilled there by the Company encountered anomalous gold near the bottom of the hole. However, the high cost of maintaining the project (\$75,000 annual advance-royalty payments) combined with the Company's current financial condition resulted in the decision to terminate the agreement with the underlying vendor. The Company has recorded a \$907,752 write-off of acquisition and exploration costs.

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 ("Amara") the Roy and Hills properties, located in the Walker Lane Mineral Belt of West Central Nevada. Under the terms of this letter of intent, the Company could earn up to an 80% undivided interest in the Roy and Hills properties. An initial 65% interest in the project could be earned by incurring US\$2,500,000 in work expenditures over four years and issuing 50,000 common shares (10,000 shares issued) to Amara. Upon earning the initial 65% interest, the Company could then elect to earn an additional 15% interest, by issuing a further 50,000 shares and completing a bankable feasibility study, within three years.

A phase I reverse circulation ("RC") drill program of the Roy and Hills Properties was carried out between January and February 2007. The 7-hole drill program on the Roy and Hills projects, designed to test a number of gold-silver targets, did not intersect any significant gold mineralization. Due to the lack of any significant remaining exploration targets on the Hills Property, it was agreed with Amara to allow the property to lapse. The Roy property was returned to Amara as there are several targets on the property that some follow-up exploration could be carried out on. The Company has recorded a \$199,002 write-off of acquisition and exploration costs.

Selected Financial Information

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

	Years Ended March 31,		
	2009	2008	2007
	\$	\$	\$
Operations:			
Interest and other income	50,753	39,637	38,656
Net loss	(2,244,905)	(659,627)	(551,304)
Basic and diluted loss per share	(0.92)	(0.35)	(0.40)
Dividends per share	Nil	Nil	Nil

	Years Ended March 31,		
	2009 \$	2008 \$	2007 \$
Balance Sheet:			
Working capital	108,193	645,986	754,842
Total assets	3,360,670	5,040,584	2,548,427
Total long-term liabilities	Nil	Nil	Nil

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

	Fiscal 2009				Fiscal 2008			
	Mar. 31 2009 \$	Dec. 31 2008 \$	Sep. 30 2008 \$	Jun. 30 2008 \$	Mar. 31 2008 \$	Dec. 31 2007 \$	Sep. 30 2007 \$	Jun. 30 2007 \$
Operations:								
Interest and other income	2,194	28,980	18,779	800	7,013	10,065	11,273	11,286
Net income (loss)	194,590	(1,528,476)	(66,667)	(844,352)	496,440	(569,397)	(258,646)	(328,024)
Basic and diluted income (loss) per share	0.08	(0.60)	(0.00)	(0.40)	0.30	(0.30)	(0.14)	(0.21)
Dividends per share	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Balance Sheet:								
Working capital	108,193	261,831	151,635	585,792	645,986	1,075,914	414,785	1,401,396
Total assets	3,360,670	3,431,989	4,981,019	5,489,914	5,040,584	5,133,829	4,215,185	4,293,805
Total long-term liabilities	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Results of Operations

Three Months Ended March 31, 2009 Compared to Three Months Ended March 31, 2008

During the three month period ended March 31, 2009 (the “2009 Quarter”) the Company reported a consolidated income of \$194,590 compared to income of \$496,440 for the three month period ended March 31, 2008 (the “2008 Quarter”), a decrease in income of \$301,850. The 2009 Quarter net income of \$194,590 was comprised of \$80,710 of expenses, which were offset by a future income tax recovery amount of \$275,300. During the 2008 Quarter the Company reported net income of \$496,440, which was comprised of \$117,532 of expenses and offset by a future income tax recovery amount of \$694,683. The \$36,792 decrease in expenses in the 2009 Quarter compared to the 2008 Quarter is due, in part, to reduced corporate activities and the termination of the arrangement with Grosso Group Management Ltd. (the “Grosso Group”). In addition during the 2008 Quarter the Company recorded a foreign exchange gain of \$35,148 compared to a foreign exchange gain of \$348 for the 2009 Quarter.

Year Ended March 31, 2009 Compared to Year Ended March 31, 2008

For the year ended March 31, 2009 (“Fiscal 2009”), the Company reported a consolidated loss of \$2,244,905 (\$0.92 per share), an increase in loss of \$1,585,278, from the \$659,627 loss (\$0.35 per share) for the year ended March 31, 2008 (“Fiscal 2008”). The increase in consolidated loss in Fiscal 2009 was due to the \$2,148,976 write-off of mineral properties and deferred costs reported in Fiscal 2009, partially offset by the reduced exploration and corporate activities as a result of the Company’s lack of finances, the termination of the Grosso Group for corporate development and the absence of stock-based compensation expense on stock options.

Excluding stock-based compensation amounts the Company’s operating expenses for Fiscal 2009 were \$403,429 compared to \$945,399 for Fiscal 2008. The \$541,970 decrease in operating expenses in Fiscal 2009 reflects the Company’s implementation of changes to reduce its corporate overhead expenses and significantly reduced corporate and exploration activities due to financial constraints. Significant expenditures were incurred in the following categories:

- corporate development and investor relations expenses of \$40,118 were incurred for Fiscal 2009 compared to \$303,595 for Fiscal 2008, a decrease of \$263,477. The decrease was mainly due to the Company’s reduced use of public relations advisory services in Fiscal 2009 and the termination of the Grosso Group, effective May 31, 2008;

- management fees of \$110,000 were incurred in Fiscal 2009 compared to \$116,264 in Fiscal 2008. The management fees are for the services of the President of the Company and is currently set at \$110,000 per annum;
- rent, salaries and office expenses of \$132,985 were incurred for Fiscal 2009 compared to \$388,604 for Fiscal 2008, a decrease of \$255,619. The rent, salaries and office expenses for Fiscal 2008 represented an allocation of such expenses from the Grosso Group. Effective May 31, 2008, the arrangement with the Grosso Group was terminated after which the Company moved to separate office premises and engaged Chase Management Ltd. to provide accounting, administrative and management services, for which the Company has billed \$43,738;
- professional fees of \$21,999 were incurred for Fiscal 2009 compared to \$27,342 for Fiscal 2008, a decrease of \$5,343. The main factors attributed to the decrease were: (i) a decrease of \$16,943 in audit fees from \$23,772 for Fiscal 2008 to \$6,829 for Fiscal 2009. The decrease in Fiscal 2009 was due to timing of audit fees billed; (ii) an increase of \$8,898 in legal fees from \$3,570 for Fiscal 2008 to \$12,468 for Fiscal 2009; and (iii) an increase of \$2,702 professional fees to non-related parties; and
- stock-based compensation expense recorded in Fiscal 2008 was \$195,146, which represented the estimated fair value of 78,500 stock options granted to directors and consultants in Fiscal 2009. In addition, in Fiscal 2008 \$7,586 in stock-based compensation expense was capitalized to mineral properties and deferred costs. The Company did not grant any stock options in Fiscal 2009.

During Fiscal 2009 the Company capitalized \$824,408 of expenditures to the JJ Property, \$21,750 on the Blueberry Property and \$19,681 on the Columbia-Rosslund Property in western Canada. In light of the current world-wide economic situation and the Company's lack of finances, during Fiscal 2009 the Company determined to abandon the Chenier Property, the Gold Springs Project, the Roy and Hills Properties, the Monzo Claims, the Saluda and Bear Creek Properties, and the Emmy and REF Properties and wrote off a total of \$2,148,976 of acquisition and exploration costs. See "Exploration Projects" section above for further discussion.

On June 27, 2008, the Company completed a private placement financing of flow-through units to raise \$898,770 gross proceeds. The Company incurred a total of \$85,760 for finders' fee and costs associated with the financing. A further \$6,000 was raised on the exercise of stock options.

Financial Condition / Capital Resources

As at March 31, 2009, the Company had working capital of \$108,193, had not yet achieved profitable operations, had accumulated losses of \$4,012,783 since inception and expects to incur further losses in the development of its business, all of which casts substantial doubt about the Company's ability to continue as a going concern. The Company has taken measures to reduce its ongoing corporate overhead activities and requirements. It has also reviewed its portfolio of mineral property interests and has terminated further activities of certain of its non-core mineral property interests. For the ensuing year, the Company plans to focus its exploration activities on its JJ and nearby projects. The Company anticipates that it will need to raise further financings to enable it to continue with planned exploration activities, property payments and its ongoing corporate overhead requirements. In addition, exploration activities may change due to ongoing results and recommendations or the Company may acquire additional mineral properties, which may entail significant funding or exploration commitments. The Company has relied solely on equity financing to raise the requisite financial resources. While it has been successful in the past there can be no assurance that the Company will be successful in raising future financings should the need arise. Should the Company be unable to realize on its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts recorded on the balance sheet. The consolidated financial statements do not give effect to any adjustments that might be necessary if the Company were unable to meet its obligations or continue operations.

The Company is currently negotiating terms to complete a rights offering to raise approximately \$643,000. The Company will be required to prepare a prospectus and anticipates completion in August or September 2009.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Proposed Transactions

The Company intends to complete and conduct a rights offering by filing a short form prospectus to distribute transferable rights entitling the holders to subscribe for units of the Company, for gross proceeds of up to approximately \$642,000. Details of the rights offering are currently being negotiated.

Critical Accounting Estimates

A detailed summary of all the Company's significant accounting policies is included in Note 2 to the March 31, 2009 audited consolidated financial statements.

Changes in Accounting Policies

Adoption of New Accounting Standards

Effective April 1, 2008, the Company adopted the new recommendations of the Canadian Institute of Chartered Accountants ("CICA") under Section 1400, *General Standards of Financial Statement Presentation*, Section 3862, *Financial Instruments Disclosures*, Section 3863, *Financial Instrument - Presentation* and Section 1535, *Capital Disclosures*.

Assessing Going Concern

Section 1400 was amended to include requirements for management to assess and disclose an entity's ability to continue as a going concern. The Company has included the required disclosures recommended by Section 1400 in Note 1 of the March 31, 2009 consolidated financial statements.

Financial Instruments

Section 3862 requires entities to provide disclosures in their financial statements that enable users to evaluate (a) the significance of financial instruments for the entity's financial position and performance; and (b) the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the balance sheet date, and how the entity manages those risks. The principles in this section complement the principles for recognizing, measuring and presenting financial assets and financial liabilities in Section 3855, *Financial Instruments - Recognition and Measurement*, Section 3863 and Section 3865, *Hedges*.

Section 3863 is to enhance financial statement users' understanding of the significance of financial instruments to an entity's financial position, performance and cash flows. This section establishes standards for presentation of financial instruments and non-financial derivatives. It 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.

The Company has included the required disclosures recommended by Sections 3862 and 3863 in Note 12 of the March 31, 2009 consolidated financial statements.

Capital Disclosures

Section 1535 establishes standards for disclosing information about an entity's capital and how it is managed. The Company has included the required disclosures recommended by Section 1535 in Note 13 of the March 31, 2009 consolidated financial statements.

New Accounting Pronouncements

Goodwill and Intangible Assets

The Accounting Standards Board ("AcSB") issued Section 3064, *Goodwill and Intangible Assets*, which replaces Section 3062, *Goodwill and Other Intangible Assets*, and Section 3450, *Research and Development Costs*. This new section establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial

recognition and of intangible assets. This section applies to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2008.

The Company does not anticipate the above new accounting standards to have an impact on the Company's financial position and results of operations.

Future Accounting Policies

Business Combinations, Consolidated Financial Statements and Non-Controlling Interests

The CICA issued three new accounting standards in January 2009: Section 1582, *Business Combinations*, Section 1601, *Consolidated Financial Statements*, and Section 1602, *Non-Controlling Interests*. These new standards will be effective for fiscal years beginning on or after January 1, 2011. The Company is in the process of evaluating the requirements of the new standards.

Section 1582 replaces Section 1581, *Business Combinations*, and establishes standards for the accounting for a business combination. It provides the Canadian equivalent to International Financial Reporting Standards ("IFRS") 3, *Business Combinations*. The section applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011. Sections 1601 and 1602 together replace Section 1600, *Consolidated Financial Statements*. Section 1601, establishes standards for the preparation of consolidated financial statements. Section 1601 applies to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011. Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. It is equivalent to the corresponding provisions of IFRS IAS 27, *Consolidated and Separate Financial Statements*, and applies to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011.

International Financial Reporting Standards

In 2006, the 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.

Transactions with Related Parties

- (a) the Grosso Group was engaged to provide geological, corporate development, administrative and management services and office facilities to the Company. The monthly fee was based upon a pro-rating of the Grosso Group's costs, including its staff and overhead costs, among the sharing companies with regard to mutually agreed average annual level of services provided to each company.

The arrangement with the Grosso Group was terminated effective May 31, 2008. During the year ended March 31, 2009, the Company paid \$83,664 (2008 - \$337,640) to the Grosso Group which have been allocated to rent, salaries and office expenses.

- (b) Effective June 1, 2008, the Company entered into an agreement with Chase Management Ltd. ("Chase"), a private company owned by a director of the Company, to provide accounting, administrative and management services for a minimum term of one year, at a rate of \$3,000 per month, plus disbursement. Chase may also provide additional services as required. During the year ended March 31, 2009, the Company was billed a total of \$43,738 by Chase. As at March 31, 2009, \$12,315 remained outstanding and is included in accounts payable and accrued liabilities.
- (c) The President of the Company provides his services on a full-time basis under a contract with a private company controlled by the President of the Company for a current annual fee of \$110,000. During the year ended

March 31, 2009, the Company was billed a total of \$110,000 (2008 - \$116,264) by the President, of which \$3,167 (2008 - \$nil) is included in accounts payable. 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.

- (d) During the year ended March 31, 2009, the Company was billed \$45,000 for geological services provided by a director of the Company. The amount remained outstanding at March 31, 2009, and has been included in accounts payable and accrued liabilities.

Unless otherwise stated, related party transactions are measured at the exchange amount, being the amount of consideration established and agreed to by the related parties.

Risks and Uncertainties

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, 2009 Management Discussion and Analysis.

Investor Relations Activities

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Mr. Manfred Kurschner is the Company's President and coordinates investor relations activities. The Company also maintains a web site at www.astralmining.com.

Outstanding Share Data

The Company's authorized share capital is unlimited common shares with no par value. As at July 24, 2009, there were 2,571,951 issued common shares and 70,000 stock options outstanding, at exercise prices ranging from \$4.00 to \$5.00 per share and 149,795 warrants outstanding at an exercise price of \$4.50 per share.

The Company intends to file a short form prospectus to conduct a rights offering. See "Proposed Transactions".