

ASTRAL MINING CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE NINE MONTHS ENDED DECEMBER 31, 2010

Introduction

The following management discussion and analysis and financial review, prepared as at February 23, 2011, should be read in conjunction with the unaudited interim consolidated financial statements and related notes for the nine months ended December 31, 2010 of Astral Mining Corporation ("Astral" or the "Company"). 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. The Company completed its initial public offering and on March 1, 2006 commenced trading on the TSX Venture Exchange ("TSXV"). On March 26, 2009, the Company completed a consolidation of its share capital on a one new for ten old basis. The Company's trading symbol is "AA". The Company is a reporting issuer in British Columbia, Alberta and Ontario.

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.

Corporate Update

Effective February 15, 2010 Mr. Dale Brittliffe B.Sc., P.Geo., was appointed Vice President of Exploration of the Company. Mr. Brittliffe has over 13 years experience with mineral exploration and mining projects in Australia, Canada and Mexico. A graduate of Curtin University of Technology, Western Australia, Mr. Brittliffe has been a key member in numerous exploration projects for gold, nickel sulphides, copper, silver-lead-zinc and pegmatite-hosted commodities. Prior to gaining his degree, he worked in many aspects of the mining industry including prospecting and gold processing operations in the goldfields of Western Australia. Since moving to Canada in 2006 Mr. Brittliffe has managed project specific exploration for Astral Mining Corporation and Kootenay Gold Inc in British Columbia and Mexico. Successes include recent work at the Jumping Josephine Project resulting in the definition of a high-grade, gold bearing stockwork zone now the subject of further work by Astral. Mr. Brittliffe is a registered professional geoscientist in British Columbia.

Exploration Projects

Jumping Josephine Property, British Columbia

The "Jumping Josephine Property" is composed of 82 mineral claims acquired as four discrete, contiguous groups by option agreements dated between April 2006 and March 2010. The entire property covers 37,007Ha and measures some 29km x 25km at its' widest point. The block's easternmost extent is located 3km west of the city of

Castlegar in Southern British Columbia. The property is bisected by the east-west Highway 3. The property size was reduced in late 2010 by 6,294Ha in 15 claims “CP Midas claims” due to Astral opting out of an amended option agreement with Kootenay Gold, the parties are negotiating an updated Joint Venture agreement on the core Jumping Josephine claims as discussed below. Two additional claims for 187Ha “Astral CP claims” were forfeited in early 2011.

Astral controls seven crown-granted claims covering of 91.9Ha which also form part of the project. Pre-existing crown-granted mineral claims not controlled by Astral are located within the perimeter of the Jumping Josephine property and form part of the historical Granville Mountain camp to cover approximately 385Ha. When taken into account, these claims bring the effective area of the combined Jumping Josephine claim group to 36,622Ha.

Component claim groups within the Project were added at different stages but share common boundaries, forming one large property and Astral has completed or is nearing completion of its obligations on many of these groups. For convenience and to avoid confusion, the agreements are grouped into two sub-categories, the “Kootenay Package” (Jumping Josephine and formerly the CP Midas groups) and the “Astral Package” (Blueberry, Ridge, Columbia Rossland and formerly Astral CP claim groups). The Kootenay Package consists of the original core of 24 Jumping Josephine claims and formerly included the CP Midas claim group which Kootenay was to transfer to Astral upon fulfillment of an amended Jumping Josephine option agreement. Late in 2010 Astral elected not to continue with the option agreement to earn Kootenay’s 40% share of the core 24 claims and 100% of the CP Midas claims and the project reverted to a 60/40 Joint Venture. The CP Midas claims remain 100% controlled by Kootenay Gold. The “Astral Package” includes groups of claims acquired by Astral from parties other than Kootenay Gold. With the exception of the Blueberry Group, Astral now has fulfilled the requirements to earn 100% ownership of these claims.

Kootenay Package

Jumping Josephine, British Columbia

In 2006, the Company entered into an option agreement with Kootenay Gold Inc. (“Kootenay Gold”) and the Company has now earned a 60% undivided interest in the 11,667 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.

Astral and Kootenay Gold subsequently entered into an option agreement dated December 14, 2009 whereby Astral had the right to earn the remaining 40% interest in the JJ Property from Kootenay Gold. The agreement stated that in exchange for the right to increase its interest to 100%, Astral must, subject to TSXV approval, issue 4,000,000 shares of Astral to Kootenay Gold and incur \$2,000,000 in exploration expenditure over a two year period. Kootenay Gold also agreed to include as part of the option agreement a 61.04km² property (“CP Midas Property”) contiguous with the Jumping Josephine claims. The claims were subject to a 1% NSR royalty and upon any portion of the property going into production would trigger the issue of an additional 400,000 shares of Astral to Kootenay Gold. In June 2010 the Company received TSXV final approval and issued a total of 1,500,000 common shares to Kootenay Gold. Astral completed the first year’s obligations under this agreement but based on disappointing results from extension drilling, elected to revert to a 60/40 joint venture arrangement with Kootenay. Astral informed Kootenay of this decision and negotiations are underway as to the terms of the final JV agreement.

The JJ Main Zone represents the most advanced showing on the claims and comprises structurally-controlled quartz stockwork veining now intersected by drilling over a strike length of 2.25km and to vertical depths of up to 240m. Current information indicates the JJ Main Gold Zone has an estimated maximum true width of 12.6m as evidenced by Hole 13. Infill aeromagnetics, geological mapping and surface geochemistry had suggested the host structure for JJ Main’s mineralized stockwork could extend for over three kilometres. Recent drilling intersections support this idea, quartz stockwork veining carrying anomalous gold values has been intersected along the trend over a length of 2.25km. In addition, drilling has also encountered mineralization possibly representing a parallel zone hidden under an area of no outcrop.

The Company completed two phases of drilling in 2007. The 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). The 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.

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.

Other drilling completed in 2008 included testing of two selected IP chargeability anomalies (2 holes for 893.59m) and further work along trend (2 holes for 545.73m). An independent 43-101 report detailing work on the JJ Property up to the end of 2009 by Apex Geoscience has been completed and is posted on SEDAR (www.sedar.com).

A multi-stage exploration program was recommended in the July 2009 43-101 report by Apex Geoscience, referred to above and much of the work was carried out during the 2009 field season. Phase IA included prospecting, stream sediment sampling and a large regional 5,000 point soil program over much of the northern part of the JJ Property. The program was designed to identify gold and arsenic soil anomalies related to JJ Main type gold-bearing structures with associated arsenopyrite mineralization. Phase 1B included 136m of trenching at the Highway showing, located 1.5km southwest of the drilling carried out to date along the JJ Main structure. Details of the work are included in the Apex Geoscience updated 43-101 report, posted on SEDAR (www.sedar.com).

Astral's 2010 exploration program included a total of 644m of trenching at the Hillside (211m), Highway (222m), Big Sheep (165m) and Siren (46m) showings. Weakly anomalous results were returned from most trenches. Astral completed an additional 31 diamond drill holes for a total of 5054m during summer 2010. The program aimed to test for extensions and/or parallel mineralized zones at the JJ Main prospect. Three holes for 531m were drilled at the Big Sheep prospect area roughly 4.3km southwest of the JJ Main showing for no significant results. In addition, a late fall drilling program comprising five holes for 520m was completed in the newly identified Cedar zone prospect, a potential parallel zone of mineralization roughly 250m northwest of the JJ Main showing. Completed in December 2010, these holes have not yet been logged and analysed.

Summer drilling identified extensions of the JJ Main structure, which may be projected from JJ Main to the Highway showing, a total length of 2.25km. Results from the step out drilling were anomalous although high grade shoots such as the core of the JJ Main zone were not encountered. Best values from the 2010 drilling at JJ Main include 13.21m averaging 0.57g/t Au. Drilling also targeted a potential parallel zone 250m northwest of the JJ Main and returned best drill results of 0.5m averaging 2.90g/t Au and 1.73m averaging 1.60g/t from an area of no outcrop known as the "Cedar Zone".

An application for bulk testing at the JJ Main Discovery Zone has been granted provisional approval pending the nomination of a suitably licensed ore treatment facility. 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 completed a preliminary metallurgical test program on samples from JJ Main to assess the amenability of the mineralized material to modern processing methods. The results of this testwork were favourable, giving an initial indication that the JJ mineralised material would be amenable to a gravity/leach processing stream.

An infill and extension aeromagnetic and EM survey was completed over the greater JJ area. The 2,751 line kilometre helicopter borne survey was conducted by Aeroquest International Limited and complements earlier work done by Astral on the JJ Property and Kootenay Gold on the CP Midas claims. The new survey data has been merged with existing data and reprocessed.

All drill core samples from Astral's programs were from NQ or 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 from 2007-09 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. The 2010 analytical work was completed by Eco-Tech Laboratory Ltd, owned by The Stewart Group Global and fully accredited to ISO 9001-2008 and is currently working towards 17025 accreditation. 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 V.P. Exploration, Dale Brittliffe, B.Sc., P.Geo. a Qualified Person as defined in National Instrument 43-101 (a "Qualified Person").

Astral Package

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 Agreement was amended on June 8, 2009. The property is considered strategic due to its location. A total of 313 soil samples and 37 stream silt samples were collected on the Blueberry property during summer 2009. Soil sampling identified the Siren area on the southernmost line with maximum gold in soil value of 0.55 grams per tonne. Silts returned several anomalous values including a high of 0.535 grams per tonne gold. Surface work completed in 2010 included two small trenches for a total of 50m and no significant results in addition to infill and extension soil sampling and rock grab sampling. Recent logging activities in the Siren area have exposed additional faces and follow-up sampling is yet to be returned and compiled by Astral.

During 2010 the Siren prospect area saw additional soil sampling and limited trenching. A total of eight trench samples were collected for no significant results.

To earn a 100% undivided interest in the Blueberry property the Company must make further cash payments totalling \$15,000 and issue 4,000 common shares by June 1, 2011. 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.

During the summer of 2009 the company collected 481 stream silt samples from streams on the Columbia-Rossland claims. Major drainages were targeted due to the large size of the property. A maximum value of 0.23 grams per tonne was returned from the Columbia Rossland Claims. Anomalous zones in both Blueberry and Columbia-Rossland warranted follow up work during the 2010 field season. Details of the silt sampling program are contained within the most recent Apex Geoscience 43-101 report available on SEDAR (www.sedar.com). Recent soil and rock geochemistry sampling is currently being compiled by Astral.

During the 2010 field season Astral conducted 53 contour soil samples in areas close to anomalous stream sediment samples. No significant results came from these soil samples.

In June 2010 Astral fulfilled the terms of the agreement with Mineworks by issuing the final 5,000 common shares, thus earning a 100% undivided interest in the Columbia-Rossland claims. Mineworks retains a 2.5% NSR, of which 2.0% is purchasable by the Company for a total of \$2 million.

Ridge Property, British Columbia

On March 1, 2010, the Company entered into an agreement with Mineworks to acquire a 100% interest in the 2,739 hectare Ridge group of claims, internal and adjacent to the Blueberry and Columbia-Rossland group of claims. As per the terms of the agreement, Astral has issued a total of 50,000 shares to Mineworks which retains a 2.5% NSR royalty. Astral may purchase 1.5% of the NSR at any time for \$2,000,000, with Mineworks retaining a 1% NSR royalty.

The Ridge claims are considered strategic due to their location.

Astral CP Property, British Columbia

On January 27, 2010, the Company staked two small claims totalling 187Ha in open ground internal to the Blueberry CP Midas claim groups. As the CP Midas claim group is no longer subject to acquisition by Astral, the two claims have been allowed to lapse.

Honeymoon Property, British Columbia

On November 12, 2010, Astral signed a Letter of Intent whereby it may acquire a 100% controlling interest in the Honeymoon Property, located 85km northeast of Kamloops, southern British Columbia. The claim group consists of 41 BC Mineral claims totalling 18,761 hectares and is situated on the western side of Adams Lake. To earn a 100% interest in the Honeymoon Property, Astral must issue 300,000 common shares, make cash payments totaling \$135,000 in increments over five years and incur exploration expenditures of \$1,000,000 over 4 years. The vendor will retain a 0.5% NSR which may be purchased in its entirety at any time by Astral for \$1,500,000.

The Honeymoon Property is within the Kootenay Terrane, underlain by rocks of the Palaeozoic Eagle Bay Assemblage and intruded by phases of the mid-cretaceous Baldy Batholith. The property contains numerous mineralized showings, soil geochemical anomalies and limited historical trenching and drilling. Parts of the property were optioned by Teck Corporation in May 1999. Exploration during that year targeted a large vein system exposed at the Cam Gloria showing which returned best trench results of 2m averaging 9.26 g/t Au and diamond drill results including 1m grading 9.57 g/t Au and 128.4 g/t Ag (BC Assessment report No 26215).

Astral is compiling all publicly available data and additional geochemical data provided by the vendor in order to plan exploration activities for the Spring of 2011.

Los Crestones, Mexico

The Los Crestones Property is located within the prolific Sierra Madre gold-silver belt 100 kilometres (km) north of the Sinaloa state capital, Culiacan, Mexico. Never drilled, the property hosts numerous mineralized showings and small scale workings and is prospective for vein and breccia-hosted low sulphidation epithermal gold and silver.

In November 2010, Astral geologists visited the property and collected a total of 18 representative chip samples from exposed veins and historical workings. Encouraging results include 1 metre (m) grading 26.9 grams per tonne (g/t) gold and 56g/t silver from sample #986104, 3m grading 13.7g/t gold from #986107 and up to 649g/t silver from a three metre chip sample #986116. Analytical results for all 18 samples are tabulated below; all are chip samples collected over representative widths from epithermal vein and breccia outcrops.

Mineralization at Los Crestones is observed in a series of north-south trending vein sets outcropping on both flanks of an east-west trending ridge in the southern half of the property. Three obvious veins have been identified to date. Astral has named these "Corona", "Bohemia" and "El Indio" and they are primary targets for initial exploration work. Veins and associated breccia zones are sub parallel, trending between 3450 and 3600 and dipping between 60-70 degrees to the east. Silicified breccia and vein material is often observed as erosion resistant ribs protruding from the hillside. Presently, the potential mineralized corridor is approximately 400m wide and close to 5km long as evidenced by historical surface sampling data which indicate additional mineralized veins along the trend up to 1.3km south and 3.6km north of the main showings visited by Astral in 2010.

Astral recognizes community involvement as key to exploration success at Los Crestones. With a framework of a cooperative agreement being finalized with the surrounding communities, Astral is planning a staged exploration program for Los Crestones over the course of 2011.

Selected 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 2011			Fiscal 2010			Fiscal 2009	
	Dec. 31 2010 \$	Sep. 30 2010 \$	Jun. 30 2010 \$	Mar. 31 2010 \$	Dec. 31 2009 \$	Sep. 30 2009 \$	Jun. 30 2009 \$	Mar. 31 2009 \$
Operations:								
Interest and other income	86	17	Nil	1,415	3,537	8,076	7,387	2,194
Net income (loss)	(139,349)	(201,977)	(132,882)	(105,604)	(199,362)	(163,077)	(100,181)	194,590
Basic and diluted income (loss) per share	(0.01)	(0.01)	(0.02)	(0.00)	(0.04)	(0.06)	(0.04)	0.08
Dividends per share	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Balance Sheet:								
Working capital (deficiency)	337,074	555,917	637,826	(183,491)	(124,450)	(285,445)	8,607	108,193
Total assets	5,564,235	5,624,912	5,144,493	3,902,448	3,832,996	3,490,078	3,339,004	3,360,670
Total long-term liabilities	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Results of Operations

During the nine month period ended December 31, 2010 (the "2010 period"), the Company reported a consolidated loss of \$474,208 (\$0.04 per share), an increase in loss of \$11,588, from the consolidated loss of \$462,620 (\$0.14 per share) for the nine month period ended December 31, 2009 (the "2009 period"). The increase in loss in the 2010 period is primarily attributed to a \$39,059 increase in corporate development and investor relations expense and a \$23,816 increase in professional fees. The increase in loss was partially offset by a \$29,170 decrease in general exploration and a \$40,682 decrease in stock-based compensation expense.

Excluding stock-based compensation, the Company's operating expenses for the 2010 period were \$362,387 compared to \$322,519 for the 2009 period, an increase of \$39,868. Significant expenditures were incurred in the following categories:

- corporate development and investor relations expenses of \$63,840 were incurred during the 2010 period compared to \$24,781 during the 2009 period, an increase of \$39,059. The increase experienced during the 2010 period was due to \$9,754 for media programs, \$25,584 for investor relations, and \$28,502 for shareholder communications costs due to an increase in the level of news dissemination of financings and exploration activities compared to the 2009 period. During the 2009 period the Company incurred \$19,781 for shareholder communications costs, \$5,000 for investor relations and did not conduct any media programs;
- rent and office expenses of \$36,941 were incurred during the 2010 period compared to \$40,178 during the 2009 period;
- each of the Company's non-management directors is entitled to a directors' fee compensation of \$1,000 per month. During the 2010 period the Company recorded a total of \$33,000 (2009 - \$25,000) for directors' fees. As at December 31, 2010, \$40,000 was outstanding;
- transfer agent fees of \$10,612 were incurred during the 2010 period compared to \$10,874 during the 2009 period; and
- professional fees of \$62,003 were incurred during the 2010 period compared to \$38,187 during the 2009 period, an increase of \$23,816. The increase in the 2010 period was due to the Company was billed \$20,503 by third parties for consulting services in reviewing and evaluating projects.

During the 2009 period the Company recorded interest and other income of \$19,000 of which \$18,769 was from recoveries of administration costs related to property joint venture partner funding exploration programs. Interest income derived in the 2010 period was a nominal amount.

During the 2010 period, the Company granted 738,500 (2009 - 535,195) stock options to its directors, employees and consultants and recorded a non-cash stock-based compensation expense of \$111,505 (2009 - \$152,187). The calculation is based on the fair value of stock options granted by the Company using the Black-Scholes option

pricing model which uses estimates and assumptions. It does not necessarily provide a reliable measure of the fair value of the Company's stock options.

During the 2010 period the Company incurred \$1,308,204 (2009 - \$745,498) of expenditures to the JJ Project. During the 2009 period the Company also received \$187,756 from Kootenay Gold for its share of costs on the JJ Claims. In December 2009, the Company entered into an option agreement with Kootenay Gold whereby the Company could acquire the remaining 40% interest in the JJ Claims. On November 25, 2010 the Company notified Kootenay Gold that it was terminating its option to earn the remaining 40% interest in the JJ Claims. See "Exploration Projects" section above for further discussion.

During the 2010 period the Company received final TSXV approval and issued 1,500,000 common shares under the option agreement for the JJ Claims; issued 2,500 common shares and made a \$15,000 cash payment under the Blueberry Claims option agreement, and issued 5,000 common shares to exercise the Columbia-Rossland Claims option agreement.

On November 12, 2010 the Company entered into an option payment agreement whereby the Company can acquire a 100% interest in the Honeymoon Property. During the 2010 period the Company made a \$5,000 cash payment and issued 50,000 common shares under the Honeymoon Property agreement, the Company also incurred \$7,771 of claim maintenance fees and expenditures on the Honeymoon Property.

Pursuant to agreements entered into on October 12, 2010 and formalized on January 11, 2011, the Company has been granted options to acquire 100% interests in the Los Crestones Property. During the 2010 period the Company made a US \$10,000 cash payment under the Los Crestones Property agreements.

During the 2010 period the Company completed private placements of 4,553,000 non-flow-through units and 5,447,000 flow-through units for total gross proceeds of \$2,000,000.

Financial Condition / Capital Resources

As at December 31, 2010, the Company had working capital of \$337,074, had not yet achieved profitable operations, had accumulated losses of \$5,055,215 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. For the ensuing year, the Company plans to focus its exploration activities on the Los Crestones Property and on the Jumping Josephine 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.

Subsequent to December 31, 2010, the Company has arranged a private placement of 2,500,000 units at \$0.20 per unit for gross proceeds of \$500,000. As at February 18, 2011 the Company has received \$190,000 from the private placement.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Critical Accounting Estimates

A detailed summary of all the Company's significant accounting policies is included in Note 2 to the March 31, 2010 audited consolidated financial statements.

Changes in Accounting Policies

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.

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

International Financial Reporting Standards

In January 2006, the Canadian Accounting Standards Board adopted a strategic plan, which includes the decision to move financial reporting for Canadian publicly accountable enterprises to a single set of globally accepted high-quality standards, namely, International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board. The effective implementation date of the conversion from Canadian generally accepted accounting principles (“Canadian GAAP”) to IFRS is January 1, 2011, with an effective transition date of January 1, 2010 for financial statements prepared on a comparative basis. The Company is engaged in an assessment and conversion process which includes consultation with external consulting firms and expects to be ready for the conversion to IFRS in advance of January 1, 2011. As part of the conversion process, the Company has offered IFRS specific training to senior financial reporting personnel and directors.

The Company’s approach to the conversion to IFRS includes three phases.

- Phase One: an initial general diagnostic of its accounting policies and Canadian GAAP relevant to its financial reporting requirements to determine the key differences and options with respect to acceptable accounting standards under IFRS, was completed in 2009.
- Phase Two: an in depth analysis of the impact of those areas identified under phase one, commenced in 2010.
- Phase Three: the implementation of the conversion process, through the preparation of the opening balance sheet as at April 1, 2011, will be carried out in 2011.

At this point, the Company’s IT accounting and financial reporting systems are not expected to be significantly impacted. Further, the Company has in place internal and disclosure control procedures to ensure continued effectiveness during this transition period.

Based on the review undertaken under Phase One and the work completed to date under Phase Two, the Company believes that IFRS will have limited impact on its current financial position. At the same time, IFRS will likely require more extensive disclosure and analysis of balances and transactions in the notes to the financial statements. The specific accounting areas the Company has focused its analysis on are outlined below together with the more salient issues under each area.

Key Area	Canadian GAAP (as currently applied)	IFRS	Analysis and Preliminary Conclusions
Capital Assets	Capital assets are recorded at historical cost.	Capital assets can be recorded using the cost (on transition to IFRS, the then fair value can be deemed to be the cost) or revaluation models.	Capital assets will likely continue to be recorded at their historical costs due to the complexity and resources required to determine fair values on an annual basis.
	Depreciation is based on their useful lives after due estimation of their residual values.	Depreciation must be based on the useful lives of each significant component within Capital assets.	Based on an analysis of Capital assets' significant components and their useful lives, it is unlikely that changes to their useful lives and, therefore, depreciation rates and expenses, will be required.
Resource Properties	Exploration, evaluation and development costs directly relating to unproven mineral interests are deferred until the mineral interest in which they relate is placed into production, sold or abandoned	IFRS has limited guidance with respect to these costs and currently allows exploration and evaluation costs to be either capitalized or expensed.	The existing accounting policy is likely to be maintained.
Asset Retirement Obligations	Canadian GAAP limits the definition of ARO's to legal obligations.	IFRS defines ARO's as legal or constructive obligations.	The broadening of this definition is unlikely to cause a significant change in current estimates.
	ARO is calculated using a current credit-adjusted, risk-free rate for upward adjustments, and the original credit-adjusted, risk-free rate for downward revisions. The original liability is not adjusted for changes in current discount rates.	ARO is calculated using a current pre-tax discount rate (which reflects current market assessment of the time value of money and the risk specific to the liability) and is revised every reporting period to reflect changes in assumptions or discount rates.	The change in calculation of ARO and the discounting process will likely generate some changes in the value of ARO on transition.
Impairment of Long Lived Assets	Impairment tests of its long-term assets are considered annually based on indications of impairment.	Impairment tests of "cash generating units" are considered annually in the presence of indications of impairment.	Assets will continue to be grouped under the Company's various mining operations. Currently, there are no indications of impairment and, therefore, no impairment test has been performed.
	Impairment tests are generally done on the basis of undiscounted future cash flows.	Impairment tests are generally carried out using the discounted future cash flow.	Impairment tests using discounted values could generate a greater likelihood of write downs in the future.
	Write-downs to net realizable values under an impairment test are permanent changes in the carrying value of assets.	Write downs to net realizable values under an impairment test can be reversed if the conditions of impairment cease to exist.	Potential significant volatility in earnings could arise as a result of the difference in the treatment of write-downs.

Key Area	Canadian GAAP (as currently applied)	IFRS	Analysis and Preliminary Conclusions
Stock-Based Compensation	Stock-based compensation is determined using fair value models (e.g. Black-Scholes) for equity-settled awards and the intrinsic model for cash-settled awards.	Stock-based compensation is determined using fair value models for all awards. However, upon settlement, cash-settled awards are adjusted to the value actually realized (intrinsic model).	The determination of the value of stock-based compensation for share appreciation rights and deferred share units, both cash-settled awards, will change and likely be more volatile under a Black-Scholes model until the awards are settled.
Income Taxes	There is no exemption from recognizing a deferred income tax for the initial recognition of an asset or liability in a transaction that is not a business combination. The carrying amount of the asset or liability acquired is adjusted for the amount of the deferred income tax recognized.	A deferred income tax is not recognized if it arises from the initial recognition of an asset or liability in a transaction that is not a business combination, and at the time of the transaction affects neither accounting profit nor taxable profit.	The Company does not expect the difference in recognition of deferred income tax to have any significant change in the future.
	All deferred income tax assets are recognized to the extent that it is "more likely than not" that the deferred income tax assets will be realized recognized.	A deferred tax asset is recognized if it is "probable" that it will be realized.	"Probable" in this context is not defined and does not necessarily mean "more likely than not". The Company is in the final stages of quantifying the impact of this difference.

The above comments should not be considered as a complete list of changes that will result from the transition to IFRS as the Company's analysis is still in progress and no final determinations have been made where choices of accounting policies are available. In addition, the accounting bodies responsible for issuing Canadian and IFRS accounting standards have significant ongoing projects that could impact the Company's financial statements as at March 31, 2011 and in subsequent years, including projects regarding income taxes, financial instruments and joint venture accounting. In addition, there is an extractive industries project currently underway that will lead to more definitive guidance on the accounting for exploration and evaluation expenditures, but this is still in the discussion paper stage and may not be completed for some time. The Company is continuing to monitor the development of these projects and will assess their impact in the course of its transition process to IFRS.

Transactions with Related Parties

- (a) 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 nine months ended December 31, 2010 the Company was billed a total of \$82,500 (2009 - \$82,500) by the President. The contract also provides that, in the event the services are terminated without cause or upon a change in control of the Company, a termination payment would include three months or eighteen months, respectively, of compensation plus a bonus amount agreed to by the parties. As at December 31, 2010, \$18,333 (2009 - \$nil) remained outstanding and is included in accounts payable and accrued liabilities.
- (b) Chase Management Ltd. ("Chase"), a private company owned by a director of the Company, provides accounting, administrative and management services to the Company at a rate of \$3,000 per month plus disbursements. Chase also provides additional services as required. During the nine months ended December 31, 2010 the Company was billed a total of \$52,900 (2009 - \$51,425) by Chase. As at December 31, 2010, \$7,000 (2009 - \$5,500) remained outstanding and is included in accounts payable and accrued liabilities.

- (c) During the nine months ended December 31, 2010 the Company was billed \$12,600 (2009 - \$12,000) for geological services provided by a director of the Company. As at December 31, 2010, \$6,300 (2009 - \$9,250) remained outstanding and is included in accounts payable and accrued liabilities.
- (d) Certain directors, the President and the spouse of the President of the Company purchased a total of 1,208,000 units of various private placements for \$241,600.

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.

Investor Relations Activities

On June 9, 2010, the Company entered into an investor relations agreement with AXINO AG ("AXINO"), to provide investor relations services and represent the Company in Europe. Under the terms of the agreement the Company will pay EUR 7,500 on a quarterly basis starting July 2010, for an initial term of one year. The Company granted AXINO an option to purchase 200,000 common shares at a price of \$0.23 per share, expiring June 8, 2011. During the nine months ended December 31, 2010 the Company paid \$20,584 to AXINO for investor relations services.

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 February 23, 2011, there were 17,705,400 issued common shares and 1,190,695 stock options outstanding, at exercise prices ranging from \$0.23 to \$0.38 per share, 13,354,149 warrants outstanding, at exercise prices ranging from \$0.25 to \$0.75 per share and a finder's option for 250,000 units at an exercise price of \$0.20 per unit.