ASTRAL MINING CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2006

Background

The following management discussion and analysis and financial review, prepared as at June 30, 2006, should be read in conjunction with the Company's audited annual consolidated financial statements and related notes for the years ended March 31, 2006 and 2005. 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 of the statements made and information contained herein is "forward- looking information" within the meaning of the Ontario Securities Act. Forward-looking statements are subject to a variety of risks and uncertainties which could cause actual events or results to differ from those reflected in the forward-looking statements, including, without limitation, risks and uncertainties relating to foreign currency fluctuations; risks inherent in mining including environmental hazards, industrial accidents, unusual or unexpected geological formations, risks associated with the estimation of mineral resources and reserves and the geology, grade and continuity of mineral deposits; the possibility that future exploration, development or mining results will not be consistent with the Company's expectations; the potential for and effects of labour disputes or other unanticipated difficulties with or shortages of labour; the inherent uncertainty of future production and cost estimates and the potential for unexpected costs and expenses, commodity price fluctuations; uncertain political and economic environments; changes in laws or policies, foreign taxation, delays or the inability to obtain necessary governmental permits; and other risks and uncertainties, including those described under Risk Factors Relating to the Company's Business in the Company's Prospectus 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 British Columbia Company Act on February 12, 2004 under the name Amanda Resources Corp. The Company changed its name to Astral Mining Corporation on June 6, 2005. In February 2006, the Company completed its initial public offering and on March 1, 2006 commenced trading on the TSX Venture Exchange ("TSXV") under the symbol "AST".

The Company commenced operations in February 2004. The Company's principal property is the Gold Springs Project. Pursuant to an amended and restated option agreement dated March 17, 2004 and amended November 17, 2004, the Company holds an option to acquire a 100% right, title and interest, subject to a 3% net smelter return royalty, in and to 127 unpatented and unsurveyed lode claims in three non-contiguous blocks located in Iron County, Utah and Lincoln County, Nevada. In October 2004 the Company completed an initial exploration program on the Gold Springs Project, consisting of detailed geologic mapping, rock chip sampling, and the completion of a magnetometer and controlled source audio magneto tellurics geophysical survey.

The Company has also entered into option agreements or acquired through direct staking, a number of properties located in Nevada, USA and BC, 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 other 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

Gold Springs Project

The Company's principal property is the Gold Springs Project.

The Gold Springs Project ("Gold Springs") will be subject to 3% net smelter royalty ("NSR"). Upon earning the 100% interest, 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 50% of the 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.

Jumbo

The Jumbo zone is dominated by a prominent steeply east-dipping north-striking vein which is up to 7.5 metres wide, and in places splits into a double vein zone up to 20m wide, and can be traced on surface for 760 metres. The vein is primarily white and massive quartz with crystalline, crustiform, colloform, sucrosic, comb, and quartz pseudomorphs of calcite textures. Less abundant adularia and carbonate material are also present; numerous clasts of the volcanic host occur in the vein.

In 1988 Energex Minerals Ltd. ("Energex") was active on the property and drilled 8 holes totalling 701m along 250m strike of the southern Jumbo vein. Highlights included: 2.34 g/t gold over 24.4m and 17 g/t gold over 3.0m. These results have not been followed up on and mineralization is open to depth and along strike. Twenty-three samples were collected from the Jumbo vein during August and September 2004 by the Company ranging up to 3.1 g/t gold with 17 samples containing >100 ppb gold. The CSAMT survey detected a resistive zone associated with the Jumbo vein system measuring approximately 1500m north-south and up to 500m wide. The width of the resistive area suggests that there are multiple north-south striking structures in the Jumbo area. To the south the zone narrows and is offset by a right lateral fault. At depth the resistive rock cuts the layered andesites and connects to a larger resistive body at approximately 300m depth interpreted as a possible zone of silicification related to the overlying epithermal system. The current drill program will test with a minimum of 7 holes for extensions at depth and along strike to the gold zones identified by Energex and will also test the deep CSAMT anomaly.

Jennie North

The Jennie Mine was one of the more significant historical producers in the Stateline district and lies just south of the central Gold Springs boundary. The vein system that was exploited by the Jennie Mine was reportedly cut off to the north by an east-west oriented fault. The CSAMT survey carried out over the Gold Springs indicates that a large area of resistive rocks occurs at depth below the hill capped by rhyolite ash-flow tuff that is located to the north-northeast of the Jennie Mine. The Jennie Mine area shows up in the CSAMT data as a small nose of resistive rock that is connected to this larger body. The Jennie North resistive zone is 800 metres north-south, up to 500 metres wide and occurs at approximately 150m depth. The zone of resistive rock under the hill is unexplored, but it has been speculated that the northern extension of the Jennie vein occurs under this hill as far back as 1928. Two holes are planned to test the Jennie North target.

Etna

The Etna zone ("Etna") is covered by a separate group of 12 claims in the south-eastern portion of the Gold Springs Project area. Mineralization at Etna occurs primarily as quartz stockwork in brecciated andesite which dips 60 degrees to the west and forms a broad prominent north-south ridge 1200 metres long. The Etna zone varies from 30-75 metres in width with the larger widths towards the north. Individual quartz veins are normally less than 0.6 metres. Silicification associated with breccia and stockwork zones grades into variably-argillized andesite to the west.

Previous drilling on Etna was carried out by Energex in 1988 (2 holes) and North American Gold Inc. in 2003 (3 holes). Highlights of the Energex drilling include 38.0 metres grading 0.3 g/t Au and 8.8 g/t Au over 3.0 metres. Thirty-eight rock chip samples were collected from the Etna zone during mapping in August and September 2004; 25 samples contained greater than 100 ppb gold, and the highest sample contained 9.4 g/t gold. The CSAMT data shows that high resistivities correspond to the mapped stockwork zone, abruptly ending to the south. Cross-sections of the CSAMT data through the Etna zone shows that the resistive rocks cut-through the layered andesites and are connected to a larger resistive body that is in the range of 300-365m deep. One hole is planned in the current program as a deep test of the Etna zone.

A 43-101 report on the Gold Springs property authored by Gregory Smith, a Qualified Person as defined by National Instrument 43-101,has been filed on the SEDAR website at www.sedar.com.

The company is currently carrying out an initial reverse circulation drill program of approximately 3,000m. The drilling will test three geological-geophysical target areas with the majority of the program focussed on the Jumbo zone. The current drilling program is being carried out under the supervision of Qualified Person John Rice, C.P.G. and all technical information has been reviewed by Dr. David A. Terry, P.Geo., Vice President Exploration and a Qualified Person as defined in National Instrument 43-101.

Scraper Springs Property

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"), an arm's length party, 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 and is located 16.5 kilometres northeast of the high-grade Midas gold deposit which had a pre-mining resource of 3 million ounces gold and 35 million ounces of silver. The property covers an area 2.4 kilometers by 1.6 kilometers. Preliminary surface mapping, rock and soil sampling has been carried out on the property. More comprehensive surface work and a ground geophysical survey are planned for the 2006 field season in addition to one or more deep holes to test for buried Carlin Trend type deposits.

Emmy Property

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 Scraper Springs and also has potential to host buried Carlin-type mineralization. Surface work comprising geological mapping, rock and soil sampling and possibly ground geophysics will be carried out on the Emmy Property during the 2006 field season.

REF Property

On October 16, 2004, the Company acquired, through staking, 34 claims located on the southern end of Battle Mountain - Eureka Trend. The REF Property is located on the south end of the Battle Mountain - Eureka trend, south of Eureka, and covers an area 3km by 1km. Anomalous gold-bearing calcite veins are found in the Nevada

Formation in a geologic setting similar to that which hosted the Gold Bar deposit to the north. Surface work programs are planned to advance REF Property during the spring and summer of 2006.

Roy and Hills Properties

On June 11, 2006 the Company announced signing of a Letter of Intent to option from Amera Resources Corporation ("Amera") the Roy and Hills properties, located in the prolific Walker Lane Mineral Belt of West Central Nevada, where past production has yielded more than 35 million gold equivalent ounces. Under the terms of this Letter of Intent, the Company may earn up to an 80% undivided interest in the Roy and Hills properties. An initial 65% interest in the project may be earned by incurring US$2,500,000 in work expenditures over four years and issuing 500,000 common shares (100,000 shares were issued upon TSXV approval) to Amera. Upon earning the initial 65%, the Company may then elect to earn an additional 15% interest, by issuing a further 500,000 shares and completing a bankable feasibility study, within three years.

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

The 478 hectare (1,180 acre) Roy and the 227 ha (560 acre) Hills properties have been previously sampled by Amera with several rock samples containing significant gold and silver grades. Detailed surface sampling, mapping and ground magnetics have identified drill targets on both the Roy and Hills properties.

On the Roy property a gold-silver epithermal system is hosted within an alteration zone that outcrops over a 2.25 square kilometre area. One sample of float material collected from the central portion of the claim group assayed 41.5 g/t gold (1.2 oz/ton); gold values from additional surface rock sampling to date range between 0.03 to 0.60 g/t gold. 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. Rock chip sampling has returned values ranging from 0.2-70.0 g/t silver and 0.1-0.2 g/t gold.

A preliminary drill program to test geological-geophysical targets on the Roy and Hills properties is permitted and the Company intends to commence work in mid 2006. David A. Terry, Ph.D., P.Geo. is the Qualified Person for the Roy and Hills properties.

Jumping Josephine Property

The Company completed 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. New intrusive-hosted vein and shear-hosted gold showings were discovered in several areas of the JJ Property during 2003 by Kootenay Gold. They subsequently assembled a claim position in the area surrounding and including several small past-producers in the Granville Mountain (Bonanza Pass) area.

To fulfill the terms of the option agreement Astral must spend $2.1 million on exploration, issue 400,000 shares (75,000 shares were issued upon signing the option agreement) and make $100,000 in option payments over 5 years. Subsequent to exercise of the earn-in, the Company and Kootenay Gold will form a 60/40 joint venture. Funding of further work on the JJ Property will 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.

The property area is primarily underlain by several phases of the Middle Jurassic-aged Nelson plutonic suite as well as the Eocene Coryell intrusive suite. These intrude Permo-Carboniferous metavolcanics and metasediments of the Mount Roberts Formation, which are exposed as large pendants. 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 on the property within a 15 by 10 kilometre area and are referred to as: JJ Main; JJ West; Pb-Zn; and Granville Mountain.

JJ Main

At the JJ Main, northeast-trending brittle shears cut both Jurassic and Eocene intrusive rocks. The shear zones have been traced through a strike length of more than 600 meters and extend intermittently across a width of several tens of metres. Mineralization within the zone comprises quartz stockworks, vein-breccias, ladder-veining and a series of parallel, sheeted veins spaced 5 to 15 cm apart. Kootenay Gold has reported a maximum assay value of 19 g/t Au has been obtained from grab samples of vein material; values up to 2 g/t Au are more common. Shear-hosted vein showings occur over at least 2km of strike projection.

JJ West

The JJ West showing, located 3km northwest of the JJ Main, is manifested as a number of north-trending shear zones of silicified rock and quartz veins cutting coarse-grained Eocene Coryell syenite. The shear zones vary from 0.5 to several metres in width and include traces of disseminated, fine-grained grey sulphides cut by irregular quartz-limonite veinlets with trace pyrite and locally arsenopyrite. Kootenay Gold reports grab samples of up to 200 g/t gold although values between 100 ppb and 1 g/t gold characterize the sample results to date.

Pb-Zn Zone

The Pb-Zn Zone comprises a number of silicified zones of disseminated and stringer pyrite/pyrrhotite/galena/sphalerite within sericite-altered granitic rock approximately 1.5km further east of the JJ West showing. The silicified zones trend roughly north-south and vary between 0.5 and 2.0 metres in width. Breccia-hosted disseminated pyrite/galena/sphalerite have reportedly returned assays ranging up to 4,000 ppm Pb and 5,900 ppm Zn.

Granville Mountain (Bonanza Pass)

The Granville Mountain area (Bonanza Pass) contains several prominent north-trending quartz-gold veins with variable lead, zinc and copper content. Limited high-grade gold and silver production came from a number of these veins between the 1912 and 1964. Grab samples collected by Kootenay Gold from these historic veins at surface have returned assays exceeding 100 g/t gold. The JJ Property surrounds remaining Crown granted claims and covers some of the historical producers in Granville Mountain Camp.

Recent prospecting by Kootenay Gold along newly-exposed logging cuts has identified numerous thin (several tens of centimetres) fracture-controlled quartz-pyrite-limonite veinlets mineralized with visible gold at the BTZ Zone which occurs along the contact of the Mount Roberts Formation volcanics and sediments with Coryell intrusive over a 400m stretch of logging road 2km to the south of the main Granville Mountain Camp. Kootenay Gold has reported assays ranging from anomalous up to 557 g/t gold from grab samples of these thin fracture-controlled veinlets. This newly discovered zone is believed to have potential for bulk-tonnage and/or high-grade lode gold mineralization.

The Company is planning an aggressive exploration program for the 2006 field season and has completed an airborne geophysical survey in early spring. A detailed surface work program is underway including prospecting, geological mapping, gridding and soil sampling to evaluate geophysical and geochemical targets for subsequent trenching and/or drill-testing. The Company will use the proceeds from the flow-through private placement closed on May 15, 2006, to fund exploration on the JJ Property.

The airborne survey was flown by Aeroquest Limited of Mississauga, Ontario using a AeroTEM helicopter time-domain EM system. The survey was flown at a 100m line spacing to produce a high definition product. The magnetic component of the airborne survey is anticipated to greatly assist in delineating the structural controls on the numerous gold showings that have been identified in four main areas of the JJ Property. The electromagnetic data from the survey should identify buried sulphide conductors. Maps and photos from the JJ Property are posted on the Company's website.

Dr. David A. Terry, P.Geo., VP Exploration, is the Qualified Person for the JJ Property.

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,		Period from February 12, 2004 to March 31,
	2006 $	2005 $	2004 $
Total assets	2,000,114	485,118	167,616
Long term financial liabilities	-	-	-
Total revenues	-	-	-
General and administrative expenses	368,905	124,667	18,226
Net loss	(368,529)	(170,192)	(18,226)
Net loss per common share basic and diluted	(0.11)	(0.22)	(18,226)

Total assets increased $1,514,996 from March 31, 2005 to March 31, 2006 primarily due to the increase in funds on deposit. Total assets increased $317,502 from March 31, 2004 to March 31, 2005, as a result of the expenditures on the Company's Nevada properties. General and adminstrative expenses have increased during the year ended March 31, 2006, compared to the year ended March 31, 2005 mainly due to the non-cash stock based compensation expense of $190,033 (2005 - $Nil) and management fees of $60,000 (2005 – $Nil). General and adminstrative expenses have increased during the year ended March 31, 2005, compared to the year ended March 31, 2004, mainly due to the increase in corporate activities: salaries to former President $40,620 (2004 period - $3,986), accounting and administrative services $21,897 (2004 period - $250), legal and audit costs $22,810 (2004 period - $7,277), rent related to the Company's former office in Reno $13,809 (2004 period - $Nil), travel costs for travel between Reno and Vancouver and attendance at investment conferences $11,413 (2004 period - $2,842). The net loss recorded for the year ended March 31, 2005, included a write-off of the Dune property for $40,214.

<u>Selected Quarterly Financial Information and Fourth Quarter</u>

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

	Fiscal 2006				Fiscal 2005			
	Mar. 31 $	Dec. 31 $	Sep. 30 $	Jun. 30 $	Mar. 31 $	Dec. 31 $	Sep. 30 $	Jun. 30 $
Revenues	-	-	-	-	-	-	-	-
Net loss	(241,440)	(40,181)	(48,399)	(38,509)	(82,869)	(35,265)	(24,248)	(27,810)
Net loss per common share - basic and diluted	(0.03)	(0.02)	(0.02)	(0.02)	(0.04)	(0.02)	(24,248.00)	(27,810.00)

Significant fluctuations in the quarterly losses include the following:

- Q4 2006 Net Loss includes $190,033 non-cash stock-based compensation expense for the stock options granted during the period.
- Q4 2005 Net Loss includes $40,214 write-off of the Dune property.

Results of Operations

For the year ended March 31, 2006, the Company reported a net loss of $368,529 ($0.11 per share), an increase in loss of $198,337 from the $170,192 loss ($0.22 per share) for the year ended March 31, 2005.

A total of $368,905 of general and administrative costs were incurred for the year ended March 31, 2006 compared to $124,667 for the year ended March 31, 2005. Significant expenditures were incurred in the following categories:

- Management fees of $60,000 were paid to the President of the Company pursuant to an employment agreement compared to $Nil during the year ended March 31, 2005.

- Office expenses were $20,746 during fiscal 2006 compared to $13,271 during fiscal 2005 as a result of the increase in activity in fiscal 2006.
- Regulatory expense of $14,430 increased by $13,583 during fiscal 2006 compared to fiscal 2005 due to the filings of the private placements and fees related to the Company going public.
- Salaries and benefits of $26,955 during fiscal 2006 decreased by $13,665 compared to salaries and benefits of $40,620 during the fiscal 2005. 2006 salaries and benefits represent allocation of fees paid to the Grosso Group. During fiscal 2005 salaries and benefits of $40,620 represented fees paid to the former President of the Company.
- Stock based compensation expense of $190,033 is the estimated fair value of stock options granted to employees, directors and consultants during fiscal 2006. Stock-based compensation expense is accounted for at fair value as determined by the Black-Scholes option pricing model using estimates that are believed to approximate the volatility of the trading price of the Company's stock, the expected lives of awards of stock-based compensation, the fair value of the Company's stock and risk-free interest rate.
- There was no write-off of mineral properties in fiscal 2006 compared to $40,214 write-off of the Dune property during fiscal 2005.

During the year ended March 31, 2006 the Company capitalized $428,479 of expenditures on the Gold Springs Project, $65,691 on the Scraper Springs Claims and $49,799 on the other properties.

Liquidity and Capital Resources

The Company's cash position at March 31, 2006 was $1,422,902, an increase of $1,319,875 from March 31, 2005. Total assets increased to $2,000,114 at March 31, 2006 from $485,118 at March 31, 2005. This increase is mainly due to the increase in funds on deposit as a result of the Company completing the initial public offering ("the Offering") in February 2006 which resulted in net proceeds of $1,352,329.

As the Company is an exploration stage company, revenues are limited to interest earned on cash held with the Company's financial institutions. The Company has financed its operations through the sale of its equity securities. During the year ended March 31, 2006, the Company consolidated its share capital on the basis of one new share for four old shares and raised $360,000 from private placements by issuing 4,375,000 shares. During fiscal 2006 the Company completed the Offering of 4,312,500 units, at $0.40 per unit, for proceeds of $1,352,329 net of $120,750 agent's commission and $251,921 of related Offering costs. Each unit was comprised of one common share of the Company and one-half non-transferable share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share at a price of $0.50 per share on or before February 27, 2007.

On May 15, 2006, the Company completed the private placement of 2,400,000 flow-through units of the Company at a price of $0.45 per unit, for total proceeds of $1,028,900, net of $48,600 agent's commission and $2,500 of related issuance costs. Each unit was comprised of one flow-through common share of the Company and one-half non-transferable share purchase warrant. Each whole warrant entitles the holder to purchase one additional non-flow-through common share at a price of $0.60 per share on or before November 26, 2007. The Company intends to use the proceeds from the private placement to fund exploration of the 11,785 hectare JJ Property.

As at June 30, 2006, the Company had working capital of approximately $1,700,000. The Company considers that it has adequate resources to maintain its ongoing operations and current property commitments for the current year but may not have sufficient working capital to fund all of its planned exploration work. The Company will continue to rely on successfully completing additional equity financing to further exploration of its existing and new properties in North America. There can be no assurance that the Company will be successful in obtaining the required financing. The failure to obtain such financing could result in the loss of the Company's interest in one or more of its mineral claims.

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

Operating Cash Flow

Cash outflow from operating activities was $206,185 for the year ended March 31, 2006 compared to $118,257 for the year ended March 31, 2005 as a result of increases in activities and changes in non-cash working capital balances.

Financing Activities

For the year ended March 31, 2006, the Company received $1,999,500 from the sale of common shares less share issue costs of $315,678 compared to $462,877 (including $85,500 of share subscriptions received) less share issue costs of $57,986 for the year ended March 31, 2005. During fiscal 2006, the Company received advances of $68,000 from a shareholder and $29,000 from a company owned by a director of the Company. These advances were repaid in fiscal 2006.

Investing Activities

Investing activities required cash of $157,762 for the year ended March 31, 2006, compared to $296,018 in 2005, primarily for expenditures on its mineral resource interests.

Related Parties Transactions

The Company entered into a services agreement dated April 15, 2005 with Grosso Group Management Ltd. ("the Grosso Group"). During fiscal 2006 the Company incurred $40,250 (2005 - $Nil) of fees from the Grosso Group, which were allocated to rent, salaries and office expenses.

Effective April 1, 2006, an Administration Services Agreement among the Company and the Grosso Group was executed. The Company engaged the Grosso Group to provide services and facilities to the Company. The Grosso Group is a private company owned by the Company, IMA Exploration Inc., Golden Arrow Resources Corporation, Amera Resources Corporation and Gold Point Energy 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 reasonable 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 fiscal 2006 the Company incurred fees of $23,047 (2005 - $12,250) for accounting, management and administration services from a company controlled by a director of the Company. $12,000 (2005 - $12,250) of these fees are included in accounting and administrative expenses and the remaining $11,047 (2005 - $Nil) are included in share issuance costs.

The President of the Company provides his services on a full-time basis under a contract with a private company controlled by the President. During fiscal 2006 the President was paid an amount of $60,000 (2005 – $Nil). Effective May 1, 2006, the Company entered into a new agreement with the President of the Company for his services. Under the new contract the President is paid an annual amount of $90,000.

During fiscal 2006, the Company received advances of $68,000 from a shareholder and $29,000 from a company owned by a director of the Company. The advances were repayable on demand, with an interest rate of 12% per annum. These advances were repaid in fiscal 2006. The Company has recorded $2,859 interest expense which was outstanding at March 31, 2006 and included in accrued liabilities. This interest was repaid in full subsequent to March 31, 2006.

Contractual Commitments

During fiscal 2006 the Company fulfilled its current contractual obligation on Gold Springs and Scraper Springs properties and intends to maintain its option requirements on the properties. The Company entered into an option agreement with Kootenay Gold Inc. to acquire an interest in the Jumping Josephine property located in British Columbia. The Company also entered into an option agreement with Amera to acquire an interest in the Roy and Hills properties in Nevada. Details of the Company's option payments and expenditure commitments are disclosed in Notes 3 and 10 to the Company's March 31, 2006 audited consolidated financial statements. The Company also has commitments for monthly fees for administrative and management services to be provided by the Grosso Group. Grosso Group fees include geological, corporate development, administrative and management services and allocated to the Company based on the actual time spent by the Grosso Group employees for the services provided to the Company. Based on the anticipated level of activities for fiscal 2007 the Grosso Group fees are estimated to be approximately $20,000/month.

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, 2006. These accounting policies can have a significant impact of the financial performance and financial position of the Company.

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.

Financial Instruments

The Company's financial instruments consisting of cash, accounts receivable and accounts payable and accrued liabilities approximate their carrying values due to the short-term nature of those instruments.

Risk Factors

The Company's operations and results are subject to a number of different risks at any given time. These factors, include but are not limited to disclosure regarding exploration, additional financing, project delay, titles to properties, price fluctuations and share price volatility, operating hazards, insurable risks and limitations of insurance, management, foreign country and regulatory requirements, currency fluctuations and environmental regulations risks. Exploration for mineral resources involves a high degree of risk. The cost of conducting programs may be substantial and the likelihood of success is difficult to assess.

Metal Price Risk: The Company's portfolio of properties has exposure to predominantly gold. The price of this metal 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 investor support of its projects.

Currency Risk: Business is transacted by the Company in US and Canadian dollars. Fluctuations in exchange rates may have a significant effect on the cash flows of the Company. Future changes in exchange rates 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 Control and Procedures

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 officer and chief financial officer (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 will take whatever steps necessary to minimize the consequences thereof.

Investor Relations Activities

Mr. Manfred Kurschner is the Company's President and coordinates investor relations activities. On April 5, 2006, the Company announced that it also has entered into an Investor Relations contract with Value Relations of Frankfurt, Germany, subject to TSXV exchange approval. The term of the contract is for 5 months for a sum of 36,000 Euros. Value Relations acting as the Company's European strategic investor relations consultant will assist in fostering investor awareness throughout Europe. The Company also maintains a web site at www.astralmining.com .

Outstanding Share Data

As at June 30, 2006 there were 13,678,444 common shares, 1,354,000 stock options and 4,054,500 warrants outstanding.