

## ASTORIUS RESOURCES LTD. (“Company”)

### SECOND QUARTER MANAGEMENT DISCUSSION AND ANALYSIS DATED MAY 29, 2012

This Interim MD & A covers the Company’s second fiscal quarter ended March 31, 2012 - and the period to May 29, 2012. It is to be read in conjunction with the Company’s audited Financial Statements prepared as of September 30, 2011 and quarterly financial statements prepared as of March 31, 2012. The interim financial statements are prepared in accordance with International Financial Reporting Standards (“IFRS”). These interim financial statements do not contain all of the information required for full annual financial statements. The Company prepared its previous 2011 annual and interim financial statements in accordance with Canadian Generally Accepted Accounting Principles (“GAAP”).

All amounts are expressed in Canadian dollars. The Company’s fiscal quarter which ended March 31, 2012, is hereinafter called the “Quarter”.

#### 1. Overall Performance

##### (a) Babine Lake Claims, British Columbia

The Company did no work on the Claims during the Quarter or in the period since the end of the Quarter.

##### (b) Financing

The Company did no financing during the Quarter or in the period since the end of the Quarter.

#### 2. Summary of Quarterly Reports

The following information is provided for the Company’s last 8 quarterly fiscal periods:

	Quarter ended March 31/12 \$	Quarter ended December 31/11 \$	Quarter ended September 30/11 \$	Quarter ended June 30/11 \$	Quarter ended March 31/11 \$	Quarter ended December 31/10 \$	Quarter ended September 30/10 \$	Quarter ended June 30/10 \$
(a) net sales or total revenues	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(b) Gain (Loss) before Extraordinary items								
- total	(49,723)	(35,303)	7,270	(28,759)	(49,362)	(54,880)	(30,544)	(49,694)
- per share undiluted*	(0.01)	(0.00)	0.00	(0.00)	(0.01)	(0.01)	(0.00)	(0.00)
(c) Net Gain (Loss)								
- Total	(49,723)	(35,303)	7,270	(28,759)	(49,362)	(54,880)	(231,255)	(49,694)
- Per share diluted*	(0.01)	(0.00)	0.00	(0.00)	(0.01)	(0.01)	(0.03)	(0.00)

\*As the effect of dilution is to reduce the reported loss per share, fully diluted loss per share information has not been shown.

### 3. **Results of Operation**

Because the Company had no regular income or business operations in the Quarter there can be no meaningful discussion and analysis of its financial performance during the Quarter of the sort that would be possible with a company with a developed operating business or regular income.

The Company booked expenses during the Quarter of \$49,723 (2011 - \$50,324). The Company's expenses for the Quarter were somewhat higher than in recent quarters. The higher figure was principally due to the booking of accounting and audit fees of \$18,500. Expenses – and losses – for the various quarters have varied based on the extent of the Company's activities and due to the posting in various quarters of expenses which do not occur on a regular basis.

### 4. **Liquidity**

As at March 31, 2012 the Company had \$71,543 in cash on hand (2011 - \$366,157) and working capital of \$82,439 (2011 - \$382,164). At May 28, 2012 it had cash on hand of approximately \$61,000 (2011 - \$340,465).

### 5. **Transactions with Related Parties**

There have been no transactions with related parties in the Quarter – except the following related party transactions which were recorded at their exchange amounts as agreed upon by the parties and on terms and conditions similar to transactions with non-related parties:

- (a) The Company pays \$5,000 per month for the management services of the President and Chief Executive Officer, Malcolm Powell. The payments are made to Mr. Powell's wholly owned private company. For the Quarter the amount paid was \$15,000 (2011 - \$15,000).
- (b) Carl Jonsson, the Company's Director and Corporate Secretary, acts as the Company's lawyer through his firm, Tupper Jonsson & Yeadon. All of the charges for Mr. Jonsson's services are invoiced by the firm. The legal fees paid to, or incurred with, the firm for the Quarter totaled \$4,935 (2011 - \$12,025).
- (c) The Company, pursuant to an informal agreement with a company which has common directors and officers, pays \$1,500 per month for office services, facilities and rent.

### 6. **Other MD & A Requirements**

- (a) Additional information relating to the Company has been filed on SEDAR and is available at [www.sedar.com](http://www.sedar.com).
- (b) As the Company has not had any revenue from operations the following breakdown of general and administration expenses is provided for the six month periods ending March 31, 2012 with comparative figures at March 31, 2011.

	Six Months Ended March 31, 2012 \$	Six Months Ended March 31, 2011 \$
Management fees	30,000	30,000
Accounting and audit fees	26,000	18,000
Office and miscellaneous	13,438	15,046
Legal fees	4,935	12,025
Filing and transfer agent fees	10,265	9,959
Totals:	84,638	85,030

(c) Breakdown of exploration costs incurred by the Company during the six months ended:

	March 31, 2012 \$	March 31, 2011 \$
Consulting	11,401	13,367
Geophysical	1,906	-
Miscellaneous - other	-	1,242
Totals	13,307	14,609

(d) Outstanding share data:

- (i) The Company has 9,050,000 common shares issued. The shares are all voting shares and rank equally with each other.
- (ii) The Company has share purchase options outstanding as follows:

<u>No.</u>	<u>Exercise Price</u>	<u>Expiry Date</u>
680,000	\$0.15	January 8, 2013
<u>170,000</u>	\$0.15	October 18, 2015
<u>850,000</u>		

The Company has no share purchase warrants outstanding.

## 7. **Financial and Other Instruments**

The Company's financial instruments consist of cash, cash equivalents and accounts payable. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from financial instruments. The fair value of these financial instruments approximates their carrying value due to their short-term maturity or capacity for prompt liquidation.

## 8. **Controls**

(a) Evaluation of disclosure controls and procedures

Public companies are required to perform an evaluation of disclosure controls and procedures annually and to disclose management's conclusions about the effectiveness of these disclosure controls and

procedures in its annual Management Discussion and Analysis. The Company has established, and is maintaining, disclosure controls and procedures to provide reasonable assurance that material information relating to the Company is disclosed in annual filings, interim filings or other reports, and is recorded, processed, summarized and reported within the time periods specified as required by securities regulations.

Management has evaluated the effectiveness of the Company's disclosure controls and procedures as at June 30, 2011 and, given the size of the Company and the involvement at all levels of the Chief Executive Officer, and the Chief Financial Officer, believes that they are sufficient to provide reasonable assurance that the Company's disclosures are compliant with securities regulations.

(b) Internal controls over financial reporting

The Company's ICFR has material weaknesses as it effectively has only two people – the CEO and the CFO – working on financial record-keeping and reporting. As a result, the Company does not have the number of people/staff that would be necessary to segregate the various accounting and book-keeping functions that are performed. Notwithstanding these weaknesses it is not considered that they have any impact on the Company's financial reporting or ICFR. Due to the small size of the Company and its very limited funds there are no plans, or actions undertaken, to remediate the material weaknesses.

**9. New Accounting Standards**

**New accounting standards issued but not yet effective** - Certain new standards, interpretations and amendments to existing standards have been issued by the IASB or the International Financial Reporting Interpretations Committee ("IFRIC") that are mandatory for accounting periods beginning after October 1, 2010, or later periods. Some updates that are not applicable or are not consequential to the Company may have been excluded from the list below.

**New accounting standards effective October 1, 2013**

In May 2011, the IASB issued the following standards which have not yet been adopted by the Company:

**IFRS 10 Consolidated Financial Statements** - IFRS 10 requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. IFRS 10 replaces SIC-12 *Consolidation - Special Purpose Entities* and parts of IAS 27 *Consolidated and Separate Financial Statements*.

**IFRS 11 Joint Arrangements** - IFRS 11 requires a venturer to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation the venturer will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. Under existing IFRS, entities have the choice to proportionately consolidate or equity account for interests in joint ventures. IFRS 11 supersedes IAS 31 *Interests in Joint Ventures* and SIC-13 *Jointly Controlled Entities - Non-monetary Contributions by Venturers*.

**IFRS 12 *Disclosure of Interests in Other Entities*** - IFRS 12 establishes disclosure requirements for interests in other entities, such as joint arrangements, associates, special purpose vehicles and off balance sheet vehicles. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interests in other entities.

**IFRS 13 *Fair Value Measurement*** - IFRS 13 is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosures about fair value measurement. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and in many cases does not reflect a clear measurement basis or consistent disclosures.

**Amendments to other standards** - In addition, there have been other amendments to existing standards, including IAS 27 *Separate Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures*. IAS 27 addresses accounting for subsidiaries, jointly controlled entities and associates in non-consolidated financial statements. IAS 28 has been amended to include joint ventures in its scope and to address the changes in IFRS 10 to IFRS 13.

Each of the new standards, IFRS 10 to 13 and the amendments to other standards, is effective for annual periods beginning on or after January 1, 2013 with early adoption permitted. The Company has not yet begun the process of assessing the impact that the new and amended standards will have on its condensed interim financial statements or whether to early adopt any of the new requirements.

**IFRS 9 *Financial Instruments*** - IFRS 9 was issued in November 2009 and contained requirements for financial assets. This standard addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: Amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments and such instruments are either recognized at the fair value through profit or loss or at fair value through other comprehensive income. Where such equity instruments are measured at fair value through other comprehensive income, dividends are recognized in profit or loss to the extent not clearly representing a return of investment; however, others gains and losses (including impairments) associated with such instruments remain in accumulated other comprehensive income indefinitely.

Requirements for financial liabilities were added in October 2010 and they largely carried forward existing requirements in IAS 39, *Financial Instruments – Recognition and Measurement*, except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss would generally be recorded in other comprehensive income.

IFRS 9 is effective for annual periods beginning on or after January 1, 2015 with early adoption permitted. The Company has not yet begun the process of assessing the impact that the new standard will have on its condensed interim financial statements or whether to early adopt the new requirements.

**10. International Financial Reporting Standards (“IFRS”)**

Securities regulators and the Canadian Accounting Standards Board edicted that all public Canadian companies had to adopt and comply with IFRS effective January 1, 2011. The Company adopted IFRS effective October 1, 2011. Accordingly the financial statements for the Quarter were prepared in accordance with the requirements of IFRS.