

ASTORIUS RESOURCES LTD.
("Company")
Form 51-102F1 Management's Discussion & Analysis
For the three months Ended December 31, 2017

1.1 Date February 28, 2018

Introduction

The following management's discussion and analysis, prepared as of December 31, 2017, is a review of operations, current financial position and outlook for Astorius Resources Ltd., (the "Company") and should be read in conjunction with the Company's interim financial statements for the three months ended December 31, 2017 and the audited financial statements for the year ended September 30, 2017 and the notes thereto. The reader should also refer to the annual audited financial statements for the year ended September 30, 2016. Amounts are reported in Canadian dollars based upon financial statements prepared in accordance with International Financial Reporting Standards. Additional information relevant to the Company's activities can be found on SEDAR at www.sedar.com.

Forward-Looking Statements

Certain statements contained in the following Management's Discussion and Analysis (MD&A) constitute forward-looking statements. Such forward-looking statements involve a number of known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements.

Risks and Uncertainties

A going concern assessment is outlined in Note 2 of the financial statements.

1.2 Overall Performance

Description of Business

The Company is a reporting issuer in British Columbia, Alberta, Saskatchewan and Ontario and its common shares are listed and posted for trading on the TSX Venture Exchange under the symbol "ASQ".

The Company's head office is located at Suite 304, 700 West Pender Street, Vancouver, British Columbia, V6C 1G8, and it's registered and records offices are located at 1710 – 1177 West Hastings Street, Vancouver, BC V6E 2L3.

The principal business of the Company is the acquisition, exploration and development of natural resource properties. The Company currently owns, or has acquired an option to earn an interest in, properties located in British Columbia, Nevada, Argentina and Ecuador.

Additional information related to the Company is available on SEDAR at www.sedar.com, and the Company's website www.astoriusresources.com.

Corporate Matters

On February 16, 2018, the TSX Venture Exchange has accepted for filing the company's proposal to issue 200,000 shares at \$0.15 per share to settle an outstanding debt for \$30,000.

On December 5, 2017, the Company renegotiated the option for the property Osos 1 and initiated an exploration program in Ecuador to explore the recently optioned Osos 1 properties.

On November 28, 2017, the Company renegotiated the option for the property with Lateegra Ecuador (LRG) and has initiated an exploration program in Ecuador aiming to explore the recently optioned Condor properties.

On November 22, 2017, Carl R. Jonsson resigned from Astorius Resources Ltd.'s board of directors as of Nov. 20, 2017.

On November 14, 2017, the Company entered into an option agreement to acquire 100 per cent in two mineral concessions in the Taca Taca district in Salta, Argentina. Two effusive monogenic centres are almost entirely situated within the confines of the mining concession and cover approximately 1.5 and 2.5 square kilometres, respectively. The concession is situated in the western part of the Taca Taca district, which hosts First Quantum's copper-molybdenum-gold porphyry deposit. This was accepted for filing by the TSX Venture Exchange on November 24, 2017.

On November 7, 2017, the Company has closed a private placement for total gross proceeds of \$1,000,000. The company issued a total of 16,666,665 units at a price of \$0.06 per unit. Each unit consisted of one common share and one transferable share purchase warrant. Each warrant will be exercisable at a price of \$0.10 for 12 months from the date of issuance.

On October 27, 2017, the Company granted 2.4 million share purchase options to directors, officers and service providers. The options, exercisable at \$0.10 per share for a period of five years, expire October 27, 2022. All options granted were in accordance with the Company's stock option plan and TSX Venture Exchange approval.

On July 6, 2017, the Company announced results from an initial six-hole reverse circulation program at the northeastern end of its Rainbow Canyon gold property in Nevada. Highlights of the drilling results were:

- Borehole RCR-03 intersected 1.52 metres grading 19.65 grams per tonne (g/t) gold from 100.58 metres to 102.11 metres, within an intersection of 9.14 metres at 3.69 g/t gold.
- Borehole RCR-03 is on the margin of a magnetic low, previously interpreted to be an alteration zone, now a significant target for further drilling.
- Gold mineralization appears to be structurally controlled and is present within a number of rock units on the property, apparently in a number of sub-parallel corridors running northeast/southwest.

On June 30, 2017, the Company completed the drilling of six inclined reverse circulation boreholes for a total of 874 metres at its Rainbow Canyon property in Washoe County, Nevada. On April 7, 2017, the Company staked 25 unpatented lode claims covering 203 hectares

immediately adjacent to its existing 214 hectare Rainbow Canyon property in Washoe County, Nevada.

On March 21, 2017, the Company reported high grade gold and silver samples from its OSOS 1 mining concession in Ecuador.

On February 8, 2017, the Company entered into an option agreement with Alba Minerals Ltd. to acquire 100% interest in the Rainbow Canyon gold property in Nevada, which is comprised of 55 unpatented lode mining claims that cover an area of 417 hectares in the Olinghouse Mining District about 40 km east of Reno in Washoe County.

Performance Summary

The following is a summary of significant events and transactions that occurred during the three months ended December 31, 2017:

Babine Property, British Columbia, Canada

The Company owns 4 claims covering 482 hectares in the Babine project area located in British Columbia, Canada. The Company intends to keep the claims in good standing by ensuring that all relevant costs are incurred when required.

The Condor gold property

On October 25, 2016, the Company entered into an option agreement to acquire 100% of the issued and outstanding shares of Lateegra Ecuador SA, title holder of the Condor gold property in southeast Ecuador, from Condor Mines SA. As consideration, the Company has agreed to make periodic payments of cash totaling \$1,200,000 and issue 5,500,000 common shares of the Company by September 15, 2017.

On November 28, 2017, the Company announced that it renegotiated the option for the property Lateegra Ecuador ("LRG" or the "Optionor") and initiated an exploration program in Eduardo aiming to explore the recently optioned Condor properties (Note 10(c)).

The Osos 1 gold property

On December 1, 2016, the Company entered into an option agreement to acquire 100% of the Osos 1 gold property in El Oro province, southwest Ecuador, comprising an area totaling 229 hectares. As consideration, the Company has agreed to make periodic payments of cash totaling \$600,000 USD and issue 1,000,000 common shares of the Company by November 15, 2017.

On December 5, 2017, the Company announced that it has renegotiated the option for the property Osos 1, and initiated an exploration program in Ecuador to explore the recently optioned Osos 1 properties.

Rainbow Canyon gold property

On February 8, 2017, the Company entered into an option agreement with Alba Minerals Ltd. to acquire 100% interest in the Rainbow Canyon gold property in Nevada, which is comprised of 55 unpatented lode mining claims that cover an area of 417 hectares in the Olinghouse mining district about 40 km east of Reno in Washoe County.

There is a 3% NSR on the property reserved to an earlier owner, 2% of which can be purchased for US\$1,000,000.

On September 25, 2017, the Company finalized the agreement. The Company can earn 100% interest in the Rainbow Canyon Property by paying an aggregate of \$80,000 cash over various periods extending over the period to June 15, 2018. The payment terms are:

- (i) A cash payment of \$15,000 upon the signing of the agreement;
- (ii) A further cash payment of \$20,000 on or before March 1, 2017;
- (iii) A further cash payment of \$5,000 on or before June 1, 2017;
- (iv) A further cash payment of \$10,000 on or before September 1, 2017;
- (v) A further cash payment of \$10,000 on or before December 1, 2017;
- (vi) A further cash payment of \$10,000 on or before March 1, 2018; and
- (vii) A further cash payment of \$10,000 on or before June 15, 2018.

A cash payment of \$60,000 was paid on November 10, 2017.

Issuance of Common Shares

During the three months ended December 31, 2017, the Company issued the following shares:

Date	Issuance of Shares	Number of Shares Issued	Cash Proceeds
November 7, 2017	Issue of common shares on a private placement at \$0.06	16,666,665	\$1,000,000
November 24, 2017	Issue of common shares to acquire the Taca Taca mineral property	4,500,000	nil
November 28, 2017	Exercise of Warrants at \$0.05	2,400,000	\$ 120,000

Subsequent to December 31, 2017, 200,000 common shares at \$0.15 per common share were issued to settle an outstanding debt of \$30,000.

Incentive Stock Options

The Company did not issue any stock options during the prior year.

During the three months ended December 31, 2017, the Company granted 2,400,000 share purchase options granted to directors, officers and consultants with an exercise price of \$0.10 per share for a period of five years expired on October 27, 2022.

1.3 Selected Annual Financial Information

	Year Ended September 30, 2017	Year Ended September 30, 2016	Year Ended September 30, 2015
Operations:	\$	\$	\$
Office & Misc.	63,174	34,945	23,498
Accounting & audit fees	32,557	26,250	22,750
Consulting fees	92,918	17,192	-
Filing & transfer fees	14,301	9,122	12,326
Investor relations	59,963	52,682	-
Legal fees	14,658	28,228	12,138
Management fees	70,000	20,000	-
Travel	18,704	54,895	-
Subtotal	366,275	243,314	70,712
Write down of mineral properties	14,770	197,000	5,000
Interest expense	5,226	-	-
Gain on forgiveness of debt	-	-	-
Other recovery	-	-	-
Loss for the Year	(386,271)	(440,314)	(75,712)
Basic & Diluted Loss per Share	(0.02)	(0.03)	(0.01)
Balance Sheet			
Working Capital	(110,107)	315,609	20,372
Total Assets	237,451	357,643	249,695
Total Long Term Liabilities	-	-	-

1.4 Results of Operations

Three months ended December 31, 2017

During the three months ended December 31, 2017, the Company incurred a comprehensive loss of \$670,497 compared to \$173,601 loss for the corresponding period. The largest expense items that resulted in an increase in net comprehensive loss for the three months ended December 31, 2017 were;

- General exploration for the quarter ended December 31, 2017 was \$28,908 (2016: \$nil). All costs are being capitalised (note 3 in the financial statements). All the properties that are being held by the Company are being maintained in good standing unless otherwise stated.

- Consulting fees for the quarter ended December 31, 2017, were \$57,055 compared to \$42,354 for the corresponding period ending December 31, 2016. The Company engages consultants on an as needed basis.
- Investor relations costs incurred for the three months ended December 31, 2017 was \$210,590 (2016: \$41,361). The significant increase was caused by an increase in promotional activities during the period.
- Management fees for the three months ended December 31, 2017 was \$60,000 (2016: \$40,000). The fees were paid to the CEO and Chairman of the Company for work performed during the three months ended December 31, 2017.
- Travel costs were \$24,036 for the three months ended December 31, 2017 (2016: \$17,824), the incurred travel costs related to the acquisition of mineral properties and further development of the Company's properties during the period ended December 31, 2017.

The operating loss for the quarter ending December 31, 2017 was \$669,237 (operating loss for 2016: \$173,601); the increase in operating loss was caused by the aforementioned costs above.

Other Expense

Interest and finance expenses for the quarter ended December 31, 2017 was \$1,260 (2016: \$nil). The interest expense is based on loans from related parties, (note 5 in the financial statements).

The Company explores for minerals with an emphasis on gold and has no operating properties. The Company has no earnings and therefore finances these exploration activities by loans and the sale of common shares.

For the three months ended December 31, 2017, the Company reported no discontinued operations, no changes in accounting policy and declared no cash dividends.

1.5 Summary of Quarterly Results

The following table sets forth selected financial information of the Company for each of the last eight quarters:

Quarter Ending	Note	Expenses \$	Net Income (Loss) \$	Basic and diluted net Income (loss) per share \$
December 31, 2017		669,237	(670,497)	(0.02)
September 30, 2017	1	(37,903)	21,873	0.00
June 30, 2017		65,819	(67,066)	(0.00)
March 31, 2017		164,758	(167,477)	(0.01)
December 31, 2016		173,601	(173,601)	(0.01)
September 30, 2016		180,689	(180,689)	(0.01)
June 30, 2016		24,516	(24,516)	(0.00)
March 31, 2016		14,309	(14,309)	(0.00)

Note 1 – The Company incurred an impairment charge of \$14,770 relating to the Babine property.

1.6 Liquidity and Capital Resources

The Company's operations consist of the exploration, evaluation of natural resource properties, and the development of technology. The Company's financial success is dependent upon its ability to find economically viable properties and develop them. The process can take many years and is largely dependent on factors beyond the control of the Company. The Company's historical capital needs have been met by the sale of the Company's stock. The Company's current funds on hand may not be sufficient to cover the Company's exploration and administrative expenses.

To date, the Company's operations have been funded almost entirely through the sale of the Company's stock. There is no assurance that the Company will continue to be successful by funding its operations through equity financings. The Company will continue to seek capital through the issuance of common shares.

The Company is a junior exploration company with no revenue-producing operations. Activities include acquiring mineral properties and conducting exploration programs. The mineral exploration business is risky and most exploration projects will not become mines. For the funding of property acquisitions and exploration that the Company conducts itself, the Company does not use long-term debt. Rather, it depends on the issuance of shares from the treasury to investors. Such stock issues in turn, depend on numerous factors, important among are which are a positive mineral exploration climate, positive stock market conditions, a company's track record and experience of management. The Company is also dependent upon extensions of option agreements for the property expenditure requirements.

The financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company incurred a net loss and comprehensive loss of \$670,497 during the quarter ended December 31, 2017 and has a cash balance and a working capital surplus of \$363,638 and \$200,891, respectively, as at December 31, 2017. The Company's ability to meet its obligations as they fall due, in particular option payments on mineral properties, and to continue to operate as a going concern is dependent on the continued financial support of the creditors and the shareholders. In the past, the Company has relied on sales of its equity securities to meet its cash requirements. There can be no assurance that funding from this or other sources will be sufficient in the future to continue and develop its mineral properties. Even if the Company is able to obtain new financing, it may not be on commercially reasonable terms or terms that are acceptable to it. Failure to obtain such financing on a timely basis or extensions on the option agreements, could cause the Company to reduce or terminate its operations. The above indicates the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

As of December 31, 2017, the Company had 50,372,665 issued and outstanding shares and 74,785,330 shares on a fully diluted basis. Since the warrant and stock option exercise price is less than the market of the price of the Company's shares at the date of this report, the exercise of the warrants or stock options of the Company would result in additional cash injections of \$1,706,667.

The Company had \$200,891 of working capital surplus as at December 31, 2017 compared to \$(110,107), a working capital deficit as at September 30, 2017. The increase in working capital surplus resulted from the cash used in operations of \$410,603 (2016: \$161,811) and the cash used in investing activities of \$347,188 (2016: \$nil), which was offset by financing activities generating cash of \$1,113,196, (2016: \$30,000) during the three months ending December 31,

2017, due to the issuance of 1,120,000 common shares for net cash proceeds of \$1,058,296 (2016: \$nil) and a loan of \$39,000 (2016: \$nil).

1.7 Capital Resources

As at December 31, 2017, the Company had cash of \$363,638 (2016: \$193,009). The Company is aggressively pursuing equity financing and there can be no guarantees that the Company will be successful in its endeavors.

As of the date of this MD&A, the Company has no outstanding commitments. The Company has not pledged any of its assets as security for loans, or otherwise and is not subject to any debt covenants.

Share Purchase Warrants

As at January 10, 2018, the following warrants were outstanding:

Number of Warrants	Exercise Prices	Expiry Date	Remaining life (Years)
800,000	\$ 0.05	May 13, 2021	3.34
4,146,000	\$ 0.15	August 16, 2021	3.60
16,666,665	\$ 0.10	November 7, 2018	0.82

Stock Options

The total number of stock options outstanding as of February 26, 2018 was 2,800,000 (2016: 400,000) at a weighted average exercise price of \$0.10 per share (2016: \$0.10).

1.8 Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

1.9 Transactions with Related Parties

The expenditures charged by related parties to the Company and not disclosed elsewhere in the consolidated financial statements consist of the following:

- a) The Company incurred office services of \$5,355 (2016 - \$5,250) to a company controlled by the CFO.
- b) The Company incurred accounting fees of \$4,500 (2016 - \$4,500) to a company controlled by the CFO.
- c) The Company incurred management fees of \$30,000 (2016 - \$20,000) paid to the CEO of the Company.

- d) The Company incurred management fees of \$30,000 (2016 - \$20,000) paid to the Chairman of the Company.
- e) The Company granted \$111,338 (2016 - \$nil) of share-based payment expenses to directors and officers.
- f) The Company has identified its directors and certain senior officers as its key management personnel and the compensation costs for key management personnel and companies related to them were recorded at their exchange amounts as agreed upon by transacting parties as follows:

	December 31, 2017	December 31, 2016
Consulting fees	\$-	\$26,693
Management fees	\$60,000	\$40,000

At December 31, 2017, accounts payable and accrued liabilities included \$13,331 (September 30, 2017: \$27,933) for amounts due to a company controlled by the CFO and a company controlled by the CEO and Chairman. All amounts payable are non-interest bearing, unsecured and due on demand.

By loan agreement dated January 1, 2017, the Company received a loan of \$50,000 from the Company's President which bears interest at 10% per annum with a financing fee of \$1,500 will be repaid by June 30, 2017. During the period ended December 31, 2017, the Company received a loan of \$39,000 from the Company's President which is non-interest bearing. As at December 31, 2017, \$95,486 (September 30, 2016 - \$55,226) balance of the loan payable, financing fees and accrued interest is outstanding and due on demand.

1.10 Critical Accounting Estimates.

The preparation of the Company's financial statements requires management to use estimates and assumptions that affect the reported amounts of assets and liabilities as well as revenue and expenses.

The most critical accounting estimates upon which company financial statements depend on those estimates of proven and probable reserves and resources, recoverable ounces there from, and assumptions of operating costs and future mineral prices. Such estimates and assumptions affect the potential impairment of long-lived assets and the rate at which depreciation, depletion and amortization. In addition, management must estimate costs associated with mine reclamation's enclosure costs.

The Company presently has no properties with proven or inferred reserves. When such a situation arises. The Company will utilize existing industry standards, with respect to the reporting and accounting for these issues.

The Company accounts for all stock-based payments and awards using the fair value based method. Under the fair value based method, stock-based payments to non-employees are measured at the fair value of the consideration received, or the fair value of the equity estimates issued, or liabilities incurred, whichever is more reliably measurable.

The Company will have an obligation to reclaim its properties after the minerals have been depleted. These estimated costs, known as the Asset Retirement Obligation, will be recorded as a liability at their fair values in the periods in which they occur, and at each reporting period, are increased to reflect the interest (accretion expense) considered in the initial fair value management of the liabilities. Reclamation expenses vary from jurisdiction to jurisdiction. The Company has no material ARO at this time.

From time to time, the company must make accounting estimates. These are based on the best information available at the time, utilizing generally accepted industry standards.

1.11 Changes in Accounting Policies including Initial Adoption

See Note 3 Company's financial statements for the three months ended December 31, 2017.

Going concern issue

The Company's financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The continuing operations of the Company are dependent upon the continued financial support of the creditors and the shareholders. In the past, the Company has relied on sales of its equity securities to meet its cash requirements. There can be no assurance that funding from this or other sources will be sufficient in the future to continue and develop its mineral properties. Even if the Company is able to obtain new financing, it may not be on commercially reasonable terms or terms that are acceptable to it. Failure to obtain such financing on a timely basis or extensions on the option agreements, could cause the Company to reduce or terminate its operations. The above indicates the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

The Company may encounter difficulty sourcing future financing in light of the recent economic downturn. The current financial equity market conditions and the inhospitable funding environment make it difficult to raise capital through the private placements of shares. The venture capital industry has been severely affected by the world economic situation as it is considered speculative and high-risk in nature, making it even more difficult to fund. While the Company is using its best efforts to achieve its business plans by examining various financing alternatives, there is no assurance that the Company will be successful with any financing ventures.

Internal control over financial reporting and disclosure controls and procedures

Management is responsible for the design and maintenance of both internal control systems over financial reporting and disclosure controls and procedures. Disclosure controls and procedures are designed to provide reasonable assurance that relevant information is gathered and reported to senior management on a timely basis so that appropriate decisions can be made regarding public disclosure.

Current disclosure controls include meetings with the CEO, chief financial officer and members of the Board of Directors and audit committee through e-mails, on telephone conferences and informal meetings to review public disclosure. All public disclosures are reviewed by certain members of senior management and the board of directors and audit committee of the Board of Directors has delegated the duties to the chief executive officer who is primarily responsible for financial and disclosure controls.

Management and the board of directors continue to work to mitigate the risk of material misstatement.

Risk and uncertainties

While the Company has no operating properties the following is a brief discussion of those distinctive or special characteristics of the company's potential operations and industry, which may have a material impact on, or constitute risk factors in respect of the Company's financial performance.

1.12 Financial Instruments and Other Instruments

See Note 9 to the Company's financial statements for the three months ended December 31, 2017.

1.13 Additional Information

HEAD OFFICE

304 – 700 West Pender Street

Vancouver, BC

V6C 1G8

Tel: (604) 685 - 7720

OFFICERS & DIRECTORS

Arthur Brown,
President & CEO and Director

Sandy MacDougall

Chairman & Director

Kulwant Sandher, B.Sc., CPA, CA

Chief Financial Officer

Cyrus Driver, CPA, CA

Director

Carlos Arias Equiguren

Director

LISTINGS

TSX Venture Exchange: **ASQ**

CAPITALIZATION

(as at February 26, 2018)

Shares Authorized: Unlimited

Shares Issued: 50,372,665

REGISTRAR TRANSFER AGENT

TMX Equity Transfer Services

2700 – 650 West Georgia St.

Vancouver, BC, V6B 4N9

AUDITORS

Manning Elliot LLP

11 Floor, 1050 West Pender Street,

Vancouver, BC, V6E 3S7