

# Aston Bay Holdings Ltd.

Management's Discussion and Analysis  
Year Ended March 31, 2017

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## Introduction

This Management's Discussion and Analysis ("MD&A") provides a discussion and analysis of the financial condition and results of operations to a reader to assess material changes in the financial condition and results of operations as at and for the year ended March 31, 2017. This MD&A has been prepared in compliance with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations. This discussion should be read in conjunction with the audited annual consolidated financial statements of Aston Bay Holdings Ltd. ("Aston Bay" or the "Company") for the years ended March 31, 2017 and 2016 and the notes thereto (the "Statements"). Readers are encouraged to review the Statements in conjunction with this document. All reported amounts are stated in Canadian Dollars unless otherwise indicated. The information contained herein is presented as at July 26, 2017, unless otherwise indicated.

## Description of Business

The Company was incorporated in British Columbia, Canada on February 28, 2011 as Escudo Capital Corporation. The Company was incorporated as a Capital Pool Corporation, as this term is defined in the policies of the TSX Venture Exchange (the "Exchange"). On May 2, 2013, the Company completed a Qualifying Transaction, as this term is defined in the policies of the Exchange, when it acquired 100% of the issued and outstanding shares of Aston Bay Ventures Ltd. under the terms of a reverse takeover transaction (the "Transaction") and on May 6, 2013, the shares of the Company began trading on the Exchange under the symbol "BAY". The Company changed its name on May 2, 2013 to Aston Bay Holdings Ltd. in connection with the Company's Transaction. The Company's registered address is #530, 355 Burrard Street, Vancouver, British Columbia, V6C 2G8 and the head office is located at Suite 303, 80 Richmond Street West, Toronto, Ontario, M5H 2A4.

Aston Bay is a mineral exploration and development company involved in the acquisition and exploration of resource properties located in North America. Other than a royalty in favour of Commander Resources Ltd. ("Commander") on a portion of the Aston Bay Property (see *Statements*), the Company owns a 100% interest in certain mining claims and prospecting permits covering an area of approximately 374,000 hectares on Somerset Island, Nunavut, Canada (the "Storm Copper Project" or the "Aston Bay Property") and it is engaged in exploring copper and zinc prospects on the Aston Bay Property. The Company does not have any resource properties in production at this time.

## Discussion of Operations

During the fiscal year, the Company raised a net total of \$1,874,082 in its financing activities, and an additional \$5,752,886 in funding from BHP Billiton through a combination of project funding, option payments and operator fees. The Company continued its focus on advancing the Storm Copper Project, spending cash totaling \$5,286,961 on exploration activities.

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### Exploration Expenditures

The following table sets forth a breakdown of the material components of the Company's exploration expenditures for the years ended March 31, 2017 and 2016, and cumulatively for its work on the Storm Copper Project.

	Year Ended March 31,		Cumulative
	2017	2016	
Storm Copper Project			
Geological	\$ 261,491	\$ 215,044	\$ 631,812
Geophysical	2,400	88,766	1,075,911
Drilling	554,207	-	964,291
Analytical	100,467	-	100,792
Supplies, equipment, rental	714,544	50,539	806,881
Accommodation and food	289,117	20,652	320,719
Aviation, transportation and travel	2,905,095	129,357	3,275,151
Reports	3,750	-	3,750
Contractors	256,385	6,825	263,210
Project management	98,070	18,500	261,437
Commander payment	-	-	35,408
Other	1,938	1,450	224,388
Claim staking	22,776	34,170	90,699
Property maintenance	<u>76,721</u>	<u>-</u>	<u>76,721</u>
	5,286,961	565,303	8,131,170
Less partner funding and fees earned	<u>(5,752,886)</u>	<u>-</u>	<u>(5,931,347)</u>
	<u>\$ (465,925)</u>	<u>\$ 565,303</u>	<u>\$ 2,199,823</u>

### BHP Billiton Ltd. Option Agreement

On May 27, 2016, the Company signed a definitive Option Agreement (the "Option Agreement"), with a Canadian subsidiary of BHP Billiton Ltd. ("BHP Billiton"), to cooperatively advance the Storm Copper Project. The terms of the Option Agreement governed the relationship between the Company and BHP Billiton.

The terms of the Option Agreement enabled BHP Billiton to earn a 75% interest in Storm by spending a minimum of \$40,000,000 on qualifying exploration expenditures over a period of up to nine years, with minimum expenditures of \$2,500,000 in the first two years (completed).

BHP Billiton notified the Company on January 19, 2017 that it intended to formally terminate the Option Agreement.

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## Mineral Property

### Property Description

The Storm Copper Project is located 112 km south of the community of Resolute Bay, Nunavut on northwest Somerset Island and centred geographically at approximately 73°39' North latitude and 94°20' West longitude. The property is adjacent to tidewater on Aston Bay and consists of 12 prospecting permits and 133 contiguous mineral claims, covering an area of approximately 374,000 hectares.

Historical exploration around the Aston Bay Property has defined two distinct styles of mineralization, each associated with its own specific stratigraphic horizon. The stratabound Seal Zinc (Zn) showing occurs in Early to Middle Ordovician Ship Point Formation rocks. The stratigraphic and structurally controlled Storm Copper (Cu) showings occur at least 800 m higher in the stratigraphic column in the Late Ordovician to Late Silurian Allen Bay Formation (Cook and Moreton, 2000).

Mineralization at the Seal Zn showings is primarily hosted within a quartz arenite unit with interbedded dolostone and sandy dolostone of the Ordovician Ship Point Formation. Mineralization at the Storm Cu showings is epigenetic, carbonate-hosted and lies within an intracratonic rift basin that has been modified by folding and faulting. The mineralization is spatially associated with the north and south boundary faults of the Central Graben. This structure is interpreted as a pull-apart basin developed as a result of translational movement along basement-rooted faults. The basal Aston Formation red beds are thought to be a plausible source of metals for the mineralization at both the Seal Zn and Storm Cu showings.

The area has been an exploration target since 1960 when mineralization was first discovered while conducting oil and gas exploration in the region. From early 1964 until 2007, Teck Resources ("Teck") was actively conducting exploration within Aston Bay's property. Commander Resources Ltd. acquired prospecting permits in the area after the land package held by Teck lapsed in 2007.

### Historical Work Highlights

The original Storm Copper showings are located 20 kilometres (km) east of Aston Bay along boundary faults that define an inter-cratonic graben structure. The prospect was evaluated with drilling by Teck between 1996 and 2000. During this time more than 9,000m of core was drilled in 67 holes. These efforts defined four separate zones of copper mineralization all of which remain open both laterally and vertically. Highlights from the historical drilling at the Storm prospect are presented in the table below:

Table of Selected Drill Results from the Storm Copper Prospect<sup>1</sup>

Zone	Drill Hole	From (m)	To (m)	Length (m)	Cu (%)
2200N	<b>ST97-02</b>	<b>0.00</b>	<b>31.70</b>	<b>31.70</b>	<b>2.08</b>
	<i>includes</i>	<i>0.00</i>	<i>5.10</i>	<i>5.10</i>	<i>11.84</i>
	<b>ST97-03</b>	<b>0.00</b>	<b>50.90</b>	<b>50.90</b>	<b>1.74</b>
	<i>includes</i>	<i>0.00</i>	<i>6.40</i>	<i>6.40</i>	<i>7.38</i>
	<i>and</i>	<i>22.90</i>	<i>28.00</i>	<i>5.10</i>	<i>2.56</i>
2750N	<b>ST97-08</b>	<b>0.00</b>	<b>110.00</b>	<b>110.00</b>	<b>2.45</b>
	<i>includes</i>	<i>25.20</i>	<i>58.00</i>	<i>32.80</i>	<i>5.40</i>
	<i>and</i>	<i>72.50</i>	<i>82.00</i>	<i>9.50</i>	<i>3.40</i>
	<b>ST97-09</b>	<b>62.30</b>	<b>86.90</b>	<b>24.60</b>	<b>2.18</b>
	<b>ST99-19</b>	<b>12.20</b>	<b>68.50</b>	<b>56.30</b>	<b>3.07</b>
	<i>includes</i>	<i>22.00</i>	<i>46.60</i>	<i>24.60</i>	<i>6.17</i>
3500N	<b>ST99-31</b>	<b>4.60</b>	<b>115.30</b>	<b>110.70</b>	<b>0.74</b>
	<i>includes</i>	<i>4.60</i>	<i>65.10</i>	<i>60.50</i>	<i>1.15</i>
	<b>ST99-43</b>	<b>26.60</b>	<b>77.40</b>	<b>50.80</b>	<b>0.74</b>
	<i>includes</i>	<i>41.00</i>	<i>58.30</i>	<i>17.30</i>	<i>1.27</i>
4100N	<b>ST97-13</b>	<b>59.80</b>	<b>113.00</b>	<b>53.20</b>	<b>1.34</b>

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Zone	Drill Hole	From (m)	To (m)	Length (m)	Cu (%)
	<i>includes</i>	59.80	70.00	10.20	2.87
	<i>and</i>	88.40	112.00	23.60	1.49
	<b>ST99-47</b>	<b>43.40</b>	<b>111.00</b>	<b>67.60</b>	<b>1.33</b>
	<i>includes</i>	72.40	88.10	15.70	3.75
	<b>ST99-53</b>	<b>17.30</b>	<b>56.90</b>	<b>39.60</b>	<b>1.15</b>
	<i>includes</i>	20.30	43.00	22.70	1.81
	<b>ST99-56</b>	<b>32.60</b>	<b>67.80</b>	<b>35.20</b>	<b>1.25</b>
	<i>includes</i>	52.40	67.80	15.40	2.48
	<b>ST99-56</b>	<b>89.50</b>	<b>111.00</b>	<b>21.50</b>	<b>0.66</b>
	<b>ST00-60</b>	<b>54.00</b>	<b>78.30</b>	<b>24.30</b>	<b>0.94</b>
	<i>includes</i>	54.00	58.90	4.90	2.26
	<i>and</i>	73.40	76.60	3.20	3.33
	<b>ST00-61</b>	<b>48.90</b>	<b>70.10</b>	<b>21.20</b>	<b>1.05</b>
	<b>ST00-62</b>	<b>60.00</b>	<b>111.30</b>	<b>51.30</b>	<b>1.16</b>
	<i>includes</i>	78.00	106.00	28.00	1.83
	<b>ST00-64</b>	<b>56.60</b>	<b>84.20</b>	<b>27.60</b>	<b>1.09</b>

<sup>†</sup> Drill results reported are core length and may not be indicative of true width of mineralization.

The Seal Zinc showing is located on Aston Bay and approximately 350 m from tidewater. The prospect was evaluated with drilling by Teck between 1995 and 2001. During this time a total of 5,115 m of core was drilled in 32 holes. These efforts defined a zone of strata-bound zinc and silver mineralization that remains open. Highlights from the drilling are presented in the table below:

Table of Selected Drill Results from the Seal Zinc Prospect

Drill Hole	Interval			Ag (g/t)	Zn (%)
	From (m)	To (m)	Length (m)		
<b>AB95-02</b>	<b>51.80</b>	<b>70.60</b>	<b>18.80</b>	<b>28.7</b>	<b>10.58</b>
<i>Includes</i>	52.40	60.70	8.30	36.5	15.62
<i>And</i>	66.00	70.60	4.60	46.9	13.83
<b>AB95-03</b>	<b>76.60</b>	<b>98.70</b>	<b>22.10</b>	<b>27.1</b>	<b>6.62</b>
<i>Includes</i>	76.60	81.00	4.40	51.5	11.26
<i>And</i>	90.50	96.40	5.90	48.6	13.38
<b>AB95-06</b>	<b>101.50</b>	<b>132.30</b>	<b>30.80</b>	<b>23.0</b>	<b>5.11</b>
<i>Includes</i>	101.50	106.40	4.90	26.3	8.51
<i>And</i>	110.80	119.20	8.40	32.6	7.76
<i>And</i>	128.30	132.30	4.00	57.5	8.63
<b>AB95-07</b>	<b>118.80</b>	<b>137.00</b>	<b>18.20</b>	<b>21.6</b>	<b>3.33</b>
<i>Includes</i>	133.50	137.00	3.50	91.9	15.13
<b>AB95-10</b>	<b>137.00</b>	<b>147.00</b>	<b>10.00</b>	<b>21.9</b>	<b>1.40</b>
<b>AB95-11</b>	<b>191.00</b>	<b>206.00</b>	<b>15.00</b>	<b>25.6</b>	<b>1.06</b>
<i>Includes</i>	204.00	206.00	2.00	111.0	4.55

<sup>†</sup> Drill results reported are core length and may not be indicative of true width of mineralization.

In 2011, Commander conducted a 3,970 line-km versatile time domain electromagnetic (VTEM) and aeromagnetic survey over the Storm showings. Strong conductivity anomalies were observed for the 2200N, 2750N and 4100N zones; however, the 3500N zone showed a negligible conductivity response, indicating that the survey may be blind to some of the mineralization present on the property. Overall, results from the survey suggest that copper mineralization may extend to greater depths than has been tested by drilling and provides targets for additional drilling at the known zones.

## Aston Bay's Prior Work

Exploration seasons in 2012 and 2013 saw short programs of claim staking and processing of existing core. Drill core from Seal Zn and Storm Cu was re-logged for geology and mineralization, locally

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resampled for confirmation purposes, and new sampling was undertaken in mineralized zones. These latter exercises were used to construct and refine three-dimensional geological and mineralization models for future use in possible resource estimations. Additionally, a mini-bulk sample comprising approximately 200 kilograms of Seal Zn mineralization was collected for future metallurgical work.

In October 2014, Aston Bay applied to acquire six new Prospecting Permits (the "2014 Permits") that are contiguous with the original Aston Bay Property. The 2014 Permits were awarded to the Company in February 2015 (see news release dated February 5, 2015) and cover an area of 319,760 acres (129,400 hectares), which approximately doubled the project area at the time.

The 2014 Permits cover approximately 80 km of prospective strike length along the southern extension of the sedimentary formation, which hosts the copper mineralization at Storm. The total strike length of rocks prospective for copper now exceeds 110 km with this acquisition. Chalcocite and malachite grab samples were collected over an area 100m in diameter at one location within the permit area (see map included in the Company's press release dated February 5, 2015) during a short prospecting trip conducted during the summer 2014 exploration program. Laboratory analysis of the grab samples from frost boils, which were discovered more than 30 km south of the drill-confirmed copper mineralization at Storm, yielded assays of up to 33.9% copper.

During July and August 2014, Aston Bay completed a joint summer exploration program at Storm Cu in conjunction with a wholly owned subsidiary of Antofagasta plc ("Antofagasta"). New discoveries of copper-bearing frost-heaved sub-crop and float at Storm have increased the distance over which copper mineralization has been found at surface.

The joint exploration program was conducted over a three-week period by technical professionals from Aston Bay, Antofagasta and APEX Geoscience Ltd. ("APEX"). Work completed at Storm in 2014 included geological mapping in the vicinity of the known mineralization as well as prospecting and soil sampling in areas where little or no mineralization had been previously identified. Targeting for the prospecting and soil sampling was driven by results from the VTEM survey conducted in 2011 and previous soil sampling programs. Copper-bearing minerals, including malachite and chalcocite, were discovered in frost-heaved sub-crop and float in several areas where no previous drilling or surface sampling had been conducted.

The Blizzard Target Area, a kilometre-scale conductivity anomaly identified by reprocessing of the 2011 VTEM survey, is oval in shape with approximate dimensions of 4.0km x 1.5km and was investigated by the Company during the 2014 joint exploration program. The prospectivity of the Blizzard Target Area is enhanced by locally elevated levels of copper in the rocks, soils and stream sediments that lie above the Blizzard Target Area and the apparent location along the structural system that hosts mineralization identified in previous drilling. The Blizzard Target Area is significantly larger than any known mineralized zones at the Storm Copper Project.

The Blizzard Target Area is one of several conductivity targets identified in the VTEM survey data collected in 2011 and re-interpreted in 2014. Interpretation of the VTEM data suggests that sulphides may be the source of the Blizzard Target Area and that the top of the conductor is about 220m below surface. The prospectivity of the Blizzard Target Area is enhanced by the discovery of chips of copper-bearing minerals, including malachite, in frost boils located over the target as well as anomalous copper values in stream and sediment samples collected over its length. Finally, the structural environment is believed to be favourable for fluid flow, which enhances the potential for mineralization.

The importance of the Blizzard Target Area as a target for the 2015 season was enhanced with the discovery of a historical gravity survey and the presence of a spatially associated positive gravity anomaly, as announced by the Company on May 28, 2015.

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## Activities in the Fiscal Year ended March 31, 2016

On January 18, 2015, Aston Bay announced that it had commenced planning for the 2015 field exploration season, and in connection the Company released information regarding a key focus for the 2015 season, a kilometre-scale conductivity anomaly named the "Blizzard Anomaly" (previously, the "SE Anomaly"). The Blizzard Anomaly is oval in shape with approximate dimensions of 4.0km x 1.5km and was investigated by the Company during the 2014 joint exploration program in conjunction with Antofagasta. The prospectivity of the Blizzard Anomaly is enhanced by locally elevated levels of copper in the rocks, soils and stream sediments that lie above the Blizzard Anomaly and the apparent location along the structural system that hosts mineralization identified in previous drilling. The Blizzard Anomaly is significantly larger than any previously known mineralized zones at the Aston Bay Property.

On May 28, 2015, the Company announced the results of a newly discovered historical ground survey (*circa* 1999) of gravity data that strengthens the Company's enthusiasm toward exploring the Blizzard Anomaly at the Aston Bay Property. The ground survey improves the prospectivity of the kilometre-scale target, with the coincidence of a spatially associated positive gravity anomaly over the southern third of the Blizzard Anomaly. The Company believes this is highly suggestive of a large, drill-ready target. See the Company's press release of May 28, 2015, for more information regarding the Blizzard Anomaly and the newly discovered gravity data.

The 2015 field program was conducted and successfully completed in August 2015, during which gravity measurements were collected at 987 stations on the Aston Bay Property. Gravity field measurements detect variations in the local gravity field that result from density contrasts in the subsurface, such as higher density copper minerals and associated alteration minerals at a number of mineralized zones versus their host carbonate rocks, as seen at Storm. The program provided orientation surveys over areas of known mineralization and coverage of high-priority conductivity targets identified by the 2011 VTEM survey.

On September 30, 2015, the Company announced that gravity surveys conducted during the 2015 field program had identified two high-priority drill targets at the Aston Bay Property. The gravity anomalies identified from the program are of significant size and amplitude, and are considered priorities for drill testing.

Key successes of the 2015 field program included:

### "Blizzard Target Area" (also called the "Blizzard Anomaly"):

- The historic gravity anomaly in the Blizzard Target Area was confirmed and further defined.
- An additional new 0.7 (up to 0.9) mGal gravity anomaly measuring 1,200 m x 600 m was identified.
- The historic and new gravity anomalies are spatially coincident with a VTEM conductivity anomaly and a weak surface copper geochemical anomaly.
- Blizzard is considered a high priority for further geophysical work and drill testing.

### "Tornado Target Area" (formerly the "Eastern Extension"):

- A new significant 1.0 (up to 2.0) mGal gravity anomaly was identified, measuring 1,100 m north-south and at least 1,100 m east-west; it remains open east-west along strike.
- The Tornado gravity anomaly coincides with a VTEM conductivity anomaly and a surface copper geochemical anomaly.
- Tornado is considered to be a high priority for further geophysical work and drill testing.

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## "Squall Target Area":

- A 0.35 mGal gravity anomaly measuring at least 900 m x 200 m was identified approximately 4.5 km west-northwest from the 4100N Zone along the same structural corridor. It is open to the east and west.
- Similar to the 4100N Zone, the anomaly is coincident with a weak surface copper geochemical anomaly, and it lies on the margin of a VTEM conductivity anomaly.
- Squall is considered a promising target and is a priority for further geophysical work.

## Core Mineralized Zones Orientation Surveys:

- Gravity anomalies of 0.6 (up to 1.0) mGal and 0.2 (up to 0.4) mGal were observed at the 4100N and 3500N zones, respectively.
- Both gravity anomalies remain open along strike.
- The observed gravity anomalies are coincident with known copper mineralization in both the 4100N and 3500N zones, with a significant VTEM conductivity anomaly also present at the 4100N Zone.
- Both zones are considered a high priority for additional geophysical work and drill testing.

The Company completed the 2015 exploration program in August 2015 and continued to analyse data collected during the program. As announced on August 4, 2015, the goal of the 2015 field program was to obtain gravity data over compelling, kilometre-scale conductivity anomalies such as the Blizzard Target Area and the Tornado Target Area, as well as the zones of mineralization defined by previous drilling. Additional information collected during the program was and continues to be integrated with data from the 2011 VTEM survey, as well as previous sampling and prospecting results, to further refine targets for the 2016 drill program.

On March 3, 2016, the Company announced that it had been granted six new prospecting permits, encompassing the newly defined "Hurricane Target Area" (also called "Hurricane"), a broad 10 km (north-south) by 2 km (east-west), L-shaped GEOTEM<sup>®</sup> anomaly, interpreted as a conductive body with a strong central core rooted in bedrock source, possibly related to sulphide mineralization. Hurricane had been selected as a favourable target for follow-up work by Noranda Inc. in 2000, including reconnaissance ground electromagnetic and gravity surveys.

Six new prospecting permits, covering a combined area of 135,546 hectares (ha), were granted to Aston Bay on February 1, 2016 for a term of five years, of which the Company was officially notified on February 24, 2016 (see first map included in the Company's press release dated March 3, 2016). This acquisition has increased the overall Aston Bay land package to 395,118 ha (976,357 acres). Hurricane is located 38 km south of the main Storm Copper showings, and 18 km north-northwest of the Typhoon Zinc showing (see second map included in the Company's press release dated March 3, 2016).

The Hurricane Target Area was identified as a priority target from the 2015 reinterpretation of the historical geophysical data acquired from Teck. The GEOTEM<sup>®</sup> survey was flown in April 2000 by Fugro Airborne Surveys, on behalf of Noranda Inc. GEOTEM<sup>®</sup> is a fixed-wing time-domain electromagnetic and magnetic survey. A total of 3,620 line-km of data were collected on lines spaced 250 to 300 m apart. The survey initially identified 29 anomalies of interest, including the Hurricane Target Area.

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## Activities in the Fiscal Year ended March 31, 2017

During the year ended March 31, 2017, the Company completed its 2016 summer field exploration program at the Storm Property. The program, which included drilling, was designed to identify additional targets for future exploration programs and to gather information that would strengthen the understanding of the processes and controls on existing mineralization. Aston Bay was the Operator of the 2016 exploration program, which was conducted in conjunction with BHP Billiton.

During the 2016 field program, the Company drilled 1,951.1 metres (m) of core in 12 drill holes. Exploration drilling was conducted at a number of specific geophysical and structural targets in the vicinity of the 4100N Zone, the 2750N Zone, and at the Tornado and Hurricane target areas.

The Company encountered visual copper mineralization in three of the 12 holes, the results for which are provided in Table 1, below. All three of these holes intersected copper mineralization, potentially extending the 4100N Zone up to 225 m east and 100 m north of its known extent, with a best intersection of 16 m of 3.07% copper (Cu) and 12.26 grams per tonne (g/t) silver (Ag) in hole STOR1601D, starting at a downhole depth of 93 m. The drill hole intersection contains a higher grade zone of 8 m of 5.45% Cu and 22.73 g/t Ag (Table 1). The true widths of the intersected zones are unknown but are estimated to be approximately 75 to 100% of the core width intersected.

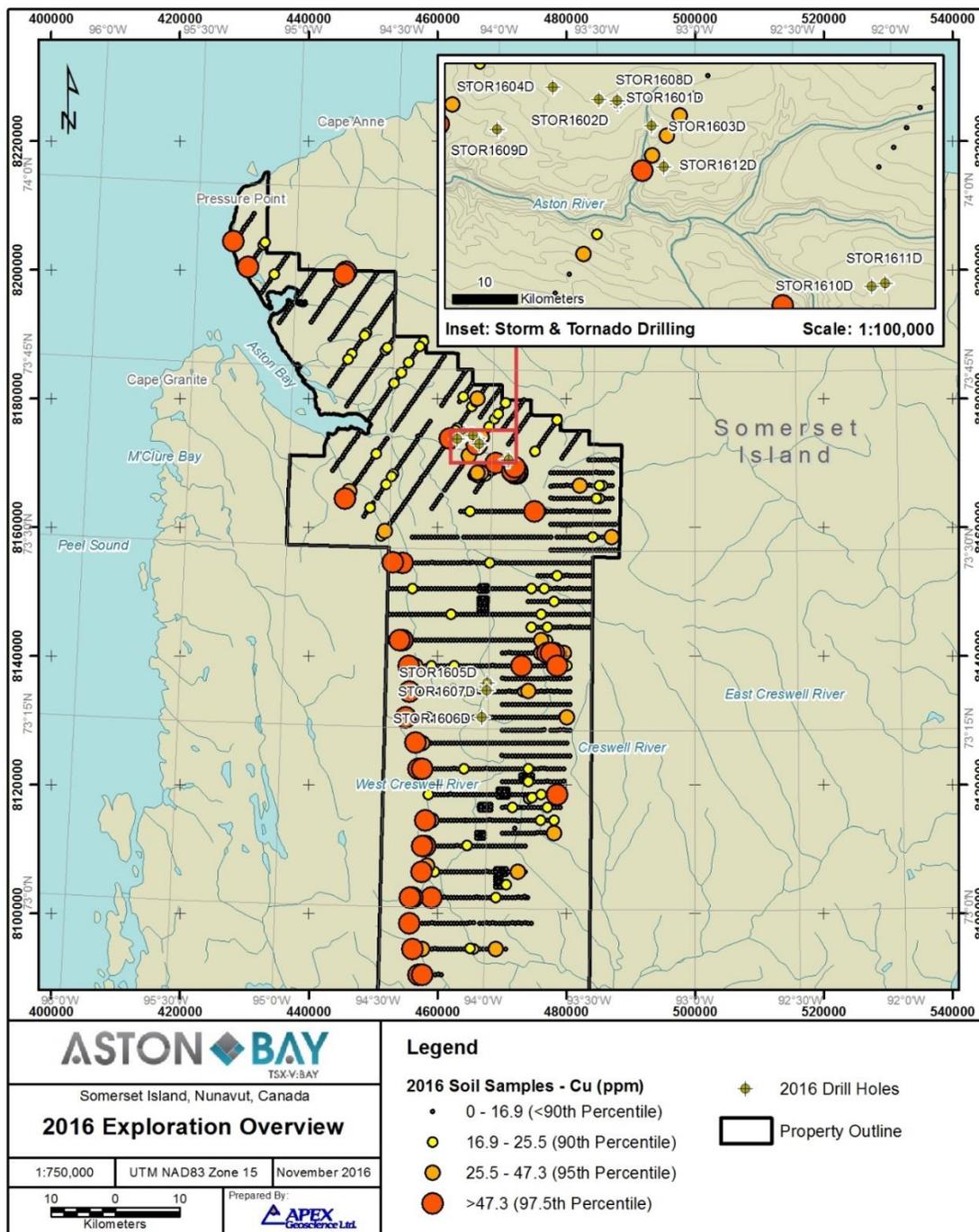
**Table 1. Results from the 2016 Drilling Program**

Hole ID	Prospect	From (m)	To (m)	Length (m)	Ag (g/t)	Cu (%)
STOR1601D	4100N Zone East	93.00	109.00	16.00	12.26	3.07
	<i>Includes</i>	<i>93.00</i>	<i>101.00</i>	<i>8.00</i>	<i>22.73</i>	<i>5.45</i>
STOR1602D	4100N Zone East	72.00	76.00	4.00	4.04	1.17
STOR1608D	4100N Zone East	86.00	106.00	20.00	1.69	0.44
	<i>Includes</i>	<i>104.00</i>	<i>106.00</i>	<i>2.00</i>	<i>3.94</i>	<i>0.97</i>

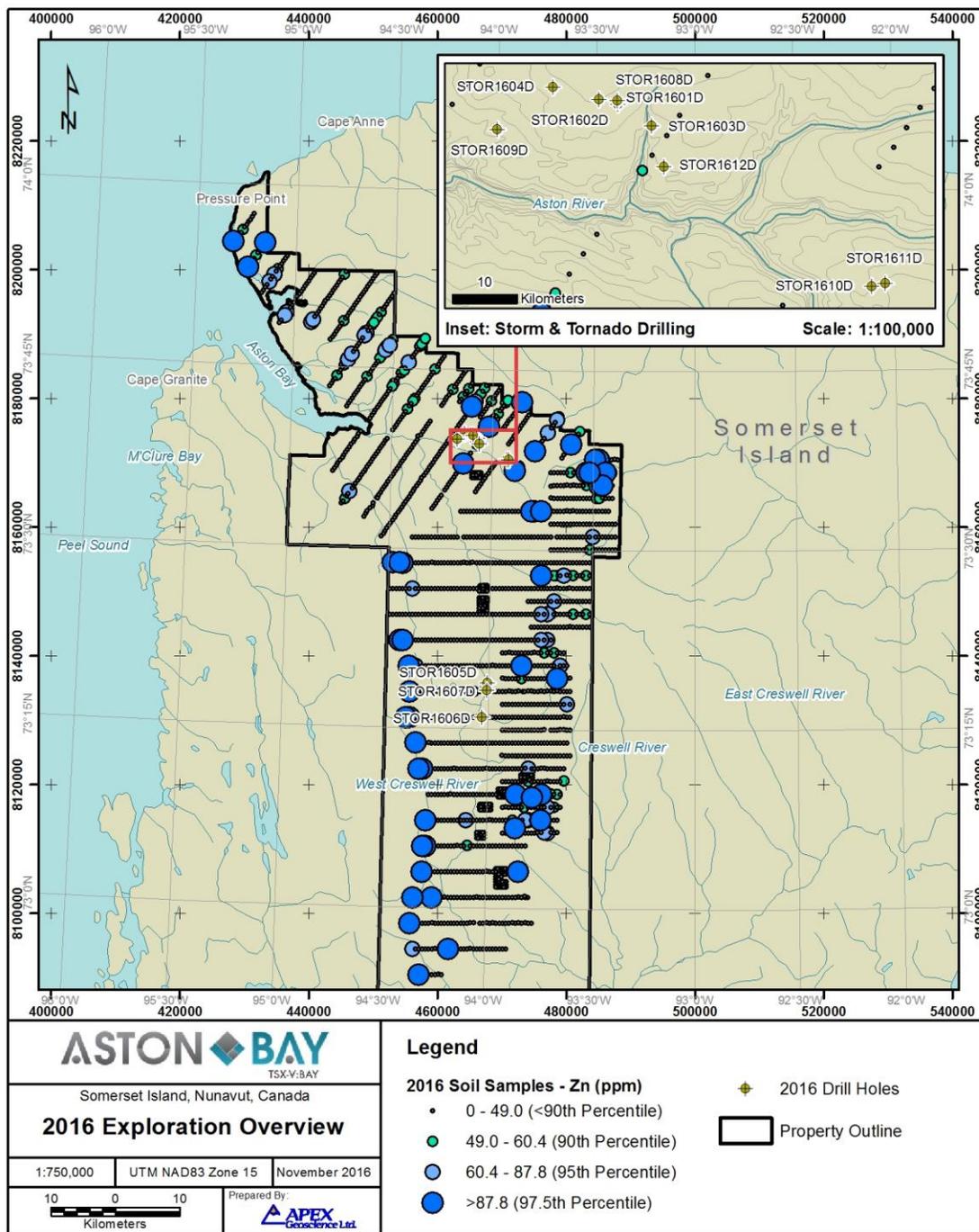
Borehole electromagnetic surveys were conducted on several of the holes, and 60 core samples from the current program and historic core were taken for geophysical properties measurements.

In addition to drilling, 2,005 soil samples were taken on a grid approximately 120 km north-south by 20 to 40 kilometres east-west. Several new copper and zinc anomalies were delineated. Analytical results of multi-element geochemistry performed on the soil samples by ALS Minerals of Vancouver B.C. are presented in Figure 1 for copper and Figure 2 for zinc.

**Figure 1. Copper in soil results and drill collar location map for 2016 exploration program, Storm Property, Nunavut**



**Figure 2. Zinc in soil results and drill collar location map for 2016 exploration program, Storm Property, Nunavut**



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### Outlook

As of the date of this MD&A, the Company has commenced its 2017 field exploration program at the Storm Copper Project, as well as other planned work, and is budgeted at approximately \$2,500,000. See "Subsequent Events" for additional details regarding the 2017 field exploration season.

### **Selected Annual Information**

The following selected annual financial data has been obtained from the Company's annual consolidated financial statements, which were prepared in accordance with IFRS.

	Year Ended March 31,		
	2017	2016	2015
Revenue	\$0	\$0	\$0
Loss	\$1,508,200	\$788,440	\$763,244
Loss per share, basic and diluted	\$0.03	\$0.02	\$0.03

	As at March 31,		
	2017	2016	2015
Mineral properties	\$5,137,323	\$5,603,248	\$2,507,945
Total assets	\$6,756,547	\$6,177,101	\$2,562,106
Current liabilities	\$127,034	\$407,670	\$532,022

For the year ended March 31, 2017, the Company reported a loss of \$1,508,200 (2016 - \$788,440), comprised primarily of consulting fees of \$274,664 (2016 - \$279,089), stock-based compensation of \$494,200 (2016 - \$213,500), professional fees of \$150,840 (2016 - \$105,521) and marketing expenses of \$140,133 (2016 - \$36,105). The increase in stock-based compensation is driven by the variables used in the Black-Scholes option-pricing model and mainly attributable to the change in stock price at the time of issue. The increase in professional fees is primarily attributable to legal expenses incurred in connection with the structuring of agreements with BHP Billiton. The company significantly increased its marketing activities during the year.

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### Summary of Quarterly Results

The selected quarterly financial information for the past eight financial quarters is outlined below. The information has been prepared in accordance with IFRS.

	Three Months Ended			
	Mar 31, 2017	Dec 31, 2016	Sep 30, 2016	Jun 30, 2016
Loss	\$191,152	\$280,117	\$274,152	\$762,779
Loss per share, basic and diluted	\$0.00	\$0.00	\$0.00	\$0.01

	Three Months Ended			
	Mar 31, 2016	Dec 31, 2015	Sep 30, 2015	Jun 30, 2015
Loss	\$464,700	\$137,180	\$91,254	\$95,306
Loss per share, basic and diluted	\$0.01	\$0.00	\$0.00	\$0.00

#### *Discussion of Quarterly Variations*

The timing of stock-based compensation expense and premium on flow-through shares impacts the variation of quarterly results. For the full fiscal year ended March 31, 2017, stock-based compensation was \$494,200, compared to \$213,500 in 2016. The quarterly amount of the expense is tied to the timing of the award and the vesting period, among other factors.

Excluding stock-based compensation and premium on flow-through shares, the quarterly losses for 2017 were: Q4 \$178,852, Q3 \$280,117, Q2 \$274,152, and Q1 \$280,879. The third quarter included a significant amount of the year's marketing activity, increasing the quarterly marketing expense \$93,644 higher than the usual level. The second quarter included a field equipment standby charge of \$112,500. The first quarter included approximately \$82,211 higher than usual amount of legal fees in connection with legal work to finalize agreements with BHP Billiton.

Excluding stock-based compensation, the quarterly losses for 2016 were: Q4 \$265,000, Q3 \$123,380, Q2 \$129,504, and Q1 \$95,306. The fourth quarter included higher than usual legal costs, primarily related to the property acquisition from Commander and the Letter of Intent, Early Works Agreement and Option Agreement with BHP Billiton, as well as an increase in marketing activity. The first quarter had lower than typical levels of professional fees.

#### **Fourth Quarter 2017 Financial Review**

During the fourth quarter, the Company had no cash generation activities and used \$291,814 in operating activities and \$93,847 in exploration activities, increasing the cash position by \$385,701 to \$836,505 at March 31, 2017.

The Company's active field exploration is principally conducted in the summer.

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## Liquidity and Capital Resources

The Company generates cash primarily through financing activities. It was successful during the year at raising the amount of cash it required. At March 31, 2017 it reported cash of \$836,505 and working capital of \$1,492,190. Subsequent to year end, in July, 2017, the Company raised an additional \$2,227,846 in gross proceeds through the issuance of common stock and warrants (see "*Subsequent Events*").

As at the date of this MD&A, the Company has outstanding commitments related to its summer exploration program covering the majority of the budgeted expenditure of \$2,500,000.

Under existing plans, the Company believes that it currently has sufficient capital resources available to meet its working capital needs for the coming fiscal year. The Company is involved in early stage exploration and data analysis. It has no current sources of revenue and does not anticipate receiving revenue in the foreseeable future. It is highly likely that it will continue to depend on equity financings in the future. The availability of future funding will depend on factors that include market conditions and the Company's exploration results.

## Off-Balance Sheet Arrangements

The Company does not have any material off-balance sheet arrangements that have, or are reasonably likely to have, an effect on the results of operations or financial condition of the Company.

## Related Party Transactions

Following is a discussion of the transactions with related parties:

- (i) The Company was charged \$95,374 (2016 - \$131,464) under the terms of a management and administrative services agreement (the "Management Services Agreement") with Oren Inc., a company majority owned and controlled by the Company's CEO and director Benjamin Cox. Pursuant to the Management Services Agreement, Oren Inc. managed the Company's back office responsibilities for a USD \$7,000 per month fee (the "Monthly Fee"), which consisted of USD \$5,000 per month for hours worked in accordance with the Management Services Agreement plus USD \$2,000 per month for overhead expenses. The Monthly Fee was based on a maximum of 10 man-days worked per month by Oren Inc. personnel in a management or administrative capacity, excluding any services provided by Benjamin Cox or Iris Cox, where a man-day consisted of six billable hours. Any man-days worked by Oren Inc. personnel in a calendar month above the 10 man-days included in the Monthly Fee were be paid at a rate of USD \$500 per man-day additional to the Monthly Fee. Approval of the Company's board of directors was required for hours of Oren Inc. personnel totaling more than four man-days more than the 10 man-days included in the Monthly Fee.

The Management Services Agreement was terminated effective October 31, 2016.

- (ii) The Company was charged consulting fees of \$38,553 (2016 – \$40,496) by Iris Cox, the wife of Benjamin Cox, who is retained as in-house legal counsel. The fees were charged in USD and based on the number of hours of service delivered. On December 15, 2016, Ms. Cox began as an employee of the Company and the consulting arrangement was terminated. Salaries of \$18,958 were accrued during the year.
- (iii) The Company was charged consulting fees of \$83,857 (2016 - \$125,959) under the terms of an executive services agreement (the "Executive Services Agreement") with Benjamin Cox and Associates ("BCA"), a company owned and controlled by Benjamin Cox. The Executive Services Agreement provided that BCA would provide executive services for the Company for a monthly fee (the "Fee") of USD \$8,000. The Fee included up to 12 hours per week worked in an

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executive capacity by Benjamin Cox, and any hours worked by Mr. Cox in excess of 12 hours per week were to be paid by the Company to BCA at a rate of USD \$250 per hour.

On November 28, 2016, Mr. Cox began as an employee of the Company and the Executive Services Agreement was terminated. Salaries of \$35,000 were accrued during the year.

- (iv) Fees in the amount of \$3,820 (2016 - \$31,669) were charged by Moshe Cohen for services delivered in his capacity as the Company's Chief Financial Officer until May 17, 2016.
- (v) The Company was charged \$352,366 (2016 - \$325,857) in fees from APEX Geoscience Ltd. ("APEX"), a mining and engineering firm controlled by Michael Dufresne. APEX has performed the bulk of the Company's geological activities, and in addition to currently being a director, Mr. Dufresne acted as the Company's Primary Geologist and as its Qualified Person under NI 43-101.
- (vi) Salary totalling \$143,500 (2016 - \$17,500) was paid to Thomas Ullrich, the Company's Chief Executive Officer.
- (vii) Dwight Walker acted as Chief Financial Officer of the Company commencing May 18, 2016. During the year, the Company was charged \$43,750 for Mr. Walker's services as Chief Financial Officer by Target Financial Services Inc., a company controlled by Mr. Walker.
- (viii) During the year, the Company finalized an agreement with and paid \$112,500 to Lone Peak Drilling (0820603 B.C. Ltd.), a company owned by Clifford Boychuk. The charge was in connection with Lone Peak's provision of drilling equipment on-site at the Storm Copper Project during the fifteen-month period following conclusion of the prior year's exploration program.

These transactions were in the normal course of business and were measured at the exchange amount. All transactions with related parties are non-interest-bearing and payable on demand.

### Proposed Transactions

As of the date of this MD&A, there are no proposed transactions of a material nature being considered by the Company.

### New Accounting Policies

There were no accounting policies adopted during the year ended March 31, 2017.

### Future Accounting Pronouncements

The following standards have been issued but not yet adopted by the Company.

- (i) IFRS 9 - Financial Instruments

IFRS 9, Financial Instruments ("IFRS 9") was issued by the IASB in November 2009 and will replace IAS 39, "Financial Instruments: Recognition and Measurement" ("IAS 39"). IFRS 9 replaces the multiple rules in IAS 39 with a single approach to determine whether a financial asset is measured at amortized cost or fair value and a new mixed measurement model for debt instruments having only two categories: amortized cost and fair value. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. The

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Company currently intends to adopt the standard on its effective date and is evaluating the impact on its consolidated financial statements.

## (ii) IFRS 16 - Leases

IFRS 16, Leases ("IFRS 16") was issued in January 2016 and specifies how an entity will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. This standard becomes effective for annual periods beginning on or after January 1, 2019 and management does not currently anticipate the early adoption of the standard.

## Financial Instruments

At March 31, 2017, the Company's financial instruments consist of cash, tax recoverable, accounts receivable and accounts payable and accrued liabilities. The fair values of these financial instruments approximate their carrying values due to the relatively short-term maturity of these instruments.

Fair Values - The carrying amounts of cash, tax recoverable, accounts receivable, and accounts payable and accrued liabilities approximate their fair value because of the short-term maturity of these instruments.

Credit Risk - Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash. To minimize the credit risk the Company places these instruments with a high credit quality financial institution.

Interest Rate Risk - The Company is not exposed to any significant interest rate risk.

Liquidity Risk - Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations out of cash. The ability to do this relies on the Company raising equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs.

## Subsequent Events

### Planning for 2017 Field Season

The 2017 field program is ongoing and comprises a two-week field exploration program conducted in July 2017 and a property-wide geophysical program expected to commence in August, 2017. The field program was a prospecting and geologic examination of the surface and core review to familiarize Dr. David Broughton with the project. While on site, efforts were also be directed to improve the camp facilities in preparation for an expected drill program in 2018. Expected cost for the field program is \$300,000. The geophysical program will be a property-wide Falcon Plus Airborne Gravity Gradiometry survey conducted by CGG Multi-Physics, expected to be completed in August through September 2017. Expected cost for the geophysical program is \$2,200,000.

### Financing Activities

The Company completed a private placement in two tranches, on July 7 and July 17, 2017, for a total of 10,014,200 Units and 5,787,500 Flow-Through Shares, for total gross proceeds of \$2,227,846. Each Unit consisted of one common share of the Company and one-half of one common share purchase

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warrant, each whole warrant entitling the holder to purchase one common share of the Company at a price per share of \$0.18 for a period of 18 months after the date of issuance.

Aggregate cash broker's fees and finder's fees of \$120,351 were paid by Aston Bay to various arms' length parties, in addition to an aggregate of 849,102 broker's warrants and finder's warrants issued (having the same attributes as the warrants underlying the Units), under agreements with the arms' length parties in connection with certain subscriptions under the Offering.

Net proceeds from the financing will be used to conduct a planned property-wide geophysical survey, a planned geological field program on Somerset Island to be led by Dr. David Broughton, Chief Geologist for the Storm and Seal Projects, as well as for general corporate purposes. The Company intends to use the data collected from these programs to generate and prioritize drill targets.

### **Disclosure of Outstanding Share Data**

The Company is authorized to issue an unlimited number of common shares without par value. On July 26, 2017, there were 75,324,289 common shares issued and outstanding, 4,960,000 stock options outstanding with a weighted average exercise price of \$0.26, expiring between 2020 and 2024, and 8,347,202 warrants with a weighted average exercise price of \$0.17, expiring January 2018.

### **Risks and Uncertainties**

The Company's principal activity is mineral exploration. Companies in this industry are subject to many and varied kinds of risks, including but not limited to, discovery, environmental, metal prices, political and economic.

Although the Company has taken steps to verify the title to mineral properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements or transfers and title may be affected by undetected defects.

The Company has no significant source of operating cash flow and no revenues from operations. None of the Company's mineral properties currently have reserves. The Company has limited financial resources. Substantial expenditures will be required to be made by the Company in order to establish ore reserves, which is not a guaranteed outcome.

The property interests owned by the Company are in the exploration stages only, are without known bodies of commercial mineralization and have no ongoing mining operations. Mineral exploration involves a high degree of risk and few properties which are explored are ultimately developed into producing mines. Exploration of the Company's mineral exploration may not result in any discoveries of commercial bodies of mineralization. If the Company's efforts do not result in any discovery of commercial mineralization, the Company may be forced to look for other exploration projects or cease operations.

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters. The Company may also be held liable should environmental problems be discovered that were caused by former owners and operators of its properties and properties in which it has previously had an interest. The Company conducts its mineral exploration activities in compliance with applicable environmental protection legislation. The Company is not aware of any existing environmental problems related to any of its current or former properties that may result in material liability to the Company.

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The Company currently has limited working capital and incurs significant expenses on an on-going basis by virtue of being a public company, and this represents a significant risk factor. The Company will therefore require additional financing to carry on its business, and such financing may not be available when it is needed.

### **Forward-Looking Statements & Cautionary Factors that may Affect Future Results**

This MD&A may contain "forward-looking statements" which reflect the Company's current expectations regarding the future results of operations, performance and achievements. The Company has tried, wherever possible, to identify these forward-looking statements by, among other things, using words such as "anticipate," "believe," "estimate," "expect" and similar expressions. The statements reflect the current beliefs of the management of the Company, and are based on currently available information. Accordingly, these statements are subject to known and unknown risks, uncertainties and other factors, which could cause the actual results, performance, or achievements of the Company to differ materially from those expressed in, or implied by, these statements. Historical results of operations and trends that may be inferred from the following discussions and analysis may not necessarily indicate future results from operations.

### **Qualified Person**

The content of the section of this MD&A entitled "Mineral Property" has been approved by Michael Dufresne, M.Sc., P.Geo., who is a Qualified Person as defined by NI 43-101 and a Director of and Consultant to Aston Bay.

### **Additional Information**

Additional information relating to the Company is available on the SEDAR website, [www.sedar.com](http://www.sedar.com).