

# Aston Bay Holdings Ltd.

Interim MD&A – Quarterly Highlights  
Nine Months Ended December 31, 2017

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## Introduction

This Interim Management Discussion and Analysis – Quarterly Highlights (“MD&A”) has been prepared to provide material updates to the business operations and financial condition of Aston Bay Holdings Ltd. (“Aston Bay” or the “Company”) since its last annual management discussion and analysis, being the Management Discussion & Analysis (the “Annual MD&A”) for the fiscal year ended March 31, 2017. This MD&A does not provide a general update to the Annual MD&A, or reflect any non-material events since the date of the Annual MD&A.

This MD&A has been prepared in compliance with the requirements of section 2.2.1 of Form 51-102F1, in accordance with National Instrument 51-102 – Continuous Disclosure Obligations. This discussion should be read in conjunction with the Annual MD&A, the audited annual consolidated financial statements of the Company for the years ended March 31, 2017 and 2016, and the unaudited condensed interim consolidated financial statements for the nine months ended December 31, 2017 and the related notes thereto. All reported amounts are stated in Canadian Dollars unless otherwise indicated. The information contained herein is presented as at February 25, 2018, unless otherwise indicated.

## Description of Business

Aston Bay is a mineral exploration and development company involved in the acquisition and exploration of mineral properties located in North America. Currently, the Company’s sole project is the Storm Copper and Seal Zinc Project located on Somerset Island, Nunavut, Canada (the “Property”). The Company is exploring copper and zinc prospects on the Property.

## Discussion of Operations

### Exploration Activities

The Company completed a two-week field exploration program at the Storm Copper and Seal Zinc Project in July 2017, and conducted a property-wide geophysical program in August through September 2017.

The field program consisted of a prospecting and geologic examination of the surface and core review to familiarize Dr. David Broughton, the Company’s Chief Geologist, with the project. While on site, efforts were also directed to improve the camp facilities in preparation for a planned drill program in 2018.

The Property comprises a district-scale, over 414,000-hectare, grouping of mineral claims and prospecting licences within the southern part of the Cornwallis Fold Belt, host to numerous base metal showings and deposits, including the world-class Polaris zinc mine, which produced 20.1 Mt grading 13.4% Zn and 3.6% Pb. The Company’s geophysical program was a property-wide Falcon Plus Airborne Gravity Gradiometry survey conducted by CGG Multi-Physics. The new high-resolution survey was completed over two large blocks within the Property area and acquired a total of 15,327 line-kilometres of data at a line spacing of 200 metres (Figure 1). The Property is underlain mainly by very shallow-dipping Paleozoic carbonate strata. Hence the survey was designed to detect horst-graben features indicative of potentially favourable “structural plumbing” for stratiform base metal mineralization, as well as detection of blind, sub-surface mineralization within the carbonate strata.

Key areas covered by the survey include the Storm Copper prospect and Seal Zinc deposit in the northern block, and the Typhoon Zinc prospect and nearby target areas in the south. All three areas returned strong gravity responses that will be evaluated in detail by the Company’s geological and geophysical team prior to selection of diamond drill targets for the planned 2018 summer field program.

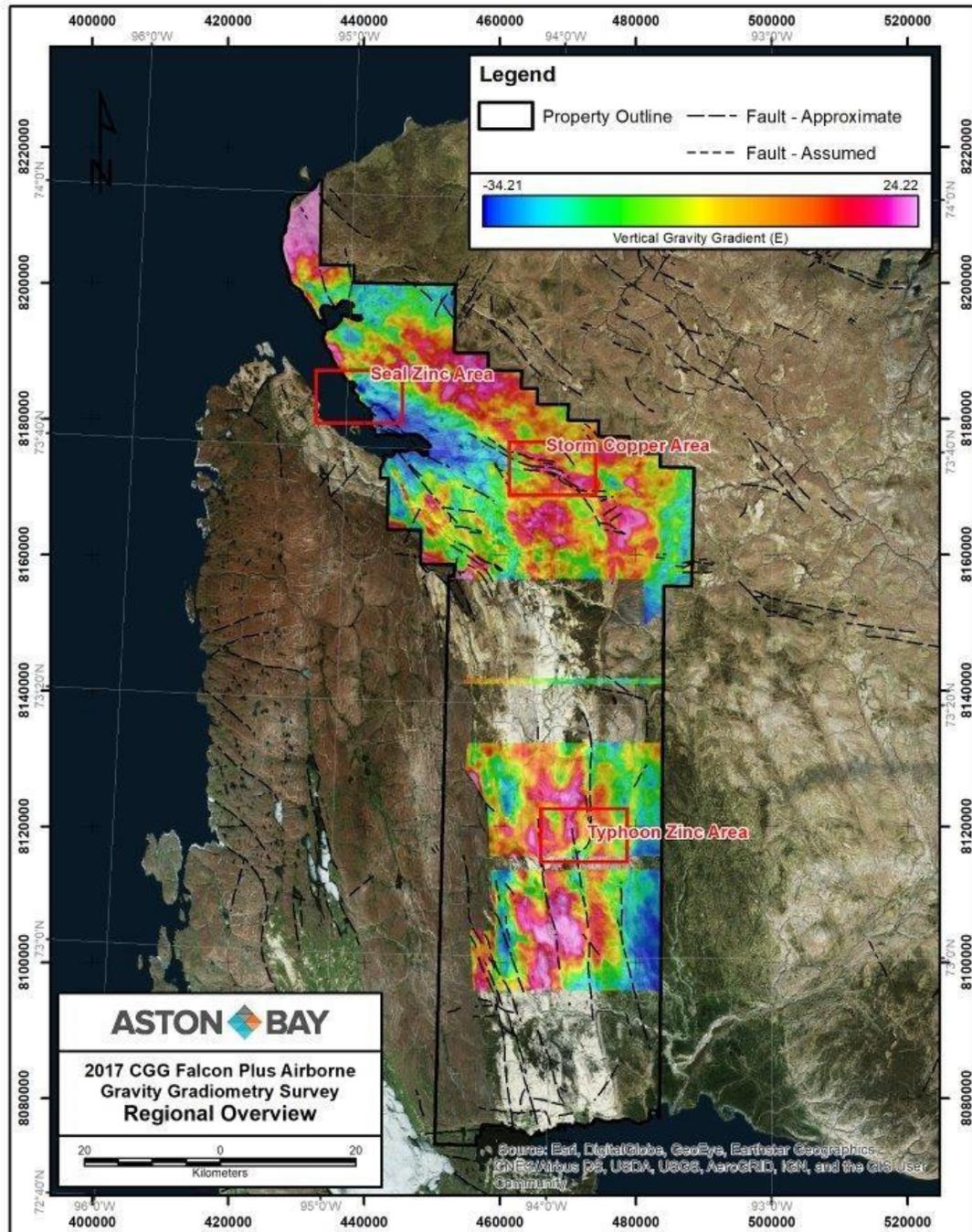


Figure 1. Regional overview of the 2017 CGG Falcon Plus Airborne Gravity Gradiometry Survey, Aston Bay Property, Nunavut.

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The Storm Copper prospect and Seal Zinc deposit occur with the northern survey block, characterized by a mainly east-west structural-stratigraphic grain. The Storm prospect comprises four high-grade dominantly chalcocite occurrences associated with an east-west graben, partially delineated by prior diamond drilling (Figure 2). Copper-silver mineralization occurs both in close association with steeply dipping graben-bounding faults and as broadly stratiform mineralization lateral to the faults. The gravity survey returned strong responses along and within the graben, including three anomalies spatially associated with the 4100N, 2750N and 2200N occurrences; these anomalies extend well beyond the current drilling and are potential drill targets.

A fourth composite gravity anomaly occurs along the eastern extension of the Storm graben and is spatially associated with the Tornado copper occurrence, which to date has seen only two diamond drill holes. The gravity data suggest the presence of a second-order graben on the northern flank of the main structure, to date untested. A fifth gravity anomaly occurs along the northern flank of the Storm graben, west along strike from the large 4100N occurrence, and is also poorly tested to date.

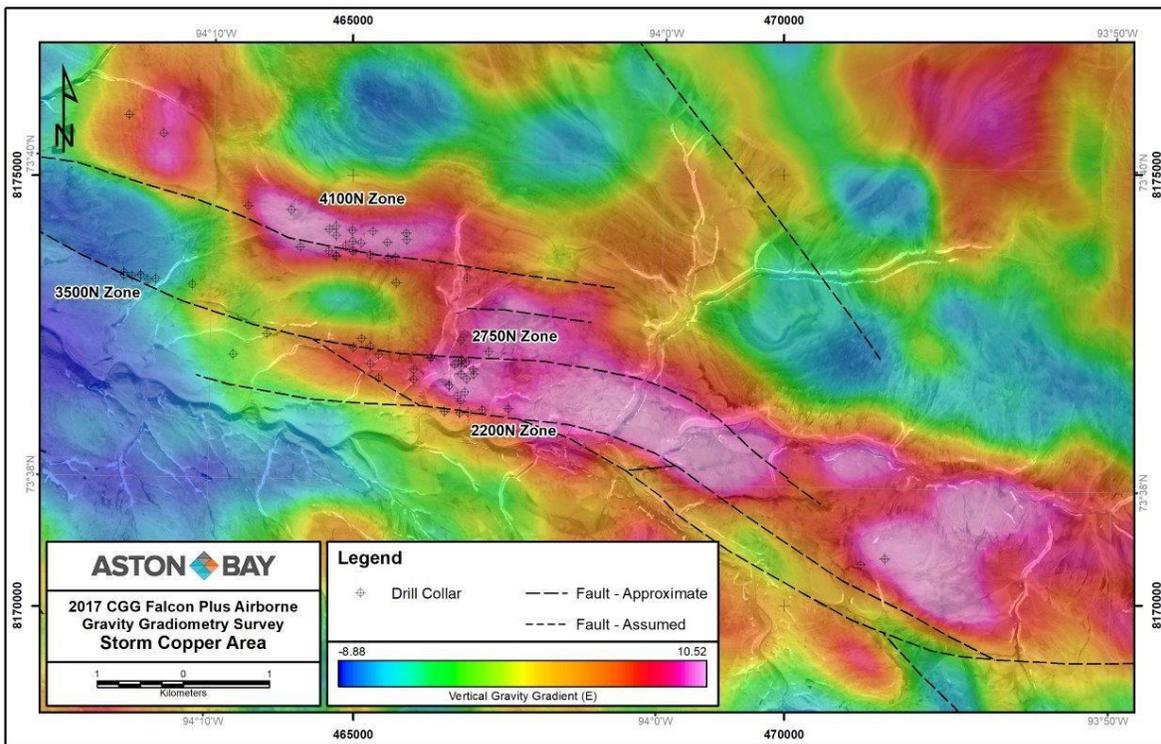


Figure 2. Storm Copper prospect area detailed view from the 2017 CGG Falcon Plus Airborne Gravity Gradiometry Survey, Aston Bay Property, Nunavut

The Seal Zinc deposit occurs on tidewater west of the Storm prospects, and comprises disseminated to massive sphalerite-pyrite-marcasite mineralization primarily in arenaceous sandstone at the base of dolostones of the Ship Point Formation. Previous drilling by Teck Resources Ltd. (formerly Cominco Ltd.) outlined a small but high-grade historic zinc-silver resource that was constructed prior to the

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implementation of NI 43-101 standards and that should not be relied upon. The historic resource was the subject of an independent NI 43-101 resource estimation (see the section that follows). Newly acquired gravity data over both the Seal prospect area and the rocks along stratigraphic trend to the NW and SE delineate a strong gravity response coincident with the mineralization and the trend. The anomalous areas to the NW and SE have not previously been tested by diamond drilling. The Polaris zinc-lead deposit was discovered by drilling a blind gravity target in the vicinity of small surface showings, and the Company is encouraged by the potential for blind mineralization associated with these targets.

The southern, relatively poorly known, part of the Property is underlain by north-south trending Paleozoic carbonate and Precambrian basement strata, with several base metal showings and areas of geological complexity of interest to Aston Bay. The central part of this area was covered by the new survey, which outlined a strong north-south pattern of alternating gravity highs and lows possibly indicative of favourable horst-and-graben structures. Further refinement of the geology and survey results will be completed to guide ongoing exploration.

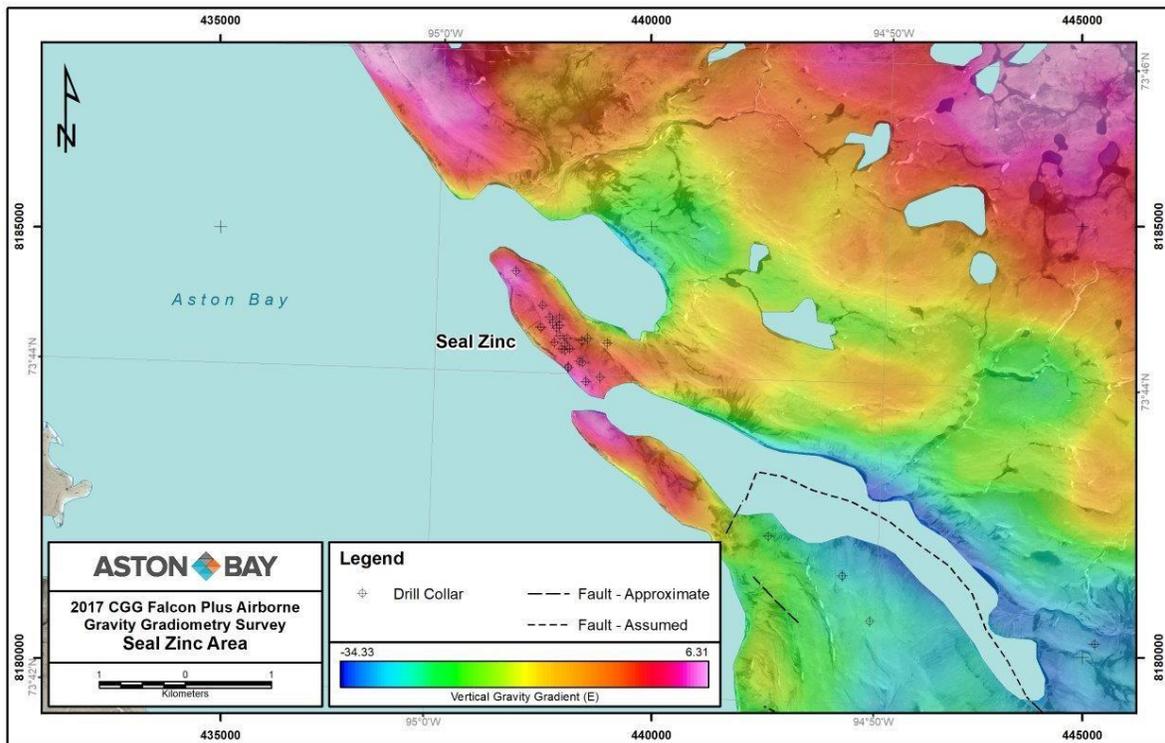


Figure 3. Seal Zinc deposit area detailed view from the 2017 CGG Falcon Plus Airborne Gravity Gradiometry Survey, Aston Bay Property, Nunavut.

Total exploration expenditures for the nine months ended December 31, 2017 were \$2,345,922.

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## Technical Report on Seal Zinc Deposit

The Company completed an initial mineral resource on its 100% owned Seal Zinc deposit which is located on the Company's property on Somerset Island, Nunavut, approximately 200 meters from tidewater. The deposit is a stratabound body hosted in sandy dolostone and sandstone within a thick section of Paleozoic dolostones, and was discovered by Cominco Ltd. (now Teck Ltd.) in the mid-1990s. The Aston Bay property also hosts the high-grade Storm Copper prospects approximately 30 kilometers east of Seal.

The Seal Zinc deposit is estimated to contain 1.006 million tonnes ("Mt") at a grade of 10.24% zinc and 46.5 grams per tonne ("g/t") silver, using a cutoff of 4.0% zinc equivalent. The estimate is based on diamond drilling conducted by Cominco in 1995-96 and Noranda in 2001.

Known mineralization has a thickness of up to 20 meters ("m"), and extends for over 400m along strike and 50 to 100 meters down-dip, and is partially fault-bound. Seal is interpreted to be a Mississippi Valley-type ("MVT") deposit, with geological similarities to the Polaris deposit located to the north in the same Paleozoic dolostone succession. A large hydrothermal "pseudobreccia" alteration zone in the footwall of the deposit contains minor zinc mineralization and probably represents the feeder zone. MVT deposits are known to occur in clusters, and Aston Bay believes there is exploration potential along strike for discovery of additional mineralization.

The report titled "Initial Mineral Resource Estimate and Technical Report for the Seal Zinc Deposit, Aston Bay Property, Somerset Island, Nunavut" is effective as of October 6, 2017 and signed January 17, 2018 (the "Technical Report"). The Technical Report was authored by independent Qualified Persons at P&E Mining Consultants Inc., and is in accordance with National Instrument 43-101 – Standards of Disclosure for Mineral Projects. The Technical Report is available at [www.sedar.com](http://www.sedar.com) under the Company's profile, as well as on the Company's website at [www.astonbayholdings.com](http://www.astonbayholdings.com).

<b>HIGHLIGHTS OF INFERRED MINERAL RESOURCE ESTIMATE @ 4.0% ZNEQ CUT-OFF<sup>(1-5)</sup></b>					
<b>Tonnage Mt</b>	<b>Zn %</b>	<b>Contained Zn kt</b>	<b>Ag g/t</b>	<b>Contained Ag koz</b>	<b>ZnEq%</b>
1.006	10.24	103	46.5	1,505	11.44

- (1) This Mineral Resource Estimate is reported in accordance with the Canadian Securities Administrators National Instrument 43-101 and has been estimated using the CIM "Estimation of Mineral Resources and Mineral Reserves Best Practice Guidelines" and the CIM "Definition Standards for Mineral Resources and Mineral Reserves".
- (2) An Inferred Mineral Resource has a lower level of confidence than that applying to an Indicated Mineral Resource and must not be converted to a Mineral Reserve. It is reasonably expected that the majority of Inferred Mineral Resources in this estimate could be upgraded to Indicated Mineral Resources with continued exploration.
- (3) Mineral Resources which are not Mineral Reserves do not have demonstrated economic viability. The estimate of Mineral Resources may be materially affected by environmental, permitting, legal, title, taxation, sociopolitical, marketing or other relevant issues.
- (4)  $ZnEq\% = Zn\% + (Ag\ g/t/39)$
- (5) Underground Mineral Resource Estimate cut-off of 4.0% ZnEq is based on approx. Sep 30/17 two year trailing average metal prices of US\$1/lb Zn and US\$17 /oz Ag, US\$ exchange rate of \$0.76, estimated mining cost C\$50/t process cost C\$25/t, G&A cost C\$10/t, process recovery 90%, concentration ratio 8:1, smelter payables 95%, concentrate freight C\$60/t and smelter treatment charges C\$100/t.

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Highlights of the report include:

- P&E considers that the zinc and silver mineralization of the Seal Zinc deposit is potentially amenable to underground extraction;
- Recent geochronology on the nearby Storm Copper mineralization produced an age of  $378.1 \pm 1.3$  Ma (Stein, 2016), within the range of uncertainty for the age of zinc mineralization at the nearby past-producing (20.1 Mt @ 13.4% Zn) Polaris mine at  $374 \pm 9$  Ma (Selby et al., 2005; Dewing et al., 2007), and hence linking the Cu and Zn-Ag mineralization to the same regional metalliferous fluid flow event; and
- The property hosts a geological environment that is very favourable for additional base metal discovery and further regional exploration is warranted to identify new areas of mineralization.

Highlights of the recommendations include:

- Evaluate data from the 2017 property-wide Falcon Plus airborne gravity gradiometry survey conducted by CGG Multi-Physics to further inform target definition;
- Further investigate the numerous copper and zinc anomalies along 144 km structural trend; and
- Identify and prioritize future drilling targets.

## Liquidity and Capital Resources

The Company generates cash primarily through financing activities. During the nine-month period ended December 31, 2017, the Company raised gross proceeds of \$2,863,846 through the issuance of common shares and warrants in brokered and non-brokered private placement offerings, of which \$252,591 was paid in cash broker's fees, finder's fees and other issuer-related costs. At December 31, 2017, the Company had cash and cash equivalents of \$1,158,809 and working capital of \$953,007.

As at the date of this MD&A, the Company does not have any material outstanding commitments.

Under existing plans, the Company believes that it currently has sufficient capital resources available to meet its working capital needs for the balance of the 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

## Related-Party Transactions

Related-party transactions are detailed in Note 5 to the unaudited condensed interim consolidated financial statements for the nine months ended December 31, 2017. These transactions are for the provision of services to the Company by officers and directors of the Company, or parties related to those individuals through which services were provided. The transactions were in the normal course of business and were measured at the exchange value.

## 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.

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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.

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.

### **Additional Information**

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