

AFRASIA MINERAL FIELDS INC.

Interim MD&A - Quarterly Highlights

For the three months ended August 31, 2016 and 2015

The Quarterly Highlights of Afrasia Mineral Fields Inc. (the “Company” or “Afrasia”) provide a summary of the activities, results of operations and financial condition of the Company as at and for the three months ended August 31, 2016. The Quarterly Highlights have been prepared by management as of October 17, 2016 and should be read in conjunction with the condensed interim financial statements and related notes thereto of the Company for the three months ended August 31, 2016 and 2015, the audited financial statements and related notes thereto of the Company for the years ended May 31, 2016 and 2015, which were prepared in accordance with International Financial Reporting Standards (“IFRS”), and the annual Management Discussion and Analysis (“MD&A”) of the Company prepared by management as of September 23, 2016.

The Company was incorporated on June 24, 1986 under the laws of British Columbia. The Company was listed on the TSX-V under the symbol “AFS” and on September 29, 2008 the Company’s listing was transferred from the TSX-V to the NEX board of the TSX-V. Effectively, the trading symbol for the Company changed from “AFS” to AFS.H”.

The Company continues to review and investigate potential business opportunities for possible acquisition.

Forward-looking statements

Certain statements contained in the following Quarterly Highlights constitute forward-looking statements. Such forward-looking statements include, but are not limited to statements regarding the Company’s ability to identify and pursue a suitable business opportunity and its ability to raise sufficient financing to continue its operations. These forward-looking statements involve a number of known and unknown risks, uncertainties and other factors including financial, operational, environmental and political risks, general equity and market conditions. The outcome of these factors may cause the actual results and performance of the Company to be materially different from any plans or results expressed or implied by such forward-looking statements. Readers are cautioned not place undue reliance on these forward-looking statements.

Analysis of the Company’s financial performance and conditions

During the three months ended August 31, 2016, the Company reported a net loss of \$13,665 compared to a loss of \$17,826 during the first quarter last year, a decrease in loss of \$4,161.

The decrease in net loss was primarily a result of a gain on debt settlement of \$3,459. During the three months ended August 31, 2016, the Company negotiated a settlement of outstanding audit and accounting fees from prior periods and recognized a gain on partial forgiveness of debt. There were no similar transactions recorded in comparative period last fiscal year.

Professional fees decreased by \$477 as there were no legal costs incurred during the first quarter of current fiscal year.

There were no significant variations in other operating expenses.

As at August 31, 2016, the Company reported working capital deficiency of \$211,545 compared to \$197,996 at May 31, 2016, representing an increase in working capital deficiency of \$13,549.

As at August 31, 2016, the Company had net cash on hand of \$220 compared to \$320 as at May 31, 2016, representing a decrease of \$100.

Current assets excluding cash as at August 31, 2016 consisted of receivables of \$7,756 (May 31, 2016 - \$7,235), which comprised of government sales tax credits of \$7,420 (May 31, 2016 - \$6,908) and other receivables of \$336 (May 31, 2016 - \$327), and prepaid regulatory fees of \$417 (May 31, 2016 - \$418).

Current liabilities as at August 31, 2016 consisted of trade payables of \$100,588 (May 31, 2016 - \$107,069), and amounts due to related parties of \$119,350 (May 31, 2016 - \$98,900).

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To date, the Company has not generated any significant revenues and has not raised funds in the last twelve months. The Company has an accumulated deficit of \$8,765,204 including a loss for the three months ended August 31, 2016 of \$13,665 (2015 - \$17,826).

During the three months ended August 31, 2016, the Company relied on loans from related parties to assist its short-term working capital needs. The continuing operations of the Company are dependent upon its ability to raise adequate financing and to commence profitable operations in the future. The Company has been successful in re-negotiating its indebtedness, however, there is no assurance the success of these effort will continue.

The Company is exposed in varying degrees to a variety of financial instrument related risks, including liquidity risk and market risks with respect to its ability to raise capital through equity markets under acceptable terms and conditions. Management monitors its activities and various factors that could impact the risks in order to manage risks and make timely decisions. For further discussion of financial risks, please refer to Note 8 of the condensed interim financial statements for the three months ended August 31, 2016.

These uncertainties and risks may cast significant doubt upon the Company's ability to continue as a going concern.

Transactions with Related Parties

On June 1, 2015, the Company entered into an administrative agreement with Varshney Capital Corp. ("VCC"), a company controlled by two common directors, whereby the Company agreed to pay administrative services fees of \$3,000 per month.

During the three months ended August 31, 2016, the Company incurred \$9,000 (2015- \$9,000) for administrative fees to VCC.

As at August 31, 2016, \$111,850 (May 31, 2016 - \$98,900) was due to VCC which consisted of \$47,250 (May 31, 2015 - \$37,800) in administrative fees and \$64,600 (May 31, 2015 - \$61,100) in operating loans. The loans are unsecured, non-interest bearing and has no fixed terms of repayment.

As at August 31, 2016, \$7,500 (May 31, 2016 - \$Nil) was due to a director of the Company for expense reimbursement.

As at August 31, 2016, \$336 (May 31, 2016 - \$327) in cost recoveries was due from companies with directors and officers in common. The amount was included in the receivables and collected in full subsequent to August 31, 2016.

Summary of outstanding share data as at October 17, 2016:

Authorized: Unlimited common shares without par value

Issued and outstanding: 20,026,663

Additional disclosures pertaining to the Company's management information circulars, material change reports, press releases and other information are available on the SEDAR website at www.sedar.com.

On behalf of the Board of Directors, thank you for your continued support.

"Praveen Varshney"

Praveen Varshney, FCPA, FCA
Director