

## **AU GOLD CORP.**

*(formerly Schooner Capital Corporation)*

### **MANAGEMENT'S DISCUSSION AND ANALYSIS – QUARTERLY HIGHLIGHTS**

**FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2021**

#### **OVERVIEW AND INTRODUCTORY COMMENT**

Au Gold Corp. (formerly Schooner Capital Corporation) (the "Company") was incorporated under the Business Corporations Act (British Columbia) on December 7, 2017 as a Capital Pool Corporation defined in the Policy 2.4 of the TSX Venture Exchange (the "Exchange"). The principal business of the Company was the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction ("QT"). The Company's registered office is 10<sup>th</sup> floor, 595 Howe Street, Vancouver, BC V6C 2T5.

On December 21, 2020, the Company completed the share exchange transaction with Ponderosa Exploration Ltd. ("Ponderosa"; formerly 1201361 B.C. Ltd.) which constituted the Company's QT. Ponderosa was incorporated under the Business Corporations Act (British Columbia) on March 15, 2019 and its principal business focus is the exploration and development of gold and mineral prospects in Canada. Upon completion of the QT, the Company began trading under its new name on the Exchange with the symbol "AUGC" on December 24, 2020.

The Company's principal and only property is the Ponderosa Project, located in the Nicola Mining Division of British Columbia. The Company has two separate option agreements covering the Ponderosa Project: (a) a 60% option on the central claim pursuant to an option agreement (the "DEX Option Agreement") and a 100% option on three surrounding claims pursuant to another option agreement (the "EAB Option Agreement").

This MD&A is dated November 22, 2021 and discloses specified information up to that date. Unless otherwise noted, all currency amounts are expressed in Canadian dollars. The following information should be read in conjunction with the Company's unaudited condensed consolidated interim financial statements for the six months ended September 30, 2021 and the audited consolidated financial statements for the year ended March 31, 2021 and the related notes thereto, prepared in accordance with International Financial Reporting Standards ("IFRS").

#### **MAJOR INTERIM PERIOD OPERATING MILESTONES**

On March 31, 2021, the Company announced assay results from a trench sampling program completed at the Ponderosa Project near Merritt, BC. The program focused on the Tomahawk Zone, the highest priority of four target areas on the property. The results support the exploration thesis that Tomahawk represents the intact upper portion of an epithermal gold system and should be prioritized for future diamond drilling.

##### *Tomahawk Sampling Highlights:*

- Trench TR-DP-04 returns 1.04 g/t gold across 5.25 m including 3.99 g/t gold and 14.9 g/t silver across 1.00 m;
- Variably altered volcanic host rocks yield up to 0.61 g/t gold across 1.25 m;

- Anomalous gold response from all trenches sampled; and
- Textures supportive of high-level position in the epithermal system

On September 22, 2021, the Company provided an update on exploration activities at Ponderosa Gold Project. During spring and summer, the Company completed a successful property-wide helicopter-borne magnetic survey, followed by subsequent target select drone-based photogrammetry surveys and infill soil geochemistry. The program refined and prioritized known drill targets and identified new target areas where additional work will be required. Drill permitting is underway for the highest priority targets and the fully funded exploration program, including both drilling and mechanical trenching will commence as soon as approval is granted.

## **INTERIM PERIOD FINANCIAL CONDITION**

### Capital Resources

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or ability to raise funds.

The Company is aware of the current conditions in the financial markets and has planned accordingly. The Company's current treasury and the future cash flows from equity issuances and the potential exercise of warrants, finders' warrants and options, along with the planned developments within the Company will allow its efforts to continue throughout 2021. If the market conditions prevail or improve, the Company will make adjustment to budgets accordingly.

### Liquidity

As at September 30, 2021, the Company had a working capital of \$1,448,592 (March 31, 2021 – \$1,724,546). As at September 30, 2021, \$1,469,653 was held in cash (March 31, 2021 - \$1,731,878). The total decrease of \$262,225 was due to: (a) cash used in operating activities of \$72,815; and (b) cash used in the exploration and evaluation assets of \$208,040; while being offset by the BC Mineral Exploration Tax Credit of \$18,630.

### Operations

#### **For the three months ended September 30, 2021 compared with the three months ended September 30, 2020:**

The Company's general and administrative expenses amounted to \$46,830 (2020 – \$4,188).

The Company incurred the following major expenses during the three months ended September 30, 2021: \$34,370 in accounting and audit (2020 - \$437), \$8,408 in consulting (2020 - \$Nil), \$3,047 in filing and transfer agent fee (2020 - \$Nil), and \$747 in marketing and shareholder communications (2020 - \$81); while being offset by a decrease in legal fees from \$3,634 in 2020 to \$28 in 2021. The increase in expenses was a result of the Company being a publicly listed company in fiscal 2021 compared to being a private company in fiscal 2020.

During the three months ended September 30, 2021, the Company recorded a net loss of \$46,830 (2020 - \$4,188).

**For the six months ended September 30, 2021 compared with the six months ended September 30, 2020:**

The Company's general and administrative expenses amounted to \$84,464 (2020 – \$10,606).

The Company incurred the following major expenses during the six months ended September 30, 2021: \$62,770 in accounting and audit (2020 - \$4,181), \$19,058 in consulting (2020 - \$Nil), \$7,997 in filing and transfer agent fee (2020 - \$Nil), and \$1,619 in project investigation (2020 - \$Nil). The increase in expenses was a result of the Company being a publicly listed company in fiscal 2021 compared to being a private company in fiscal 2020. The Company recovered \$8,101 in legal (2020 – an expense of \$6,250) due to over-accrual of legal fees being reversed in the current period.

During the six months ended September 30, 2021, the Company recorded a net loss of \$84,464 (2020 - \$10,606)

**SIGNIFICANT RELATED PARTY TRANSACTIONS**

During the period, there was no other significant transaction between related parties that has not been disclosed in this MD&A.

**COMMITMENTS, EXPECTED OR UNEXPECTED, OR UNCERTAINTIES**

As of the date of the MD&A, the Company has no outstanding commitments.

Other than disclosed in this MD&A – Quarterly Highlights, the Company does not have any commitments, expected or unexpected, or uncertainties.

**RISK FACTORS**

In our MD&A filed on SEDAR July 27, 2021 in connection with our annual financial statements (the "Annual MD&A"), we have set out our discussion of the risk factors *Exploration risks*, *Market risks* and *Financing risk* which we believe are the most significant risks faced by the Company. An adverse development in any one risk factor or any combination of risk factors could result in material adverse outcomes to the Company's undertakings and to the interests of stakeholders in the Company including its investors. Readers are cautioned to take into account the risk factors to which the Company and its operations are exposed. To the date of this document, there have been no significant changes to the risk factors set out in our Annual MD&A.

**DISCLOSURE OF OUTSTANDING SHARE DATA**

The authorized share capital of the Company consists of an unlimited number of common shares without par value. The following is a summary of the Company's outstanding share data as at September 30, 2021:

	Issued and outstanding	
	September 30, 2021	November 22, 2021
Common shares outstanding	32,905,824	32,905,824
Options	2,775,000	2,775,000
Warrants	5,500,000	5,500,000
Finder's warrants	1,051,500	1,051,500
Fully diluted common shares outstanding	42,232,324	42,232,324

## QUALIFIED PERSON

Mr. Marc Blythe, MBA, P.Eng., the Company's President and Chief Executive Officer, is the Qualified Person as defined under National Instrument 43-101. The technical content of this document was prepared under the supervision of Mr. Blythe.

## Cautionary Statements

This document contains "forward-looking statements" within the meaning of applicable Canadian securities regulations. All statements other than statements of historical fact herein, including, without limitation, statements regarding exploration results and plans, and our other future plans and objectives, are forward-looking statements that involve various risks and uncertainties. Such forward-looking statements include, without limitation, our estimates of exploration investment, the scope of our exploration programs, and our expectations of ongoing administrative costs. There can be no assurance that such statements will prove to be accurate, and future events and actual results could differ materially from those anticipated in such statements. Important factors that could cause actual results to differ materially from our expectations are disclosed in the Company's documents filed from time to time via SEDAR with the Canadian regulatory agencies to whose policies we are bound. Forward-looking statements are based on the estimates and opinions of management on the date the statements are made, and we do not undertake any obligation to update forward-looking statements should conditions or our estimates or opinions change, except as required by law. Forward-looking statements are subject to risks, uncertainties and other factors, including risks associated with mineral exploration, price volatility in the mineral commodities we seek, and operational and political risks. Readers are cautioned not to place undue reliance on forward-looking statements.