

AU GOLD CORP.

(formerly Schooner Capital Corporation)

MANAGEMENT'S DISCUSSION AND ANALYSIS – QUARTERLY HIGHLIGHTS

FOR THE NINE MONTHS ENDED DECEMBER 31, 2020

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 10th 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 (see "Major Interim Period Operating Milestones" section below). 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 the DEX Option Agreement (see "Major Interim Period Operating Milestones" section below) and a 100% option on three surrounding claims pursuant to the EAB Option Agreement (see "Major Interim Period Operating Milestones" section below).

This MD&A is dated February 11, 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 nine months ended December 31, 2020 and the audited financial statements for the period from the date of incorporation on March 15, 2019 to March 31, 2020 and the related notes thereto.

MAJOR INTERIM PERIOD OPERATING MILESTONES

Pursuant to an option agreement dated September 6, 2019 between the Company and the optionor (the "DEX Option Agreement"), 336,635 common shares of the Company were issued to the optionor immediately prior to the QT, thereby satisfying the condition per the DEX Option Agreement.

Pursuant to an option agreement dated April 5, 2019 between the Company and the optionors (the "EAB Option Agreement"), 500,000 common shares were issued to the optionors immediately after the QT, thereby satisfying the condition per the EAB Option Agreement.

On October 27, 2020, Ponderosa and Schooner Capital Corporation (“Schooner”) entered into a Share Exchange Agreement, which sets out the principal terms upon which Schooner would acquire all of the issued and outstanding securities of Ponderosa. The transaction would allow Ponderosa to obtain a public listing by completing a reverse take-over transaction whereby Ponderosa, substantively and for accounting purposes, was considered to be the acquiring and the continuing entity. Schooner, after giving effect to the completion of the transaction, was referred herein as the resulting issuer.

Schooner would issue a total of 7,155,824 shares to the shareholders of Ponderosa to satisfy the purchase price and these shares would include the 336,635 common shares that were required to be issued pursuant to the DEX Option Agreement (noted above) and the 500,000 common shares that were required to be issued pursuant to the EAB Option Agreement (noted above). With this transaction, Ponderosa would effectively be consolidated its common shares on a two for one basis.

On December 22, 2020, the Company announced that it had completed the share exchange transaction with Ponderosa. Prior to closing of the QT, the Company changed its name to “Au Gold Corp.” and Ponderosa changed its name to “Ponderosa Exploration Ltd.” The common shares of the Company began trading as a Tier 2 mining issuer on the Exchange, under the stock symbol “AUGC” on December 24, 2020.

In connection with the QT, the Company completed a non-brokered private placement of 10,000,000 flow-through common shares (the “FT Shares”) at a price of \$0.10 per FT Share (the “FT Financing”) and 11,000,000 units (the “Units”) at a price of \$0.10 per Unit (the “Unit Financing” and together with the FT Financing, the “Concurrent Financing”) for aggregate gross proceeds of \$2,100,000. The Units are comprised of one Share and one-half of one common share purchase warrant (each full warrant, a “Warrant”). Each Warrant is exercisable to acquire a Share at a price of \$0.15 per Share for a period of two years expiring on December 21, 2022.

In consideration for introducing certain subscribers to the Concurrent Financing, the Company paid cash finder’s fees of \$105,150, and issued 1,051,500 non-transferrable finder's warrants (“Finder's Warrants”) to certain finders. Each Finder's Warrant entitles the holder to acquire one Share at a price of \$0.10 for a period of two years from closing.

Upon completion of the QT and the closing of the concurrent financing, the resulting issuer has 32,905,824 shares issued and outstanding.

Exploration Program at Ponderosa Property

On January 13, 2021, the Company announced that it had submitted a series of comprehensive channel and chip samples collected from the Tomahawk zone in late October 2020, to ALS Global's geochemistry analytical lab in North Vancouver, B.C. This work formed part of the recommendations presented in the Company's recently filed October 6, 2020, National Instrument 43-101 compliant technical report on the Ponderosa property.

The Tomahawk zone is the most advanced and highest-priority showing on the property. The area was identified through historical prospecting of a quartz rubble pile roughly three metres in diameter. Six historical grab samples reportedly returned from below detection to 0.54 gram per tonne gold but no additional follow-up work was conducted. In 2019, the Company expanded the target scope by prospecting an additional six grab samples of epithermal quartz material

further afield that returned values ranging from below detection limits to 2.96 g/t gold. Subsequent hand trenching identified in situ epithermal-style mineralization and alteration along a 55 metres strike length and 15 metres across the widest continuous exposure. The vein zone remains open along strike and the footwall contact has not yet been delineated.

Mineralization and alteration assemblages are characterized by varying degrees of silicification, brecciation (silica cementing strongly clay-altered and oxidized volcanic clasts), quartz flooding (resembling sheeted veinlets and narrow veins) and massive silica exhibiting cryptocrystalline to weak crustiform banded textures.

The Company interprets these textural characteristics as high-level epithermal indicators and is encouraged by the significant widths defining the zone.

The Tomahawk vein zone strikes north-northeast and dips moderately westward between 45 and 70 degrees. Interpreted dips suggest true widths are between 70 and 90 per cent of the reported surface exposures. These orientations coincide with a number of other showings on the property that remain underexplored.

Both channel and chip sampling methods were utilized among the four trenches sampled. Channel sampling was completed using a rock saw to cut two parallel lines approximately five centimetres apart to a depth of eight to 10 centimetres along the bedrock exposure while a number of highly friable sections were chip sampled by conventional means.

One metre sample intervals were measured horizontally along the length of the exposures and stations were marked with interval and sample number on double-sided aluminum tags. Material was extracted from sawn channels with the use of a wedge and mallet. Select vein and alteration material was photographed from each sample site before being placed in double poly bags, labelled and zap strapped.

Assay results will be released as they are received and interpreted.

INTERIM PERIOD FINANCIAL CONDITION

Capital Resources

During the nine months ended December 31, 2020, the Company settled \$9,648 shareholder's loan by issuing 385,924 common shares at \$0.025 per share prior to the QT, settled \$52,133 due to a related party by issuing 2,606,625 common shares at \$0.02 per share prior to the QT and settled another \$48,070 in trade and other payables by issuing 2,403,515 common shares at \$0.02 per share prior to the QT.

As part of the QT, the Company raised \$2.1 million as discussed in the "Major Interim Period Operating Milestones" section above.

During the nine months, the Company granted 2,300,000 stock options with an exercise price of \$0.10 expiring on December 21, 2025 and recognized a fair value of \$29,900 as share-based compensation. The 475,000 stock options with an exercise price of \$0.10 expiring on June 27, 2023 were already granted by Schooner prior to completing the QT.

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 December 31, 2020, the Company had a working capital of \$1,809,760 (March 31 2020 – deficiency of \$109,717). As at December 31, 2020, \$2,173,545 was held in cash (March 31, 2020 - \$30,178). The total increase of \$2,143,367 was due to: (a) proceeds from issuance of common shares of \$2,100,000; (b) cash provided by operating activities of \$103,911; and (c) cash provided by the QT of \$174,016; while being offset by (d) shares issue costs of \$105,150 and (e) a reduction of shareholder's loan of \$58,391.

Operations

For the three months ended December 31, 2020 compared with the three months ended December 31, 2019:

Excluding the non-cash share-based payment of \$29,900 (2019 - \$Nil) and listing expense from the QT of \$351,424 (2019 - \$Nil), the Company's general and administrative expenses amounted to \$202,258 (2019 – \$2,435).

The Company incurred the following major expenses during the current quarter ended December 31, 2020: \$44,227 in accounting and audit (2019 - \$Nil), \$117,427 in legal (2019 - \$1,853), and \$38,905 in filing and transfer agent fee (2019 - \$Nil). The Company was working with the lawyers on the Share Exchange Agreement with Schooner as well as completing the public listing in December 2020 during the quarter while during the same period last year, the Company was still a private entity working doing some exploration work on its Ponderosa property.

For the nine months ended December 31, 2020 compared with the nine months ended December 31, 2019:

Excluding the non-cash share-based payment of \$29,900 (2019 - \$Nil) and listing expense from the QT of \$351,424 (2019 - \$Nil), the Company's general and administrative expenses amounted to \$212,783 (2019 – \$7,376).

The Company incurred the following major expenses during the nine months ended December 31, 2020: \$48,408 in accounting and audit (2019 - \$Nil), \$123,677 in legal (2019 - \$6,513), and \$38,905 in filing and transfer agent fee (2019 - \$Nil). During the nine months ended December

31, 2020, the Company signed a binding letter of intent with Schooner in August 2020 and was working with the lawyers on the Share Exchange Agreement with Schooner as well as completing the public listing in December 2020.

During the same period in 2019, the Company was still a private company that completed its private placements and spent the amount raised on exploration activities.

SIGNIFICANT RELATED PARTY TRANSACTIONS

Amounts in accounts payable:	Services for:	For the nine months ended December 31		Amounts payable as at	
		December 31, 2020	December 31, 2019	December 31, 2020	March 31, 2021
Private company owned by the Chief Executive Officer	Geological consulting and consulting fee	\$ 62,194	\$ -	\$ 63,439	\$ -
Private company owned by the Exploration Manager	Geological consulting and consulting fee	21,326	-	22,393	-
Private company controlled by a director of the Company	Accounting and management services	41,926	-	86,203	-
Total		\$ 125,447	\$ -	\$ 172,035	\$ -

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 December 2, 2020 in connection with Ponderosa's annual financial statements (the "Annual MD&A") included in the Filing Statement of the Company, we have set out our discussion of the risk and uncertainties 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 December 31, 2020:

	Issued and outstanding	
	December 31, 2020	February 11, 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

Marc Blythe, MBA, P.Eng. is the Qualified Person as defined under National Instrument 43-101 responsible for the technical disclosure in this document. Mr. Blythe is the Chief Executive Officer and President of the Company and prepared the technical information contained in this MD&A.

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.