

AU GOLD CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS – QUARTERLY HIGHLIGHTS
FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2022

OVERVIEW AND INTRODUCTORY COMMENT

Au Gold Corp. (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") 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 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") (completed the earn-in in May 2022 and currently working with DEX to complete the joint venture agreement) and (b) a 100% option on three surrounding claims pursuant to another option agreement (the "EAB Option Agreement").

This MD&A is dated October 27, 2022 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, 2022 and the audited consolidated financial statements for the year ended March 31, 2022 and the related notes thereto, prepared in accordance with International Financial Reporting Standards ("IFRS").

MAJOR INTERIM PERIOD OPERATING MILESTONES

On April 19, 2022, the Company announced it had begun diamond drilling on the Ponderosa property.

On June 1, 2022, the Company provided an update on its diamond drilling on the Ponderosa property. Due to a combination of geological interpretation, timing and cost savings realized, the Company increased the drill program to 20 holes and approximately 2,200m (originally 10 – 14 holes and 1,500m). Despite difficult weather conditions and late arrival of spring, the program was anticipated to be completed shortly. Drilling had focused primarily on the Tomahawk Zone with a small number of holes targeting the Flat Iron Zone. These were just two of four zones that the Company identified on the property with high potential to host gold bearing mineralization.

The Company also announced that it met the 'earn in' terms of its DEX Option Agreement to earn a 60% interest in the central claim at the Ponderosa property from DEX. The option agreement anticipates formation of a joint venture with proportionate funding or dilution and currently the Company and DEX are working on the joint venture agreement.

On August 4, 2022, the Company provided an update on its diamond drilling on the Ponderosa property. The program successfully identified the structural hydrothermal system associated with the gold-bearing Tomahawk trench exposures and the surface alteration identified at the Flatiron target. Drilling at both targets confirmed the shallow subsurface geometry of the silica-associated structural zones striking north-northeast and dipping moderately to the west. All holes encountered varying degrees of silicification and structural alteration with the most significant intervals cut at shallow depths along the Tomahawk trend. The drill program only partially tested two of four epithermal gold targets identified on the property.

Table 1: Anomalous results

Hole #	From (m)	To (m)	Interval (m)	Gold (g/t)	Silver (g/t)
PD22-01*	22.86	26.24	3.38	0.23	0.80
PD22-02*	18.15	25.56	7.41	0.29	1.60
	31.90	34.17	2.27	0.25	0.76
<i>including</i>	22.61	23.30	0.69	1.27	0.92
PD22-03*	5.70	10.67	4.34	0.16	0.62
	22.40	23.84	1.44	0.49	1.19
PD22-07	17.10	19.20	2.10	0.26	1.96
PD22-09	14.18	17.56	3.38	0.23	3.91
PD22-12*	19.86	25.91	6.05	0.32	1.34
PD22-13*	25.91	44.82	18.91	0.44	0.88
<i>including</i>	26.91	27.87	0.96	1.01	1.45
<i>and</i>	43.82	44.82	1.00	2.20	1.36
PD22-14*	18.29	30.01	11.72	0.46	1.34
<i>including</i>	22.11	22.86	0.75	1.54	1.26
PD22-15*	30.79	51.31	20.52	0.39	1.73
<i>including</i>	33.53	34.33	0.80	1.58	2.51
<i>and</i>	35.13	35.47	0.34	1.55	0.97
PD22-16*	18.29	34.42	16.13	0.35	0.90
<i>including</i>	18.29	19.26	0.97	1.31	1.52

Sixteen drillholes were located along a 200 m section of the Tomahawk Zone from the trench exposures in the south and northward along the trend defined by weak gold and arsenic-in soil geochemistry and a subtle elevated linear ridge apparent from the digital terrain data. The moderately westward dipping Tomahawk structural zone is characterized by a complex series of late destructive silica-rich floods and breccia events overprinting earlier classic banded epithermal veins and vein zones. This extensive silicification and brecciation appeared to be non-gold bearing.

Epithermal vein clasts commonly occur as breccia fragments and range from angular to sub-rounded indicating multi-stage overprint emplacement with varying degrees of fragment milling. Matrix supported breccias are white to dark grey, the latter containing abundant fine to

ultrafine grained pyritization as clusters and concentrations along fragment boundaries resembling epithermal style banding. Later-stage alteration overprint includes grey silica-hematite as crackle and mosaic breccias, veins, veinlets and stringers. All mineralization contains latest-stage carbonate alteration.

Narrow epithermal veins and portions of vein zones preserved within the late destructive silica structural overprint are dominantly quartz-adularia and exhibit classic coliform, comb and cockade textures with lesser ginguero banding and occasional amethyst. Intervals grading in excess of 1 g/t gold are mostly associated with preserved epithermal vein mineralization in the broader silica alteration zone. The footwall of the Tomahawk structural zone hosts the highest concentration of narrow unaltered epithermal veins and veinlets. The best example is observed from PD22-13 where a 1.0 m interval of mildly silicified footwall volcanic host contains approximately 15% epithermal veining and graded 2.20 g/t gold.

Four drill holes located at the Flatiron Zone tested silicified bedrock exposures along strike from the historical gold-bearing trenches. Broad zones of silicification, brecciation and manganiferous-hematization were encountered as interpreted from the surface exposures but these zones appear to be similar in nature to the late-stage non-gold-bearing structural alteration observed at the Tomahawk Zone. Only rare high-level epithermal veins/veinlets were encountered, unlike the concentrations of epithermal vein mineralization at surface and lower elevations to the north. No anomalous gold intervals were sampled from the Flatiron drill holes.

On October 24, 2022, the Company announced that one of the world's leading experts on epithermal gold systems Dr. Jeffery Hedenquist visited the Company's property and provided the Company with a range of practical and cost-effective recommendations to advance the project. The Company was encouraged by Dr. Hedenquist's validation of the exploration target and had commenced work on his recommendations.

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 2022. If the market conditions prevail or improve, the Company will make adjustment to budgets accordingly.

Liquidity

As at September 30, 2022, the Company had a working capital of \$303,007 (March 31, 2022 – \$1,222,083). As at September 30, 2022, \$298,356 was held in cash (March 31, 2022 -

\$1,209,130). The total decrease of \$910,774 was due to: (a) cash used in operating activities of \$90,595; and (b) cash used in exploration and evaluation assets of \$820,179.

Operations

For the three months ended September 30, 2022 compared with the three months ended September 30, 2021:

The Company recorded a net loss for the three months ended September 30, 2022 of \$51,349 (loss per share - \$0.00) compared to a net loss of \$46,901 (loss per share - \$0.00) for the three months ended September 30, 2021.

The expenses amounted to \$51,349 (2021 - \$46,901), an increase of \$4,448. The change was primarily due to increases in: (a) consulting fees (2022 - \$21,450; 2021 - \$8,408); (b) insurance fees (2022 - \$1,710; 2021 - \$Nil), (c) legal fees (2022 - \$1,327; 2021 - \$28), and (d) office and miscellaneous (2022 - \$3,534; 2021 - \$Nil), ; while being offset by decreases in: (e) accounting and audit (2022 - \$20,640; 2021 - \$34,370); (f) marketing and shareholders communication (2022 – expense recovery of \$558; 2021 - \$ 818), and (g) project investigation fees (2022 - \$Nil; 2021 - \$156).

For the six months ended September 30, 2022 compared with the six months ended September 30, 2021:

The Company recorded a net loss for the six months ended September 30, 2022 of \$98,897 (loss per share - \$0.00) compared to a net loss of \$84,464 (loss per share - \$0.00) for the six months ended September 30, 2021.

The expenses amounted to \$100,264 (2021 - \$84,464), an increase of \$15,800. The change was primarily due to increases in: (a) consulting fees (2022 - \$45,450; 2021 - \$19,058); (b) insurance fees (2022 - \$3,148; 2021 - \$Nil); (c) legal fees (2022 - \$1,697; 2021 – expense recovery of \$8,101); and (d) office and miscellaneous (2022 - \$3,839; 2021 - \$136), ; while being offset by decreases in: (e) accounting and audit (2022 - \$38,218; 2021 - \$62,770); (f) filing and transfer agent fees (2022 - \$7,028; 2021 - \$7,997), (g) marketing and shareholders communication (2022 - \$742; 2021 - \$818), and (h) project investigation fees (2022 - \$Nil; 2021 - \$1,619).

During the current period, the Company recorded an interest income of \$1,367 (2021 - \$Nil).

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 21, 2022 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, 2022	October 27, 2022
Common shares outstanding	32,905,824	32,905,824
Options	2,925,000	2,925,000
Warrants	5,500,000	5,500,000
Finder’s warrants	1,051,500	1,051,500
Fully diluted common shares outstanding	42,382,324	42,382,324

QUALIFIED PERSON

Mr. Marc Blythe, MBA, P.Eng. 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.