

AUQ GOLD MINING INC.
For the year ended February 28, 2022
Management's Discussion and Analysis

Date

This management's discussion and analysis of financial position and results of operations is prepared as at June 30, 2022. The audited annual financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). All dollar figures included therein and in the following management discussion and analysis ("MD&A") are quoted in Canadian dollars. Additional information relevant to the Company's activities can be found on SEDAR at www.sedar.com.

Overview

The Company is incorporated under the Company Act of British Columbia, and extra-provincially registered in the Northwest Territories. Its principal activities are the exploration of resource properties. The Company has interests in mineral properties in the Province of Quebec and the Yukon Territory. The Company's mineral properties are currently at the "exploration stage". Currently, the Company has no production from its mineral interests.

Selected Annual Information

The following table sets forth selected audited financial information of the Company from the last three completed financial years.

	2022	2021	2020
	\$	\$	\$
Total revenue	—	—	—
Net loss for the year	(462,125)	(301,164)	(348,031)
Basic and diluted loss per share	(0.03)	(0.02)	(0.05)
Total assets	1,092,562	1,388,475	704,275
Non-current financial liabilities	—	226,658	—

Results of Operations

Results of operations for the years ended February 28, 2022 and February 28, 2021:

The Company incurred a net loss of \$462,125 for the year ended February 28, 2022 compared to a net loss of \$301,164 for the year ended February 28, 2021. The most significant change relates to impairment loss on exploration and evaluation property of \$294,315 (2021 - \$nil), and consulting fees of \$105,809 (2021 - \$249,375) attributable to increased expenditures related to the investigation, evaluation, and negotiation of two additional gold exploration projects in Quebec.

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Summary of Quarterly Results

The following table sets out financial information for the Company for each of the last eight quarters:

Quarter Ended	Feb. 28, 2022 \$	Nov. 30, 2021 \$	Aug. 31, 2021 \$	May 31, 2021 \$
Revenue	Nil	Nil	Nil	Nil
Loss for period	(326,710)	(39,368)	(61,391)	(34,656)
Loss per share	(0.02)	(0.00)	(0.01)	(0.00)
Quarter Ended	Feb. 28, 2021 \$	Nov. 30, 2020 \$	Aug. 31, 2020 \$	May 31, 2020 \$
Revenue	Nil	Nil	Nil	Nil
Loss for period	(114,294)	(53,455)	(105,233)	(28,182)
Loss per share	(0.01)	(0.00)	(0.01)	(0.00)

Liquidity and Capital Resources

The Company had cash on hand of \$139 as at February 28, 2022 compared to \$166,007 as at February 28, 2021. The Company had working capital deficit of \$517,748 as at February 28, 2022 compared to working capital of \$263,881 as at February 28, 2021. This decrease in working capital was partially due to an aggregate of \$387,161 exploration and evaluation expenditures during the year.

It is anticipated that the Company will have capital requirements in excess of its currently available resources and will need to seek additional financing. There can be no assurance that the Company will have adequate financing to meet its future capital requirements or that additional financing will be available on terms acceptable to the Company in the future.

Resource Properties

Kirkland Creek Property, Yukon

The Company has negotiated the purchase of the Kirkland Creek Property, located 120 kilometers northwest of Whitehorse, Yukon, in the Ashihik Lake region. The property originally was comprised of 144 claims totaling approximately 7,300 acres. The Company paid the vendor 2,000,000 common shares for a 100% interest in the property. The vendor will retain a 3% net smelter royalty ("NSR") on any mineral production from the property. The Company has the right to purchase up to 2% of the 3% NSR for \$1,000,000 per percentage point. On May 7, 2007, the Company announced that it had expanded the property by staking an additional 36 claims (1,830 acres) adjoining the original 144-claim block. The Company has allowed some of the claims it considers to be of lesser importance to lapse. The Kirkland Creek property now consists of 40 contiguous claims. The Company is obligated to make pre-production royalty payments of an aggregate of \$25,000 annually to the Vendor – Deborah Moreau, who is the common-law spouse of the CEO of the Company.

During the year ended February 28, 2017, as a result of applying IFRS 6, the Company recorded a write down of this property of \$2,296,719 to a nominal amount of \$1 as a result of not meeting the criteria for expenditures on the property. Under IFRS 6 where substantial expenditures are neither budgeted nor planned there is an indicator of impairment, and where fair value cannot be determined the property is written down to a nominal amount. During the year ended February 28, 2019, the Company resumed exploration activities on the property.

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Saint Sabine Property, Quebec

On September 17, 2019 (as amended on August 9, 2021), the Company acquired an option to purchase a 100% ownership interest in 163 mining claims in the Beauce region of Quebec, known as the Sainte Sabine property.

In consideration, the company will make cash payments totalling \$295,000, issue a total of 1,500,000 shares and undertake a total of \$2,200,000 in exploration work all in stages over a four-year period as follows:

Cash consideration to be paid:

- \$20,000 to be paid on execution of the agreement (paid);
- a further \$10,000 within 30 days of regulatory approval (paid);
- a further \$25,000 within 75 days of regulatory approval (paid);
- a further \$45,000 on or before December 10, 2021;
- a further \$55,000 on or before June 10, 2022;
- a further \$65,000 on or before September 26, 2022; and
- a further \$75,000 on or before September 26, 2023.

Common shares to be issued:

- 200,000 shares within 75 days of regulatory approval (issued);
- a further 250,000 shares on or before September 15, 2021;
- a further 300,000 shares on or before September 26, 2021;
- a further 350,000 shares on or before September 26, 2022; and
- a further 400,000 shares on or before September 26, 2023.

Exploration expenditures to be incurred by the Company:

- \$100,000 on or before September 1, 2021;
- \$500,000 in aggregate on or before September 10, 2022;
- \$1,200,000 in aggregate on or before September 26, 2022; and
- \$2,200,000 in aggregate on or before September 26, 2023.

A 2% net smelter royalty applies to the acquisition, of which two tranches of 0.5% may be acquired for \$500,000 each.

On August 9, 2021, the company issued an amendment on the payment date of cash consideration and issuance of share as follows:

- Cash payment of \$45,000 due on September 26, 2020 was extended to December 10, 2021; (default)
- Cash payment of \$55,000 due on September 26, 2021 was extended to June 10, 2022;
- Issuance of 250,000 common shares on September 26, 2020 was extended to September 15, 2021; (default)
- The \$500,000 in aggregate exploration expenditure on September 26, 2021 was extended to September 10, 2022.

As at February 28, 2022, the Company recognized an impairment of \$294,315 due to defaulting on the terms of the mineral property option agreement.

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Partridge Gold Property, Quebec

In January 2020, the Company acquired a 100% interest in 95 mineral claims covering 52.68 km² in Abitibi, Quebec (the "Partridge Gold Project") in exchange for issuing 360,000 common shares to the vendor. The vendor will retain 2%-per-cent net smelter return ("NSR") royalty on the Partridge Gold Project. The Company may repurchase 50% of the NSR for a cash payment of \$1,000,000.

Eliza Gold Project, Quebec

On February 6, 2020, the Company entered into an option agreement whereby the Company has the right to earn a 100% interest in 8 mineral claims. To earn this interest, the Company is to pay \$20,000 within three days of TSX-V approval (paid). The Company is also to issue 150,000 units of the Company on each of the following dates: (1) within three days of TSX-V approval (issued); (2) March 13, 2021 (issued); (3) March 13, 2022; and (4) March 13, 2023. Each unit will be comprised of one common share and one share purchase warrant exercisable at \$0.60 per common share for a period of two years from the date of issuance. The optionor has retained a 2% net smelter royalty, of which two tranches of 0.5% may be purchased by the Company for \$500,000 each.

Transactions with Related Parties

- (a) As at February 28, 2022, the amount of \$nil (2021 – \$2,139) was owed to the Chief Executive Officer of the Company which is recorded in accounts payable and accrued liabilities. The amount due is non-interest bearing, unsecured, and due on demand.
- (b) During the year ended February 28, 2022, the amount of \$28,750 (2021 – \$26,250) was incurred to the Chief Executive Officer of the Company for consulting fees.
- (c) During the year ended February 28, 2022, the amount of \$2,000 (2021 – \$nil) was incurred to a director of the Company for consulting fees.

Off Balance sheet Arrangements

As of the date of this management discussion, the Company has no such arrangements.

Financial Instruments and Other Instruments

Fair Values

Fair value measurements are classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair values of financial instruments, which include cash, advance receivable, accounts payable and accrued liabilities, loans payable, and notes payable, approximate their carrying values due to the relatively short-term maturity of these instruments.

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Accounting Standards Issued But Not Yet Effective

A number of new standards, and amendments to standards and interpretations, are not yet effective for the year ended February 28, 2022, and have not been early adopted in preparing these financial statements. These new standards, and amendments to standards and interpretations are either not applicable or are not expected to have a significant impact on the Company's financial statements.

Disclosure by Venture Issuer Without Significant Revenue

An analysis of the material components of the Company's general and administrative expenses is disclosed in the financial statements for the year ended February 28, 2022 to which this MD&A relates.

Disclosure of Outstanding Share Data

As at June 30, 2022, the Company has 15,701,962 common shares issued and outstanding.

As at June 30, 2022, the Company had the following share purchase warrants outstanding

- a) 150,000 warrants exercisable at \$0.60 until July 23, 2023, and
- b) 150,000 warrants exercisable at \$0.60 until June 27, 2024.

As at June 27, 2022, the Company has no stock options outstanding.

RISK FACTORS

On March 11, 2020, the World Health Organization declared COVID-19 a global pandemic. The current outbreak of COVID-19 and any future emergence and spread of similar pathogens could have an adverse impact on global economic conditions, which may adversely impact the Company's operations, and the operations of its suppliers, contractors, and service providers, the ability to obtain financing and maintain necessary liquidity. The outbreak of COVID-19 and political upheavals in various countries have caused significant volatility in commodity prices. While these effects are expected to be temporary, the duration of the business disruptions internationally and related financial impact cannot be reasonably estimated at this time.

The Company cannot estimate whether or to what extent this outbreak and the potential financial impact may extend to countries outside of those currently impacted. Travel bans and other government restrictions may also adversely impact the Company's operations.