AUSTON CAPITAL CORP.
MANAGEMENT DISCUSSION AND ANALYSIS
PERIOD ENDED JANUARY 31, 2020

OVERVIEW

The following management discussion and analysis ("MDA") of the financial position of Auston Capital Corp. ("the Company"), and results of operations prepared on February 15, 2020, should be read in conjunction with the audited financial statements for the year ended July 31, 2019 and the unaudited condensed interim financial statements for the three and six months ended January 31, 2020. All amounts are stated in Canadian dollars unless otherwise indicated. These financial statements together with this MDA are intended to provide investors with a reasonable basis for assessing the financial performance of the Company.

The head office, the principal address, and the registered and records office of the Company are located at Suite 608, 409 Street, Vancouver, BC, V6C 1T2.

Statements in this report that are not historical facts are forward-looking statements involving known and unknown risks and uncertainties, which could cause actual results to vary considerably from these statements. Readers are cautioned not to put undue reliance on forward-looking statements.

Additional information related to the Company is available for view on SEDAR at www.sedar.com or by requesting further information from the Company's head office in Vancouver.

OVERVIEW

DESCRIPTION OF BUSINESS

The Company was incorporated under the Business Corporations Act (British Columbia) on December 5, 2017. It was incorporated for the purposes of becoming a Capital Pool Company ("CPC") as defined in the TSX Venture Exchange ("TSX-V") Policy 2.4.

The principal business of the Company will be the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction ("QT") as such term is contemplated in the Manual. The Company has not commenced operations and has no assets other than cash held. The Company's continuing operations as intended are dependent upon its ability to identify, evaluate and negotiate an acquisition, or business, or an interest therein. Such an acquisition will be subject to the approval of the regulatory authorities concerned and, in the case of a non-arm's length transaction, of the majority of the minority shareholders. The proceeds raised from the issuance of share capital may only be used to identify and evaluate assets or businesses for future investment, with the exception that up to the lesser of 30% of the gross proceeds realized by the Company in respect of the sale of its securities, may be used for purposes other than evaluating businesses or assets. These restrictions apply until completion of a QT by the Company as defined under the policies of the Exchange. The Company is required to complete its QT on or before two years from the date the Company's shares were first listed on the Exchange.

The business of the Company and the completion of a QT involves a high degree of risk and there is no assurance that the Company will identify an appropriate business for acquisition or investment, and even if so identified and warranted, it may not be able to finance such an acquisition or investment within the requisite time period. Additional funds will be required to enable the Company to pursue such an initiative and the Company may be unable to obtain such financing on terms which are satisfactory to it. Furthermore, there is no assurance that the business will be profitable. These factors indicate the existence of a material uncertainty that may cast doubt about the Company's ability to continue as a going concern. Should the Company be unable to continue as a going concern, the net realizable value of its assets may be materially less than the amounts on its statement of financial position.

On June 3, 2019, the Company had proposed to complete a business combination with Cloris Limited and on September 2, 2019, the Company announced that proposed business combination with Cloris Limited was mutually terminated. The Company incurred legal costs for this proposed transactions.

Initial Public Offering

On March 28, 2019, the Company completed its initial public offering ("IPO") of 3,000,000 common shares at $0.10 per common share for gross proceeds of $300,000, and on March 28, 2019 the Company's shares commenced trading on the TSX-V under the symbol "ASTN.P". The Company paid a cash commission of 10% of the gross proceeds, paid a corporate finance fee of $10,000 and issued to the IPO agent, Foster & Associates Financial Services Inc., 300,000 agent's options (the "Agent's Options") to purchase an aggregate of 300,000 common shares of the Company at an exercise price of $0.10 per share. The Agent's Options expire on March 28, 2021.

Following the IPO, the Company has 6,200,000 common shares outstanding of which 3,200,000 are held in escrow and will be released over a 36-month period following the completion of a Qualifying Transaction. In addition, on March 28, 2019, the Company granted 620,000 incentive stock options to its directors, which are exercisable for a period of five years from the date of grant at an exercise price of $0.10 per common share.

SUMMARY OF QUARTERLY FINANCIAL RESULTS

The following is a summary of selected financial information compiled from the quarterly interim unaudited financial statements ending January 31, 2020 and 2019:

	Three Months Ended January 31, 2020	Three Months Ended January 31, 2019	Six Months Ended January 31, 2020	Six Months Ended January 31, 2020
Professional fees	$ 3,136	$ 27,522	$ 29,535	$ 31,253
Transfer agent and filing fees	550	11,636	4,299	11,636
Net Loss for the period	2,922	40,243	32,344	44,189
Working capital	$ 273,825	$ 105,670	$ 273,825	$ 105,670

RESULTS OF OPERATIONS

For the three months ended January 31, 2020, the Company reported a loss of $2,922. The loss was mainly comprised of professional fees and transfer agent fees. For the three months ended January 31, 2019, the Company reported a loss of $40,243. The loss was comprised mainly of professional fees and transfer agent and filing fees.

For the six months ended January 31, 2020, the Company reported a loss of $32,344. The loss was mainly comprised of professional fees and transfer agent fees. For the six months ended January 31, 2019, the

Company reported a loss of $44,189. The loss was comprised mainly of professional fees and transfer agent and filing fees.

Summary of quarterly results

	January 31, 2020	October 31, 2019	July 31, 2019	April 30, 2019	January 31, 2019	October 31, 2018	July 31, 2018	April 30, 2018
Net Revenue	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Net Earnings (loss)	(32,344)	(29,422)	(15,472)	(60,413)	(40,243)	(3,946)	(9,521)	(176)
Loss per share	($0.00)	($0.00)	($0.01)	($0.06)	($0.00)	($0.00)	($0.00)	($0.00)

LIQUIDITY AND CAPITAL RESOURCES

As at January 31, 2020, the Company had working capital of $273,825.

As a CPC, the Company's routine expenses are limited to general administrative costs such as TSX-V listing and filing fees, audit fees and accounting fees, and transfer agent fees. When the Company has identified a potential Qualifying Transaction, additional legal or other transaction-related costs may be incurred, regardless of whether or not the transaction is ultimately completed. It is uncertain as to when a Qualifying Transaction can be completed as a successful Qualifying Transaction may depend on identifying a viable commercial enterprise, the availability of financing for the resulting issuer, and TSX-V

A significant portion of the filing and listing fees relate to the Company's initial listing on the TSX-V and IPO, and as such, are expected to be non-reoccurring. The costs recognized for the grant of the incentive stock options are also expected to be non-reoccurring.

The Company has not paid any dividends on its common shares and has no present intention of paying dividends, as it anticipates that all available funds for the foreseeable future will be used to finance its business activities.

Stock options

On March 28, 2019, the Company granted 620,000 stock options to its directors and officers to acquire 620,000 common shares at a price of $0.10 per common share, exercisable for a period of 5 years from the date the common shares begin trading on the exchange.

Share purchase warrants

In March 28, 2019, in connection with the completion of the IPO financing, the Company issued non-transferrable agents warrants to acquire an aggregate of 300,000 common shares expiring 24 months from the date of issuance at an exercise price of $0.10 per share.

RELATED PARTY TRANSACTIONS

The Company's related parties include key management personnel and Directors and companies in which they have control or significant influence over the financial or operating policies. There were no loans to management personnel or Directors, or entities over which they have control or significant influence. Key management personnel and Directors receive no salaries, non-cash benefits (other than incentive stock options), or other remuneration directly from the Company, other than noted below, and there are no employment contracts with them that cannot be terminated without penalty on a thirty-day advance notice. During the quarter ended January 31, 2020, the Company paid $2,000 to a private company controlled by a director of the Company for accounting and reporting services.

ADDITIONAL INFORMATION

Off-Balance Sheet Arrangements

As at January 31, 2020, and up to the current date, the Company had no off-balance sheet arrangements.

Legal proceedings

As at the current date management was not aware of any legal proceedings involving the Company.

Outstanding Share Data

As at January 31, 2020 and the date of this MD&A, the Company has the following outstanding securities:

1)	Common shares:	6,200,000
2)	Agents warrants:	300,000
3)	Stock options:	620,000

The outstanding agents' warrants have an exercise price of $0.10, with an expiry date on March 28, 2021. The stock options have an exercise price of $0.10, with an expiry date on March 28, 2024.

FINANCIAL INSTRUCTMENTS AND OTHER INSTRUCTMENTS

Refer to Note 2 of the Company's audited financial statements for the year ended July 31, 2019.

SIGNIFICANT ACCOUNTING POLICIES AND NEW ACCOUNTING POLICIES

A detailed summary of all of the Company's significant accounting policies are included in audited financial statements for the year ended July 31, 2019 filed on SEDAR.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL INFORMATION

The Company's financial statements and the other financial information included in this management report are the responsibility of the Company's management and have been examined and approved by the Board of Directors. The financial statements were prepared by management in accordance with IFRS and include certain amounts based on management's best estimates using careful judgment. The selection of accounting principles and methods is management's responsibility.

Management recognizes its responsibility for conducting the Company's affairs in a manner to comply with the requirements of applicable laws and established financial standards and principles, and for maintaining proper standards of conduct in its activities. The Board of Directors supervises the financial statements and other financial information through its audit committee, which is comprised of a majority of non-management directors.

This committee's role is to examine the financial statements and recommend that the Board of Directors approve them, to examine the internal control and information protection systems and all other matters relating to the Company's accounting and finances. In order to do so, the audit committee meets annually with the external auditors, with or without the Company's management, to review their respective audit plans and discuss the results of their examination. This committee is responsible for recommending the appointment of the external auditors or the renewal of their engagement.

CAPITAL MANAGEMENT

The Company's objective when managing capital is to maintain its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.

The Corporation includes equity, comprised of share capital, contributed surplus and deficit, in the definition of capital.

The Corporation's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund the identification and evaluation of potential acquisitions. To secure the additional capital necessary to pursue these plans, the Corporation may attempt to raise additional funds through the issuance of equity or by securing strategic partners.

The proceeds raised from the issuance of common shares may only be used to identify and evaluate assets or businesses for future investment, with the exception that not more than the 30% of the gross proceeds from the issuance of shares may be used to cover prescribed costs of issuing the common shares or administrative and general expenses of the Corporation. These restrictions apply until completion of a Qualifying Transaction by the Corporation as defined under the Exchange policy 2.4.

DIRECTORS

Certain directors of the Company are also directors, officers and/or shareholders of other companies. Such associations may give rise to conflicts of interest from time to time. The directors of the Company are required to act in good faith with a view to the best interests of the Company and to disclose any interest which they may have in any project opportunity of the Company. If a conflict of interest arises at a meeting of the board of directors, any directors in a conflict will disclose their interests and abstain from voting in such matters. In determining whether the Company will participate in any project or opportunity, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position.

RISKS AND UNCERTAINTIES

The following describes certain risks, events and uncertainties that could affect the Company and that each reader should carefully consider. Please refer to the Company’s final prospectus on SEDAR.com for additional risks, events and uncertainties that could affect the Company. External financing may be required to fund the Company’s activities primarily through the issuance of common shares. There can be no assurance that the Company will be able to obtain adequate financing.

The securities of the Company should be considered a highly speculative investment. The Company has not generated significant revenues and does not expect to generate significant revenues in the near future. In the event that the Company generates significant revenues in the future, the Company intends to retain its earnings in order to finance further growth. Furthermore, the Company has not paid any dividends in the past and does not expect to pay any dividends in the foreseeable future.

Cautionary Note on Forward-Looking Statements

Certain statements contained may constitute forward-looking statements. Such forward-looking statements involve a number of known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. These risks include, but are not limited to, the Company completing a Qualifying Transaction, and its ability to raise sufficient capital for short-term operations and to fund a Qualifying Transaction.

Readers are cautioned not to place undue reliance on these forward-looking statements. By its nature, forward-looking information involves numerous assumptions, inherent risk, and uncertainties, both general and specific, which contribute to the possibility that the predictions, forecasts, projections, and various future events will not occur. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking information whether as a result of new information, future events, or such factors which affect this information, except as required by law.