

AUSTON CAPITAL CORP.
MANAGEMENT DISCUSSION AND ANALYSIS
PERIOD ENDED OCTOBER 31, 2021

OVERVIEW

The following management discussion and analysis (“MDA”) of the financial position of Auston Capital Corp. (“the Company”), and results of operations prepared on December 10, 2021, should be read in conjunction with the audited financial statements for the year ended July 31, 2021 and the unaudited condensed interim financial statements for the three months ended October 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.

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 viewing 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 TSX Venture Exchange Corporate Finance 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 is to be used to identify and evaluate assets or businesses for future investment and for reasonable general and administrative expenses not exceeding \$3,000 per month. These restrictions apply until completion of a QT by the Company as defined under the policies of 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.

CHANGES TO THE TSX-V POLICY – CAPITAL POOL COMPANIES

The TSX-V recently made changes recently to its Capital Pool Company program and changes to the TSX-V's Policy 2.4 – Capital Pool Companies, which become effective as at January 1, 2021.

On April 6, 2021, the disinterested shareholders of the Company approved at the Company's annual general meeting held March 23, 2021 to the implementation of the certain changes needed to transition to the TSX Venture Exchange's Policy 2.4 – Capital Pool Companies effective as at January 1, 2021 ("Policy 2.4"), being:

- (i) amending the Company's Stock Option Plan (the "Option Plan") to, among other things, become a "10% rolling" plan prior to the Company completing a Qualifying Transaction ("QT");
- (ii) removing the consequences of failing to complete a QT within 24 months of the Company's date of listing on the Exchange (the "Listing Date"); and
- (iii) authorizing the Company to make certain amendments to the Company's escrow agreement in order to allow the Company's escrowed securities to be subject to an 18- month escrow release schedule rather than the current 36-month escrow release schedule in the formerly Policy 2.4.

These changes were approved by the TSX Venture Exchange on April 6, 2021 and a copy of the amended and restated escrow agreement will be filed under the Company's profile on SEDAR.

PROPOSED QUALIFYING TRANSACTION

On April 20, 2020, the Company entered into a Letter of Intent ("LOI") with Diagnostic Lab Corporation ("DLC"), a private corporation. Pursuant to the Merger, the Proposed Transaction was an arm's length transaction and, if completed, would have constitute a QT for the Company pursuant to the policies of the TSX-V. See Note 10. On February 24, 2021, the Company announced that the merger agreement dated June 10, 2020 ("Merger Agreement") with Diagnostic Lab Corporation ("DLC"), as announced on April 20, 2020 and June 18, 2020, had been mutually terminated as at February 22, 2021. No deposit or cash advance was made by the Company to DLC in connection with the transactions contemplated by the Merger Agreement. Pursuant to the Merger Agreement, DLC is obligated to reimburse \$49,106.17 to the Company for its expenses associated therewith.

On June 10, 2021, the Company entered into a binding letter of intent (the "Letter of Intent") with Southern Sky Resources Corp. ("Southern Sky") and on October 6, 2021, the Company announced that it has entered into a definitive agreement dated October 5, 2021 (the "Amalgamation Agreement") with Southern Sky in respect of a proposed business combination (the "Proposed Transaction"). It is anticipated that the Proposed Transaction will constitute the "Qualifying Transaction" of Auston in accordance with Policy 2.4 – Capital Pool Companies of the Exchange (the "CPC Policy").

Southern Sky is a private company existing under the laws of Ontario and is based in Toronto, Ontario. Southern Sky's material asset consists of its right to acquire a net 75% interest in a mineral exploration project, Project X, totaling approximately 584.39 hectares located in western Colombia (the "Property") pursuant to an option agreement (the "Option Agreement") dated June 12, 2020 with a private Colombian company. In addition, Southern Sky holds a 100% beneficial ownership interest in an exploration property totaling approximately 74,814 acres located in the Cuyuni Mining District, Guyana.

Prior to the closing of the Proposed Transaction, Auston will consolidate its outstanding Auston Shares on the basis of one (1) new Auston Share for each 2.25 old Auston Shares (the "Consolidation"), such that,

prior to closing of the Proposed Transaction, Auston will have approximately 3,031,111 Auston Shares issued and outstanding. It is intended that Auston Shares will be issued to holders of Southern Sky Shares on the basis of one (1) post-Consolidation Auston Share for every one (1) Southern Sky Share, resulting in the issuance of an aggregate 20,500,000 post-Consolidation Auston Shares to the shareholders of Southern Sky.

It is anticipated that the resulting entity (the “Resulting Issuer”) will continue the business of Southern Sky under a name to be determined by Southern Sky (the “Name Change”). The business of the Resulting Issuer will be primarily focused on the exploration of the Property.

Certain common shares of the Resulting Issuer to be issued pursuant to the Proposed Transaction are expected to be subject to restrictions on resale or escrow under the policies of the Exchange, including the securities to be issued to “Principals” (as defined under Exchange policies), which will subject to the escrow requirements of the Exchange. - 5 - The completion of the Proposed Transaction remains subject to a number of terms and conditions, including, among other things: the negotiation and execution of the Definitive Agreement; no material adverse changes occurring in respect of either Auston or Southern Sky; the parties obtaining all necessary consents, orders and regulatory and shareholder approvals, including the conditional approval of the Exchange subject only to customary conditions of closing; the Consolidation, Name Change and any other corporate changes requested by Southern Sky, acting reasonably, shall have been implemented; completion of the Concurrent Financing described below; Southern Sky shall have provided the Technical Report; completion of a thorough business, legal and financial review by each party of the other party; and other standard conditions of closing for a transaction in the nature of the Proposed Transaction.

Upon completion of the Proposed Transaction, it is anticipated that the Resulting Issuer will be listed as a Tier 2 Mining Issuer on the Exchange, with Southern Sky as its primary operating subsidiary.

In connection with the Proposed Transaction, Southern Sky will arrange a concurrent financing of Auston or Southern Sky securities for gross proceeds of at least \$2,000,000 at a price of at least \$0.40 per share (the “Concurrent Financing”). The Concurrent Financing shall be structured as either a common share offering, a subscription receipt offering, or such other security offering as determined by Southern Sky based on discussions with investors. Other than in connection with the Concurrent Financing, neither party will issue any shares or rights exchangeable or exercisable into shares of such party prior to closing of the Proposed Transaction.

The proceeds of the Concurrent Financing will be used to fund (i) expenses of the Proposed Transaction and the Concurrent Financing, (ii) the exploration and other expenses relating to the Property, and (ii) the working capital requirements of the Resulting Issuer.

The Proposed Transaction will not constitute a “Non-Arm’s Length Qualifying Transaction” (as such term is defined in the policies of the Exchange) for Auston. Accordingly, the Proposed Transaction will not require the approval of the shareholders of Auston. The Proposed Transaction will require the approval of the shareholders of Southern Sky. Southern Sky intends to hold a shareholder meeting to seek all necessary approvals, the details of which will be disclosed once available. In accordance with the policies of the Exchange, the Auston Shares are currently halted from trading and will remain so until such time as the Exchange determines, which, depending on the policies of the Exchange, may not occur until completion of the Proposed Transaction.

SUMMARY OF QUARTERLY FINANCIAL RESULTS

The following is a summary of selected financial information compiled from the unaudited financial statements ending October 31, 2021:

	Three Months Ended October 31, 2021	Three Months Ended October 31, 2020
Professional fees	\$ 4,270	\$ 13,500
Transfer agent and filing fees	1,024	14,225
Net Loss for the period	5,167	27,196
Working capital	\$ 160,348	\$ 211,050

RESULTS OF OPERATIONS

For the three months ended October 31, 2022, the Company reported a loss of \$5,167. The loss was mainly comprised of professional fees and transfer agent fees.

For the three months ended October 31, 2020, the Company reported a loss of \$27,196. The loss was comprised mainly of professional fees.

Summary of quarterly results

	October 31, 2021	July 31, 2021	April 30, 2021	January, 31, 2021	October 31, 2020	July 31, 2020	April 30, 2020	January 31, 2020
Net Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Earnings (loss)	(5,167)	(10,462)	(12,810)	(22,263)	(27,196)	(5,719)	(11,865)	(2,922)
Loss per share	(\$0.00)	(\$0.00)	(\$0.00)	(\$0.00)	(\$0.00)	(\$0.00)	(\$0.00)	(\$0.00)

LIQUIDITY AND CAPITAL RESOURCES

As of October 31, 2021, the Company had working capital of \$160,348.

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.

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.

ADDITIONAL INFORMATION

Off-Balance Sheet Arrangements

As at October 31, 2021, 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 October 31, 2021 and the date of this MD&A, the Company has the following outstanding securities:

1) Common shares:	6,200,000
2) Stock options:	620,000

The stock options have an exercise price of \$0.10, with an expiry date on March 28, 2024.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

Refer to Note 2 of the Company's audited financial statements for the year ended July 31, 2021.

SIGNIFICANT ACCOUNTING POLICIES AND NEW ACCOUNTING POLICIES

A detailed summary of all of the Company's significant accounting policies is included in audited financial statements for the year ended October 31, 2021 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

Please refer to the Company's final prospectus on SEDAR.com for 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.

INTERNAL CONTROLS AND DISCLOSURE CONTROLS OVER FINANCIAL REPORTING

In connection with National Instrument ("NI") 52-109 (Certification of Disclosure in Issuer's Annual and Interim Filings) adopted in December 2008 by each of the securities commissions across Canada, the Chief Executive Officer and Chief Financial Officer of the Company have filed a Venture Issuer Basic Certificate with respect to the financial information contained in the unaudited consolidated financial statements

and respective accompanying Management's Discussion and Analysis. The Venture Issuer Basic Certification does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109.

The Chief Executive Officer and Chief Financial Officer are responsible for designing internal controls over financial reporting in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Company's financial statements for external purposes in accordance with IFRS. The design of the Company's internal control over financial reporting was assessed as of the date of this Management Discussion and Analysis. Based on this assessment, it was determined that certain weaknesses existed in internal controls over financial reporting. As indicative of many small companies, the lack of segregation of duties and effective risk assessment were identified as areas where weaknesses existed. The existence of these weaknesses is to be compensated for by senior management monitoring, which exists. The Company has attempted to mitigate these weaknesses, through a combination of extensive and detailed review by the CFO of the financial reports, and candid discussion of those risks with the audit committee.

IMPACT OF THE COVID-19 PANDEMIC

Since December 31, 2019, the outbreak of the novel strain of coronavirus, specially identified as "COVID-19" has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Corporation and its operating subsidiaries in future periods.

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.