

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Directors of
Augusta Gold Corp. (formerly known as Bullfrog Gold Corp.)

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Augusta Gold Corp. (formerly known as Bullfrog Gold Corp.) (the “Company”), as of December 31, 2021 and 2020, and the related consolidated statements of operations, changes in stockholders’ equity (deficiency), and cash flows for the years ended December 31, 2021 and 2020, and the related notes and schedules (collectively referred to as the “financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Augusta Gold Corp. as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years ended December 31, 2021 and 2020 in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatements of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matter does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing separate opinions on the critical audit matter or on the accounts or disclosures to which it relates.



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Description of Critical Audit Matter

As described in Note 1 to the consolidated financial statements, the Company's asset retirement obligation ("ARO") totaled \$1,868,265 at December 31, 2021. We considered the Company's ARO a critical audit matter due to high professional judgement by management when assessing this obligation, including the assessment of the nature and extent of future work to be performed, the future cost of performing the rehabilitation work, the timing of when the rehabilitation will take place and economic assumptions such as the discount rate and inflation rates applicable to future cash outflows associated with rehabilitation activities to bring them to their present value .

How we addressed Critical Audit Matter

We reviewed the Company's calculation of its ARO, and verified the correct valuation of the principal components of the provision in accordance with FASB ASC 410-20. To audit the ARO liability, our procedures included evaluating the methodology used, and testing the significant assumptions in the ARO calculations. We held discussions and assessed the qualifications of management's expert who prepares the estimates, and obtained corroborating information with regards to the nature, timing, and amount of the anticipated cash outflows. We also compared assumptions including the credit-adjusted risk-free rate, and inflation rate to current market data. Finally we performed recalculation to verify the accuracy of the estimate.

We have served as the Company's auditor since 2019.

/s/ DAVIDSON & COMPANY

Vancouver, Canada

Chartered Professional Accountants

March 16, 2022

AUGUSTA GOLD CORP.
(Formerly known as Bullfrog Gold Corp.)
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2021 AND DECEMBER 31, 2020
(Expressed in US dollars)

	12/31/21	12/31/20
Assets		
Current assets		
Cash	\$19,581,707	\$14,341,727
Prepaid	193,055	227,140
Deposits	7,028	331,989
Total current assets	19,781,790	14,900,856
Other assets		
Equipment, net	293,515	24,993
Mineral properties, net	12,077,511	11,130,976
Total other assets	12,371,026	11,155,969
Total assets	\$32,152,816	\$26,056,825
Liabilities and Stockholders' Equity (Deficit)		
Current liabilities		
Accounts payable	\$284,047	\$746,808
Asset retirement obligation	968,000	0
Total current liabilities	1,252,047	746,808
Long term liabilities		
Asset retirement obligation, net of current	900,265	1,135,700
Warrant liability	7,760,757	21,517,000
Total long term liabilities	8,661,022	22,652,700
Total liabilities	9,913,069	23,399,508
Stockholders' equity		
Preferred stock, 250,000,000 shares authorized, \$0.0001 par value	0	0
Preferred stock series A, 5,000,000 shares designated and authorized, \$0.0001 par value; zero issued and outstanding as of 12/31/21 and 12/31/20	0	0
Preferred stock series B, 45,000,000 shares designated and authorized, \$0.0001 par value; issued and outstanding preferred stock series B shares convertible into 677,084 shares of common stock as of 12/31/21 and 3,093,751 as of 12/31/20	67	309
Common stock, 750,000,000 shares authorized, \$0.0001 par value; 70,519,188 shares issued and outstanding 12/31/21 and 55,842,715 shares issued and outstanding as of 12/31/20	7,052	5,584
Additional paid in capital	42,406,169	26,276,997
Accumulated deficit	(20,173,541)	(23,625,573)
Total stockholders' equity	22,239,747	2,657,317
Total liabilities and stockholders' equity	\$32,152,816	\$26,056,825

See accompanying notes to consolidated financial statements

AUGUSTA GOLD CORP.
(Formerly known as Bullfrog Gold Corp.)
CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in US dollars)

	Twelve Months Ended	
	12/31/21	12/31/20
Operating expenses		
General and administrative	\$4,664,565	\$1,614,384
Lease expense	16,000	16,000
Exploration, evaluation and project expense	7,909,333	1,152,852
Accretion expense	24,749	5,069
Depreciation expense	44,057	632
Total operating expenses	<u>12,658,704</u>	<u>2,788,937</u>
Net operating loss	(12,658,704)	(2,788,937)
Gain on extinguishment of debt	0	20,833
Interest expense	0	(62,481)
Revaluation of warrant liability	15,857,500	(9,668,245)
Foreign currency exchange gain	253,236	539,546
Net income (loss)	<u>\$3,452,032</u>	<u>(\$11,959,284)</u>
Weighted average common shares outstanding - basic	<u>68,251,261</u>	<u>31,263,305</u>
Weighted average common shares outstanding - diluted	<u>69,070,013</u>	<u>31,263,305</u>
Earnings (loss) per common share - basic	<u>\$0.05</u>	<u>(\$0.38)</u>
Earnings (loss) per common share - diluted	<u>\$0.05</u>	<u>(\$0.38)</u>

See accompanying notes to consolidated financial statements

AUGUSTA GOLD CORP.
(Formerly known as Bullfrog Gold Corp.)
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT)
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in US dollars)

	Preferred Stock		Common Stock		Additional Paid In Capital	Accumulated Deficit	Total Stockholders' Equity (Deficit)
	Shares Issued	Preferred Stock	Shares Issued	Common Stock			
December 31, 2019	4,253,473	\$425	22,758,993	\$2,276	\$11,404,350	(\$11,666,289)	(\$259,238)
Private placement issued	0	0	20,897,436	2,090	18,077,498	0	18,079,588
Warrant liability	0	0	0	0	(11,880,166)	0	(11,880,166)
Conversion of preferred stock	(1,159,722)	(116)	1,159,722	116	0	0	0
Stock options issued	0	0	0	0	121,896	0	121,896
Stock based compensation	0	0	333,333	33	364,967	0	365,000
Conversion of warrants	0	0	781,564	78	548,227	0	548,305
Conversion of options	0	0	811,667	81	399,169	0	399,250
Transaction fee	0	0	0	0	(1,100,914)	0	(1,100,914)
Bullfrog Mines acquisition	0	0	9,100,000	910	8,341,970	0	8,342,880
Net loss	0	0	0	0	0	(11,959,284)	(11,959,284)
December 31, 2020	<u>3,093,751</u>	<u>\$309</u>	<u>55,842,715</u>	<u>\$5,584</u>	<u>\$26,276,997</u>	<u>(\$23,625,573)</u>	<u>\$2,657,317</u>
Conversion of warrants	0	0	4,015,915	401	4,494,250	0	4,494,651
Conversion of preferred stock	(2,416,667)	(242)	2,416,667	242	0	0	0
Conversion of options	0	0	688,334	69	325,181	0	325,250
Stock based compensation	0	0	0	0	1,560,452	0	1,560,452
Private placement issued	0	0	7,555,557	756	13,056,047	0	13,056,803
Warrant liability	0	0	0	0	(3,306,758)	0	(3,306,758)
Net loss	0	0	0	0	0	3,452,032	3,452,032
December 31, 2021	<u>677,084</u>	<u>\$67</u>	<u>70,519,188</u>	<u>\$7,052</u>	<u>\$42,406,169</u>	<u>(\$20,173,541)</u>	<u>\$22,239,747</u>

See accompanying notes to consolidated financial statements

AUGUSTA GOLD CORP.
(Formerly known as Bullfrog Gold Corp.)
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in US dollars)

	Twelve Months Ended	
	12/31/21	12/31/20
Cash flows from operating activities		
Net loss	\$3,452,032	(\$11,959,284)
Adjustments to reconcile net loss to net cash used in operating activities		
Gain on extinguishment of debt	0	(20,833)
Accretion expense	24,749	5,069
Depreciation expense	44,057	632
Revaluation of warrant liability	(15,857,500)	9,668,245
Share based compensation	1,560,452	486,896
Change in operating assets and liabilities:		
Prepaid expenses	34,085	(201,098)
Deposits	324,961	(215,206)
Accounts payable	(462,762)	725,500
Related party payable	0	(635,775)
Asset retirement obligation	(158,822)	0
Net cash used in operating activities	(11,038,748)	(2,145,854)
Cash flows from investing activity		
Acquisition of mineral properties	(79,897)	(1,447,039)
Acquisition of equipment	(312,579)	(25,625)
Net cash used in investing activities	(392,476)	(1,472,664)
Cash flows from financing activities		
Proceeds from private placement of stock	13,056,803	16,978,673
Proceeds from paycheck protection program	0	20,833
Proceeds from conversion of options	325,250	399,250
Proceeds from conversion of warrants	3,289,151	516,894
Net cash provided by financing activities	16,671,204	17,915,650
Net increase (decrease) in cash	5,239,980	14,297,132
Cash, beginning of period	14,341,727	44,595
Cash, end of period	\$19,581,707	\$14,341,727
	0	
Noncash investing and financing activities		
Interest and taxes paid	\$0	\$0
Revaluation of asset retirement obligation	\$866,638	\$0
Conversion of preferred stock	\$242	\$116
Stock issued for mineral property	\$0	\$8,342,880
Incurrence of asset retirement obligation	\$0	\$1,130,632
Conversion of warrant liability to share capital upon conversion of warrants	\$1,205,507	\$31,411
Warrant liability from units placement	\$3,306,758	\$11,880,166
Exploration and evaluation cost in accounts payable	\$18,423	\$20,000

See accompanying notes to consolidated financial statements

AUGUSTA GOLD CORP.
(Formerly known as Bullfrog Gold Corp.)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

Augusta Gold Corp. (formerly known as Bullfrog Gold Corp., the “Company”) is a junior exploration company engaged in the acquisition and exploration of properties that may contain gold, silver, and other metals in the United States. The Company’s target properties are those that have been the subject of historical exploration. The Company owns, controls or has acquired mineral rights on Federal patented and unpatented mining claims in the state of Nevada for the purpose of exploration and potential development of gold, silver, and other metals. The Company plans to review opportunities and acquire additional mineral properties with current or historic precious and base metal mineralization with meaningful exploration potential.

The Company’s properties do not have any reserves. The Company plans to conduct exploration and engineering evaluation programs on these properties with the objective of ascertaining whether any of its properties contain economic concentrations of precious and base metals that are prospective for mining.

Basis of Presentation and Statement of Compliance

The accompanying consolidated financial statements (the “consolidated financial statements”), have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”).

Basis of Measurement

These consolidated financial statements have been prepared on the going concern basis, under the historical cost convention, except for certain financial instruments that are measured at fair value as described herein.

Principles of Consolidation

The consolidated financial statements include the accounts of Augusta Gold Corp. and its wholly owned subsidiaries, Standard Gold Corp. (“Standard Gold”), Bullfrog Mines LLC (“Bullfrog Mines”) and Rocky Mountain Minerals Corp. (“Rocky Mountain Minerals” or “RMM”). All significant inter-entity balances and transactions have been eliminated in consolidation.

Cash, Cash Equivalents and Concentration

The Company considers all highly liquid investments with a maturity of three months or less when acquired to be cash equivalents. The Company places its cash with high credit quality financial institutions in the United States and Canada. On December 31, 2021, the Company’s cash balance was \$19,581,707. To reduce its risk associated with the failure of such financial institution, the Company will evaluate, as needed, the rating of the financial institution in which it holds deposits.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates have been made for share based compensation, asset retirement obligation, warrant liability and whether acquisition of Bullfrog Mines constituted an asset acquisition or business combination.

Foreign Currency Translation

The Company is exposed to currency risk on transactions and balances in currencies other than the functional currency. The Company has not entered any contracts to manage foreign exchange risk.

The functional currency of the Company and its subsidiaries is the US dollar; therefore, the Company is exposed to currency risk from financial assets and liabilities denominated in Canadian dollars.

Government Assistance

On June 11, 2020, the Company was granted a loan (the “PPP Loan”) for \$20,833 pursuant to the Paycheck Protection Program established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”)

in the United States. The PPP Loan, which was in the form of a Note dated June 11, 2020 matures June 11, 2025 and bears interest at a rate of 1.00% per annum, payable monthly commencing on November 11, 2021. The PPP Loan may be prepaid at any time prior to maturity with no prepayment penalties. The PPP Loan and accrued interest are forgivable after twenty-four weeks as long as the borrower uses the proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The Company intends to use the entire PPP Loan amount for eligible purposes. The PPP loan was forgiven as of December 31, 2020.

Property and Equipment

Property and equipment is stated at cost less accumulated depreciation and amortization. Depreciation and amortization is computed using the straight-line method over the estimated useful lives of the assets, which range from 5 to 15 years. Additions, renewals, and betterments that significantly extend the life of the asset are capitalized. Expenditures for repairs and maintenance are charged to expense as incurred. For assets sold or otherwise disposed of, the cost and related accumulated depreciation and amortization are removed from the accounts, and any related gain or loss is reflected in income for the period.

Leases

The Company has adopted Financial Accounting Standards Board (FASB) ASU 2016-02, Leases (Topic 842), for reporting leases. Leases of 12 months or less will be accounted for similar to existing guidance for operating leases. For leases with a lease term greater than one year, the Company recognizes a lease asset for its right to use the underlying leased asset and a lease liability for the corresponding lease obligation.

Mineral Property Acquisition and Exploration Costs

Mineral property exploration costs are expensed as incurred until economic reserves are quantified. To date, the Company has not established any proven or probable reserves on its mineral properties. Costs of lease, exploration, carrying and retaining unproven mineral lease properties are expensed as incurred. The Company has chosen to expense all mineral exploration costs as incurred given that it is still in the exploration stage. Once the Company has identified proven and probable reserves in its investigation of its properties and upon development of a plan for operating a mine, it would enter the development stage and capitalize future costs until production is established. When a property reaches the production stage, the related capitalized costs will be amortized over the estimated life of the probable-proven reserves. When the Company has capitalized mineral properties, these properties will be periodically assessed for impairment of value and any diminution in value. To date, the Company has not established the commercial feasibility of any exploration prospects; therefore, all exploration costs are being expensed. Costs of property and equipment acquisitions are being capitalized.

The Company is required to reclaim the property at the Bullfrog Project at the end of its useful life. In accordance with FASB ASC 410-20, Asset Retirement and Environmental Obligations, the Company recognized the fair value of a liability for an ARO in the amount of \$1,868,265, during the period ended December 31, 2021, we reassessed the closure costs and incurred certain costs related to ARO estimate and resulted in a total change in estimate of \$866,638 based primarily on the timing and placement of the evaporation conversion cell from year 2024 to year 2022.

	2021	2020
Balance, January 1, 2021 (October 26, 2020)	\$1,135,700	\$1,130,631
Accretion	24,749	5,069
Costs applied to ARO balance	(158,822)	0
Change in estimates	866,638	0
Balance, December 31 (current)	\$968,000	\$0
Balance, December 31 (long term)	\$900,265	\$1,135,700
Life of mine	2028	2028
Discount rate	1.5%	2.5%
Inflation rate	2.0%	1.8%

Although the ultimate amounts for future site reclamation and remediation are uncertain, the best estimate of these obligations was based on information available, including current legislation, third-party estimates, and management estimates. The amounts and timing of the mine closure obligations will vary depending on several factors including

future operations and the ultimate life of the mine, future economic conditions, and changes in applicable environmental regulations.

At December 31, 2021, the estimated future cash flows have been determined using real cash flows and discounted using a rate of 1.52% and a total undiscounted amount for the estimated future cash flows is \$1,915,868.

Fair Value of Financial Instruments

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. There are three levels of inputs that may be used to measure fair value:

Level 1 - Valuation based on quoted market prices in active markets for identical assets and liabilities.

Level 2 - Valuation based on quoted market prices for similar assets and liabilities in active markets.

Level 3 - Valuation based on unobservable inputs that are supported by little or no market activity, therefore requiring management's best estimate of what market participants would use as fair value.

The fair value of cash, deposits and accounts payable approximates their carrying values due to their short term to maturity. The warrant liabilities are measured using level 3 inputs (Note 4).

Income Taxes

Income taxes are accounted for under the asset and liability method in accordance with ASC 740, "Income Taxes". Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial carrying amounts of existing assets and liabilities and their respective tax bases as well as operating loss and tax credit carry forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the periods in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. Deferred tax assets are reduced by a valuation allowance to the extent that the recoverability of the asset is unlikely to be recognized.

The Company reports a liability, if any, for unrecognized tax benefits resulting from uncertain tax positions taken, or expected to be taken, in an income tax return. The Company has elected to classify interest and penalties related to unrecognized income tax benefits, if and when required, as part of income tax expense in the statement of operations. No liability has been recorded for uncertain income tax positions, or related interest or penalties as of December 31, 2021 and December 31, 2020. The periods ended December 31, 2021, 2020, 2019, 2018 and 2017 are open to examination by taxing authorities.

Long Lived Assets

The Company assesses the impairment of long-lived assets whenever events or changes in circumstances indicate that the carrying value may not be recoverable. When the Company determines that the carrying value of long-lived assets may not be recoverable based upon the existence of one or more indicators of impairment and the carrying value of the asset cannot be recovered from projected undiscounted cash flows, the Company records an impairment charge. The Company measures any impairment based on a projected discounted cash flow method using a discount rate determined by management to be commensurate with the risk inherent in the current business model. Significant management judgment is required in determining whether an indicator of impairment exists and in projecting cash flows.

Preferred Stock

The Company accounts for its preferred stock under the provisions of the ASC on Distinguishing Liabilities from Equity, which sets forth the standards for how an issuer classifies and measures certain financial instruments with characteristics of both liabilities and equity. This standard requires an issuer to classify a financial instrument that is within the scope of the standard as a liability if such financial instrument embodies an unconditional obligation to redeem the instrument at a specified date and/or upon an event certain to occur. The Company has determined that its preferred stock does not meet the criteria requiring liability classification as its obligation to redeem these instruments is not based on an event certain to occur. Future changes in the certainty of the Company's obligation to redeem these instruments could result in a change in classification.

Stock-Based Compensation

Stock-based compensation is accounted for based on the requirements of the Share-Based Payment Topic of ASC 718 which requires recognition in the consolidated financial statements of the cost of employee and director services received in exchange for an award of equity instruments over the period the employee or director is required to perform the services in exchange for the award (presumptively, the vesting period). This ASC also requires measurement of the cost of employee and director services received in exchange for an award based on the grant-date fair value of the award.

The estimated fair value of each stock option as of the date of grant was calculated using the Black-Scholes pricing model. The Company estimates the volatility of its common stock at the date of grant based on Company stock price history. The Company determines the expected life based on the simplified method given that its own historical share option exercise experience does not provide a reasonable basis for estimating expected term. The Company uses the risk-free interest rate on the implied yield currently available on U.S. Treasury issues with an equivalent remaining term approximately equal to the expected life of the award. The Company has never paid any cash dividends on its common stock and does not anticipate paying any cash dividends in the foreseeable future. The shares of common stock subject to the stock-based compensation plan shall consist of unissued shares, treasury shares or previously issued shares held by any subsidiary of the Company, and such number of shares of common stock are reserved for such purpose.

Derivative Financial Instruments

The Company accounts for derivative instruments in accordance with Financial Accounting Standards Board (“FASB”) ASC 815, Derivatives and Hedging (“ASC 815”), which requires additional disclosures about the Company’s objectives and strategies for using derivative instruments, how the derivative instruments and related hedged items are accounted for, and how the derivative instruments and related hedging items affect the financial statements. The Company does not use derivative instruments to hedge exposures to cash flow, market, or foreign currency risk. Terms of convertible debt and equity instruments are reviewed to determine whether or not they contain embedded derivative instruments that are required under ASC 815 to be accounted for separately from the host contract and recorded on the balance sheet at fair value. The fair value of derivative liabilities, if any, is required to be revalued at each reporting date, with corresponding changes in fair value recorded in current period operating results. Pursuant to ASC 815, an evaluation of specifically identified conditions is made to determine whether the fair value of warrants issued is required to be classified as equity or as a derivative liability.

Certain warrants are treated as derivative financial liabilities. The estimated fair value, based on the Black-Scholes model, is adjusted on a quarterly basis with gains or losses recognized in the statement of loss and comprehensive loss. The Black-Scholes model is based on significant assumptions such as volatility, dividend yield, expected term and liquidity discounts

Earnings (Loss) per Common Share

The following table shows basic and diluted earnings per share:

	Twelve Months Ended	
	12/31/2021	12/31/2020
Basic and Diluted Earnings (Loss) per Common Share		
Earnings (loss)	\$3,452,032	(\$11,959,284)
Basic weighted average shares outstanding	68,251,261	31,263,305
Assumed conversion of dilutive shares	818,752	0
Diluted weighted average common shares outstanding, assuming conversion of common stock equivalents	69,070,013	31,263,305
Basic Earnings (Loss) Per Common Share	\$0.05	(\$0.38)
Diluted Earnings (Loss) Per Common Share	\$0.05	(\$0.38)

Certain options and warrants and all preferred shares were included in the computation of diluted shares outstanding for the twelve months ended December 31, 2021. The options and warrants that were not included in the diluted weighted average shares calculation because they were “out-of-the money”. In periods where the Company has a net loss, all common stock equivalents are excluded as they would be anti-dilutive. The following details the dilutive and anti-dilutive shares:

	Dilutive shares	Anti-dilutive shares	Total
	In the money	Out of the money	
Options	141,668	4,658,334	4,800,002
Warrants	0	31,427,195	31,427,195
Preferred shares	677,084	0	677,084
Total	818,752	36,085,529	36,904,281

Risks and Uncertainties

Since the formation of the Company, it has not generated any revenues. As an early-stage company, the Company is subject to all the risks inherent in the initial organization, financing, expenditures, complications and delays inherent in a new business. Our business is dependent upon the implementation of our business plan. There can be no assurance that our efforts will be successful or that we will ultimately be able to generate revenue or attain profitability.

Natural resource exploration, and exploring for gold, is a business that by its nature is very speculative. There is a strong possibility that we will not discover gold or any other mineralization which can be mined or extracted at a profit. Even if we do discover gold or other deposits, the deposit may not be of the quality or size necessary for us or a potential purchaser of the property to make a profit from mining it. Few properties that are explored are ultimately developed into producing mines. Unusual or unexpected geological formations, geological formation pressures, fires, power outages, labor disruptions, flooding, explosions, cave-ins, landslides and the inability to obtain suitable or adequate machinery, equipment or labor are just some of the many risks involved in mineral exploration programs and the subsequent development of gold deposits.

The Company business is exploring for gold and other minerals. If the Company discovers commercially exploitable gold or other deposits, revenue from such discoveries will not be generated unless the gold or other minerals are actually mined.

Mining operations in the United States are subject to many different federal, state, and local laws and regulations, including stringent environmental, health and safety laws. In the event operational responsibility is assumed for mining our properties, the Company may be unable to comply with current or future laws and regulations, which can change at any time. Changes to these laws may adversely affect any of the Company potential mining operations. Moreover, compliance with such laws may cause substantial delays and require capital outlays greater than those the Company anticipate, adversely affecting any potential mining operations. Future mining operations, if any, may also be subject to liability for pollution or other environmental damage. The Company may choose to not be insured against this risk because of high insurance costs or other reasons.

The Company’s exploration and development activities may be affected by existing or threatened medical pandemics, such as the novel coronavirus (COVID-19). A government may impose strict emergency measures in response to the threat or existence of an infectious disease, such as the emergency measures imposed by governments of many countries and states in response to the COVID-19 virus pandemic. As such, there are potentially significant economic and social impacts of infectious diseases, including but not limited to the inability of the Company to develop and operate as intended, shortage of skilled employees or labor unrest, inability to access sufficient healthcare, significant social upheavals or unrest, disruption to operations, supply chain shortages or delays, travel and trade restrictions, government or regulatory actions or inactions (including but not limited to, changes in taxation or policies, or delays in permitting or approvals, or mandated shut downs), declines in the price of precious metals, capital markets volatility, availability of credit, loss of investor confidence and impact on economic activity in affected countries or regions. In addition, such pandemics or diseases represent a serious threat to maintaining a skilled workforce in the mining industry and could be a major health-care challenge for the Company. There can be no assurance that the Company or the Company’s personnel will not be impacted by these pandemic diseases and the Company may ultimately see its workforce productivity reduced or incur increased medical costs/insurance premiums as a result of these health risks. COVID-19 is rapidly evolving and the effects on the mining industry and the Company are uncertain. The Company may not be able to accurately predict the impact

of infectious disease, including COVID-19, or the quantum of such risks. There can be no assurance that the Company will not be impacted by adverse consequences that may be brought about by pandemics on global financial markets, which may reduce resources, share prices and financial liquidity and may severely limit the financing capital available to the Company.

Recent Accounting Pronouncements

ASU 2019-12 - Income Taxes (Topic 740)

In December 2019, the FASB issued ASU 2019-12, Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes (“ASU 2019-12”), which simplifies the accounting for income taxes by removing certain exceptions related to the approach for intraperiod tax allocation, the methodology for calculating income taxes in an interim period and the recognition of deferred tax liabilities for outside basis differences. The new ASU also simplifies aspects of the accounting for franchise taxes and enacted changes in tax laws or rates. These changes aim to improve the overall usefulness of disclosures to financial statement users and reduce unnecessary costs to companies when preparing the disclosures. The guidance is effective for the Company beginning on October 1, 2021 and does not have a material impact on its financial statements and related disclosures.

ASU 2020-06 - Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging- Contracts in Entity’s Own Equity (Subtopic 815-40)

In August 2020, the FASB issued ASU No. 2020-06 (“ASU 2020-06”) “Debt-Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging-Contracts in Entity’s Own Equity (Subtopic 815- 40): Accounting for Convertible Instruments and Contracts in an Entity’s Own Equity.” ASU 2020-06 will simplify the accounting for convertible instruments by reducing the number of accounting models for convertible debt instruments and convertible preferred stock. Limiting the accounting models will result in fewer embedded conversion features being separately recognized from the host contract as compared with current GAAP. Convertible instruments that continue to be subject to separation models are (1) those with embedded conversion features that are not clearly and closely related to the host contract, that meet the definition of a derivative, and that do not qualify for a scope exception from derivative accounting and (2) convertible debt instruments issued with substantial premiums for which the premiums are recorded as paid-in capital. ASU 2020-06 also amends the guidance for the derivatives scope exception for contracts in an entity’s own equity to reduce form-over-substance-based accounting conclusions. ASU 2020-06 will be effective January 1, 2024, for the Company. The guidance is effective for the Company beginning January 1, 2021 and does not have a material impact on its financial statements and related disclosures.

NOTE 2 - MINERAL PROPERTIES

	Mineral properties	Plant and equipment	Total
Cost			
As of December 31, 2019	\$210,425	\$0	\$210,425
Additions	10,920,551	25,625	10,946,176
As of December 31, 2020	11,130,976	25,625	11,156,601
Change in ARO estimate	866,638	0	866,638
Additions	79,897	312,579	392,476
As of December 31, 2021	\$12,077,511	\$338,204	\$12,415,715
Accumulated depreciation			
As of December 31, 2019	\$0	\$0	\$0
Depreciation expense	0	632	632
As of December 31, 2020	0	632	632
Depreciation expense	0	44,057	44,057
As of December 31, 2021	\$0	\$44,689	\$44,689
Net book value on December 31, 2021	\$12,077,511	\$293,515	\$12,371,026

On October 26, 2020, the Company completed its acquisition of Bullfrog Mines pursuant to the Membership Interest Purchase Agreement (the “MIPA”) among the Company, Homestake Mining Company of California (“Homestake”), and Lac Minerals (USA) LLC (“Lac Minerals” and together with Homestake, the “Barrick Parties”).

Pursuant to the MIPA, the Company purchased from the Barrick Parties all of the equity interests in Bullfrog Mines LLC for aggregate consideration of (i) 9,100,000 units of the Company, each unit consisting of one share of common stock of the Company and one four-year warrant purchase one share of common stock of the Company at an exercise price of C\$1.80 (such number of units and exercise price are set out on a pre Reverse Stock Split basis), (ii) a 2% net smelter returns royalty (the “Barrick Royalty”) granted on all minerals produced from all of the patented and unpatented claims (subject to the adjustments set out below), pursuant to a royalty deed, dated October 26, 2020 by and among Bullfrog Mines and the Barrick Parties (the “Royalty Deed”), (iii) the Company granting indemnification to the Barrick Parties pursuant to an indemnity deed, dated October 26, 2020 by and among the Company, the Barrick Parties and Bullfrog Mines, and (iv) certain investor rights, including anti-dilution rights, pursuant to the investor rights agreement dated October 26, 2020, among the Company, Augusta Investments Inc., and Barrick Gold Corporation.

Pursuant to the Royalty Deed, the Barrick Royalty is reduced to the extent necessary so that royalties burdening any individual parcel or claim included in the Barrick Properties on October 26, 2020, inclusive of the Barrick Royalty, would not exceed 5.5% in the aggregate, provided that the Barrick Royalty in respect of any parcel or claim would not be less than 0.5%, even if the royalties burdening a parcel or claim included in the Barrick Properties would exceed 5.5%.

See Note 6 Commitments, for discussion of additions to mineral properties.

The following is the consideration paid in the acquisition, which was allocated entirely to mineral properties:

Consideration:		
Grant date fair value of 9,100,000 units issued	\$	8,342,880
Transaction fees		97,571
Asset retirement obligation		1,130,631
Total	\$	<u>9,571,082</u>

NOTE 3 - STOCKHOLDER'S EQUITY

On January 11, 2021, the Company filed a Certificate of Amendment to its Certificate of Incorporation to change the name of the Company to “Augusta Gold Corp.” and effect a reverse stock split of the Company’s shares of common stock on the basis of one (1) post-split share for every six (6) pre-split shares (the “Reverse Stock Split”).

On January 26, 2021, the Certificate of Amendment went effective. As a result of the Reverse Stock Split, every six (6) shares of the Company’s issued and outstanding common stock, par value \$0.0001 was converted into one (1) share of common stock, par value \$0.0001. There was no change in the par value of the common stock. The Reverse Stock Split did not change the authorized number of shares of common stock or preferred stock of the Company.

No fractional shares were issued in connection with the Reverse Stock Split. Stockholders who otherwise would be entitled to receive fractional shares because they hold a number of pre-Reverse Stock Split shares of the Company’s common stock not evenly divisible by six (6), had the number of post-Reverse Split Shares of the Company’s common stock to which they were entitled rounded up to the next whole number of shares of the Company’s common stock. No stockholders received cash in lieu of fractional shares.

All share information has been retrospectively restated for the Reverse Stock Split.

Pursuant to the terms of the Company’s Series B Convertible Preferred Stock (the “Series B Preferred Shares”), the conversion price/terms at which Series B Preferred Shares may be converted into shares of common stock were proportionately adjusted to reflect the Reverse Stock Split by dividing the number of pre-Reverse Stock Split shares acquirable upon conversion of Series B Preferred Shares by six (6). In addition, pursuant to their terms, a proportionate adjustment was made to the per share exercise price, multiplying the price by six (6), and number of shares issuable, dividing the number of shares issuable by six (6), under all of the Company’s outstanding stock options and warrants to purchase shares of common stock, and the number of shares reserved for issuance pursuant to the Company’s equity compensation plans was reduced proportionately.

Recent Sales of Unregistered Securities

On March 4, 2021, the Company closed a private placement (the “Private Placement”) of units of the Company (the “Units”) at a price of C\$2.25 per Unit (“Offering Price”), each Unit comprised of one share of common stock of the Company (a “Unit Share”) and one half of one common stock purchase warrant (each full warrant, a “Warrant”). Each Warrant entitles the holder to acquire one share of common stock (a “Warrant Share”) at an exercise price of C\$2.80 per Warrant Share for a period of three (3) years from the date of issuance.

Pursuant to the Private Placement, the Company issued 7,555,557 Unit Shares and 3,777,784 Warrants for gross aggregate proceeds of C\$17 million. Finders’ fees of C\$450,000 were paid in connection with the Private Placement.

In addition to the above, the Company issued the following common shares for the twelve months ending December 31, 2021:

Options converted to common shares

Date	Shares	Price
January-21	295,833	\$ 0.15
January-21	333,334	\$ 0.82
February-21	59,167	\$ 0.15

Warrants converted to common shares

Date	Shares		Price
January-21	387,467	C	\$ 1.20
January-21	266,685		\$ 0.60
January-21	83,333		\$ 0.90
February-21	573,174	C	\$ 1.20
February-21	941,669		\$ 0.60
March-21	41,667	C	\$ 1.20
March-21	50,000		\$ 0.60
April-21	41,667	C	\$ 1.20
April-21	312,501		\$ 0.90
May-21	41,667	C	\$ 1.20
May-21	1,229,167		\$ 0.90
October-21	6,500	C	\$ 1.20
December-21	40,418	C	\$ 1.20

Preferred shares converted to common shares

Date	Shares
January-21	2,416,667

On January 16, 2020, the Company sold an aggregate of 2,564,103 Units for gross proceeds of CAD\$2,000,000 to accredited investors pursuant to a subscription agreement. Each Unit was sold for a purchase price of C\$0.78 per Unit and consisted of: (i) one share of the Company’s common stock and (ii) a two-year warrant (the “January 2020 Warrants”) to purchase 50% of the number of shares of common stock purchased at an exercise price of C\$1.20 per share. In addition, the Company paid a total of \$118,918 for finder’s fees on subscriptions under the Offering and issued to the finder 152,458 share purchase warrants (the “Finder Warrants”). Each Finder Warrant entitles the holder to acquire one share of common stock at an exercise price of C\$1.20 per share for a period of 24 months from the date of issuance.

The Finder Warrants were evaluated for purposes of classification between liability and equity. The warrants do not contain features that would require a liability classification and are therefore considered equity. The Black Scholes pricing model was calculated in US dollars to estimate the fair value of \$44,858 of the warrants with the following inputs:

Warrants	Exercise Price	Term	Volatility	Risk Free Interest Rate	Fair Value
152,458	\$1.20	2 years	113.5%	1.6%	\$44,858

In July 2020, the Company issued 25,000 and 16,667 shares of common stock for conversion of warrant shares with an exercise price of \$0.60 and C\$1.20, respectively.

In August 2020, the Company issued 250,000 shares of common stock for executive and director services valued at \$1.08 per share, for an aggregate of \$270,000.

In August 2020, the Company issued 83,333 shares of common stock for consulting services performed valued at \$1.14 per share and an aggregate of \$95,000.

In September 2020, the Company issued 75,000 and 50,000 shares of common stock for conversion of warrant shares with an exercise price of \$0.90 and CAD\$1.20, respectively.

On October 26, 2020, the Company sold an aggregate of 18,333,333 Units for gross proceeds to the Company of CAD\$22,000,000 to accredited investors pursuant to a subscription agreement. Each Unit was sold for a purchase price of CAD\$1.20 per Unit and consisted of: (i) one share of the Company's common stock and (ii) a four-year warrant (the "October 2020 Warrants") to purchase one share of common stock purchased at an exercise price of CAD\$1.80 per share. Also, on the same date, the Company completed a land acquisition transaction for an aggregate consideration of 9,100,000 units of the Company, each unit consisting of one share of common stock and one four year warrant to purchase one share of common stock at an exercise price of CAD\$1.80 per share.

In addition to the October 26, 2020 shares, the Company issued the following common shares in October:

- 41,667 shares due to exercising of options with an exercise price of \$0.15
- 83,333 shares due to exercising of warrants with an exercise price of \$0.60

In December 2020, the Company issued the following common shares:

- 353,333 shares due to exercising of options with an exercise price of \$0.15
- 416,667 shares due to exercising of options with an exercise price of \$0.816
- 19,231 shares due to exercising of warrants with an exercise price of CAD\$1.20
- 512,333 shares due to exercising of warrants with an exercise price of \$0.60

The following preferred shares were converted to common shares

- January 2020, 166,667 shares
- February 2020, 715,278 shares
- July 2020, 166,667 shares
- December 2020, 111,111 shares

Convertible Preferred Stock

In August 2011, the Board of Directors designated 5,000,000 shares of Preferred Stock as Series A Preferred Stock. Each share of Series A Preferred Stock is convertible into one share of common stock at the option of the preferred holder. The Series A Preferred Stock is not entitled to receive dividends and does not possess redemption rights. The Company is prohibited from effecting the conversion of the Series A Preferred Stock to the extent that, as a result of the conversion, the holder of such shares would beneficially own more than 4.99% (or, if this limitation is waived by the holder upon no less than 61 days prior notice to us, 9.99%) in the aggregate of the issued and outstanding shares of our common stock. The holders of the Company's Series A Preferred Stock are also entitled to certain liquidation preferences upon the liquidation, dissolution or winding up of the business of the Company.

In October 2012, the Board of Directors designated 5,000,000 shares of Preferred Stock as Series B Preferred Stock. In July 2016, the Board of Directors increased the total Series B Preferred Stock designated to 7,500,000. Each share of Series B Preferred Stock is convertible into one share of common stock at the option of the preferred holder.

The Series B Preferred Stock is not entitled to receive dividends and does not possess redemption rights. The Company is prohibited from effecting the conversion of the Series B Preferred Stock to the extent that, as a result of the conversion, the holder of such shares would beneficially own more than 4.99% (which may be increased or waived upon no less than 61 days prior notice) in the aggregate of the issued and outstanding shares of our common stock. For a period of 24 months from the issue date, the holder of Series B Preferred Stock were entitled to price protection as determined in the subscription agreement. The Company has evaluated this embedded lower price issuance feature in accordance with ASC 815 and determined that it is clearly and closely related to the host contract and is therefore accounted for as an equity instrument.

As of December 31, 2021, the Company had outstanding shares of Series B Preferred Stock convertible into 677,084 shares of common stock.

Common Stock Options

The Company granted 58,334 and 83,333 options to purchase common stock in January and August 2020, respectively, to the former CFO. These options are nonqualified stock options and were 100% vested on grant date. All expense related to these stock options has been recognized in 2020.

The Black Scholes option pricing model was used to estimate the aggregate fair value of the January 2020 options of \$36,699 with the following inputs:

Options	Exercise Price	Expected Life	Volatility	Risk Free Interest Rate
58,334	\$0.66	6 years	160.4%	1.83%

The Black Scholes option pricing model was used to estimate the aggregate fair value of the August 2020 options of \$85,197 with the following inputs:

Options	Exercise Price	Expected Life	Volatility	Risk Free Interest Rate
83,334	\$1.08	6 years	158.8%	(1.02)%

The Company granted 4,075,000 options to officers and employees of the Company, pursuant to the terms of the Company's Stock Option Plan. The Black Scholes option pricing model was used to estimate the aggregate fair value of the February 2021 officers and employees options of \$4,440,080 with the following inputs:

Options	Exercise Price	Expected Life	Volatility	Risk Free Interest Rate
4,075,000	C\$3.00	3.5 years	70.1%	0.22%

The Company granted 1,750,000 options to directors of the Company, pursuant to the terms of the Company's Stock Option Plan. The Black Scholes option pricing model was used to estimate the aggregate fair value of the February 2021 directors options of \$1,874,166 with the following inputs:

Options	Exercise Price	Expected Life	Volatility	Risk Free Interest Rate
1,750,000	C\$3.00	3.25 years	71.4%	0.22%

The Company granted 500,000 options to an officer of the Company, pursuant to the terms of the Company's Stock Option Plan. The Black Scholes option pricing model was used to estimate the aggregate fair value of the August 2021 options of \$209,961 with the following inputs:

Options	Exercise Price	Expected Life	Volatility	Risk Free Interest Rate
500,000	C\$3.00	3.5 years	68.8%	0.40%

For the twelve months ended December 31, 2021, the Company recognized share-based compensation expense related to the stock options of \$1,560,452. The options are vested based on years of service, with certain options vested after two years and other options vested after three years.

A summary of the stock options as of December 31, 2021 and changes during the periods are presented below:

	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (Years)	Aggregate Intrinsic Value
Balance at December 31, 2019	1,583,336	\$0.50	6.70	382,500
Exercised	811,667	0.49	-	-
Issued	141,667	0.91	-	-
Balance at December 31, 2020	913,336	0.57	6.26	1,286,650
Exercised	688,334	0.47	-	-
Issued	6,325,000	C\$3.00	-	-
Canceled	1,750,000	C\$3.00	-	-
Balance at December 31, 2021	4,800,002	2.30	4.36	29,817
Options exercisable at December 31, 2021	225,002	0.86	7.45	29,817

Total outstanding warrants of 31,427,195 as of December 31, 2021 were as follows:

Warrants Issued	Exercise Price	Expiration Date
216,076	C\$1.20	January 2022
27,433,335	C\$1.80	October 2024
3,777,784	C\$2.80	March 2024

NOTE 4 - DERIVATIVE FINANCIAL INSTRUMENTS

The January 2020 Warrants, October 2020 Warrants and March 2021 Warrants have an exercise price in Canadian dollars while the Company's functional currency is US dollars. Therefore, in accordance with ASU 815 - Derivatives and Hedging, the January 2020 Warrants, October 2020 Warrants and March 2021 Warrants have a derivative liability value.

The value of the January 2020 Warrants of \$441,010 has been calculated on the date of issuance of January 16, 2020 using Black-Scholes valuation technique. For the twelve months ending December 31, 2021 the warrant liability was valued at \$6,147 with the following assumptions:

	1/16/20	12/31/20	12/31/21
Fair market value of common stock	\$0.66	\$1.92	\$0.95
Exercise price	\$0.90	\$0.90	\$0.95
Term	2 years	1.0 years	Expired Jan. 16, 2022
Volatility range	113.5%	90.8%	40.1%
Risk-free rate	1.58%	0.13%	0.06%

The value of the October 2020 Warrants of \$11,439,156 has been calculated on the date of issuance of October 26, 2020 using Black-Scholes valuation technique. For the twelve months ending December 31, 2021 the warrant liability was valued at \$6,891,980 with the following assumptions:

	10/26/20	12/31/20	12/31/21
Fair market value of common stock	\$1.26	\$1.92	\$0.95
Exercise price	\$1.38	\$1.41	\$1.42
Term	4 years	3.8 years	2.8 years
Volatility range	68.4%	69.3%	78.8%
Risk-free rate	0.18%	0.13%	0.97%

The value of the March 2021 Warrants of \$3,306,758 has been calculated on the date of issuance of March 4, 2021 using Black-Scholes valuation technique. For the twelve months ending December 31, 2021 the warrant liability was valued at \$862,630 with the following assumptions:

	3/4/21	12/31/21
Fair market value of common stock	\$1.97	\$0.95
Exercise price	\$2.21	\$2.22
Term	3 years	2.2 years
Volatility range	72.7%	81.8%
Risk-free rate	0.32%	0.73%

NOTE 5 - RELATED PARTY

On October 26, 2020, the Company entered an arrangement to share office space, equipment, personnel, consultants and various administrative services with other companies related by virtue of certain directors and management in common. These services have been provided through a management company equally owned by each company party to the arrangement. Costs incurred by the management company are allocated and funded by the shareholders of the management company based on time incurred and use of services. If the Company's participation in the arrangement is terminated, the Company will be obligated to pay its share of the rent payments for the remaining term of the office space rental agreement.

The Company was charged for the following with respect to this arrangement from inception, October 26, 2020 through December 31, 2020 and for the twelve months ended December 31, 2021:

	Twelve Months Ended Dec. 31, 2021	Twelve Months Ended Dec. 31, 2020
Salaries and benefits	\$932,470	\$122,031
Office	175,398	12,948
Operating expenses	97,910	17,875
Total	<u>\$1,205,778</u>	<u>\$152,854</u>

The Company is committed to payments for office leases premises through 2024 in the total amount of approximately \$160,000 based on the Company's current share of rent paid. The Company is jointly liable for rent payments and uses the assets jointly. Payments by fiscal year are:

2022	\$47,055
2023	56,466
2024	56,466
Total	<u>\$159,987</u>

The Company granted 5.8 million stock options in February 2021 to officers, directors and employees of the Company, pursuant to the terms of the Company's Stock Option Plan. The Options have an exercise price of C\$3.00 per share and expire five years from the date of grant. Additionally, as part of the 5.8 million stock options issued

the CEO, CFO and directors received 350,000, 400,000 and 2,200,000, respectively. Ms. Maryse Belanger resigned as Chief Executive Officer, President and a Director of Augusta Gold. On April 13, 2021, Mr. Donald Taylor, was appointed President and Chief Executive Officer and received 500,000 options in August 2021 and compensation of \$158,333. There were 4,575,000 director and officer options issued and outstanding as of December 31, 2021 with a share based compensation expense to related parties of 1,211,799.

On January 7, 2020, the Board of Directors approved issuance of 58,334 stock options to the former CFO, with an exercise price of \$0.66 per share determined by the closing price of the Company's common stock as of January 7, 2020. The options are 100% percent vested as of the grant date.

On August 4, 2020, the Board of Directors approved issuance of 83,333 stock options to the former CFO with an exercise price of \$1.08 per share determined by the closing price of the Company's common stock as of August 4, 2020. The options are 100% percent vested as of the grant date.

In August 2020, the Company issued 83,333 shares each of common stock to the former CEO and President and two directors for services valued at \$1.18 per share, for an aggregate of \$270,000.

The following payments were made to the former CEO and President during 2020:

	2020
Salaries	\$ 273,655
Severance	200,000
Share based compensation	90,000
Interest	293,139
Total	\$ 856,794

NOTE 6 - COMMITMENTS AND CONTINGENCIES

On July 1, 2017, RMM entered a 30-year Mineral Lease (the "Lunar Lease") with Lunar Landing, LLC ("Lunar") involving 24 patented mining claims situated in the Bullfrog Mining District, Nye County, Nevada. Lunar owns a 100% undivided interest in the mining claims.

Under the Lunar Lease, RMM shall expend as minimum work commitments of \$50,000 per year starting in 2017 until a cumulative of \$500,000 of expense has been incurred. If RMM fails to perform its obligations under the Lunar Lease, and in particular fails to make any payment due to Lunar thereunder, Lunar may declare RMM in default by giving RMM written notice of default which specifies the obligation(s) which RMM has failed to perform. If RMM fails to remedy a default in payment within fifteen (15) days of receiving the notice of default or fails to remedy or commence to remedy any other default within thirty (30) days of receiving notice, Lunar may terminate the Lunar Lease and RMM shall peaceably surrender possession of the properties to Lunar. Notice of default or of termination shall be in writing and served in accordance with the Lunar Lease. RMM has made all required payments and has paid Lunar \$90,000 as of December 31, 2021 and makes lease payments on the following schedule:

<u>Years Ending December 31</u>	<u>Annual Lease Payment (\$)</u>
2019-2022	16,000
2023-2027	21,000
2028-2032	25,000
2033-2037	30,000
2038-2042	40,000
2043-2047	45,000

On October 29, 2014, RMM entered into an Option Agreement (the "Mojave Option") with Mojave Gold Mining Corporation ("Mojave"). Mojave holds the purchase rights to 100% of 12 patented mining claims located in Nye County, Nevada. This property is contiguous to the Company's Bullfrog Project and covers approximately 156 acres, including the northeast half of the M-S pit mined by Barrick Gold in the 1990s.

Mojave granted to RMM the sole and immediate working right and option with respect to the property until the 10th anniversary of the closing date, to earn a 100% interest in and to the property free and clear of all charges encumbrances and claims, except a sliding scale Net smelter return (or NSR) royalty.

In order to maintain in force, the working right and option granted to RMM, and to exercise the Mojave Option, the Company issued Mojave 750,000 shares of Company common stock and paid \$16,000 in October 2014, and RMM must pay to Mojave a total of \$190,000 over the next 10 years of which the Company has made all required payments and paid \$130,000 as of December 31, 2021. Future payments will be due as follows:

Payment due October	Annual Payment
2022	\$30,000
2023	\$30,000

On March 23, 2015, Rocky Mountain Minerals Corp. a wholly owned subsidiary of the Company, entered into a Mineral Lease and Option to Purchase Agreement with Barrick Bullfrog Inc. involving patented mining claims, unpatented mining claims, and mill site claims located approximately four miles west of Beatty, Nevada. As discussed in note 2, this agreement was terminated and replaced with the aforementioned MIPA.

On December 9, 2020, Bullfrog Mines entered into an option agreement with Abitibi Royalties (USA) Inc. (“Abitibi”) granting Bullfrog Mines the option (the Abitibi Option) to acquire forty-three unpatented lode mining claims to the south of the Bullfrog deposit. Bullfrog Mines made an initial and second annual payment to Abitibi of C\$25,000 and C\$50,000 and can exercise the Abitibi Option by:

- Paying to Abitibi C\$75,000 in cash or shares of Company common stock by December 9, 2022; and
- Granting to Abitibi a 2% net smelter royalty on the claims subject to the Abitibi Option by December 9, 2022, of which Bullfrog Mines would have the option to purchase 0.5% for C\$500,000 on or before December 9, 2030.

In order to exercise the Abitibi Option, Bullfrog Mines is also required to keep the underlying claims in good standing.

The Company is from time to time involved in various legal proceedings related to its business. Except as disclosed here in, management does not believe that adverse decisions in any pending or threatened proceedings or that amounts that may be required to be paid by reason thereof will have a material adverse effect on the Company’s financial condition or results of operations.

NOTE 7 - INCOME TAXES

The effective income tax rate for the years ended December 31, 2021 and 2020 consisted of the following:

	2021	2020
Federal statutory income tax rate on net loss	21.0%	21.0%
Change in valuation allowance	-24.9%	-21.0%
Tax rate change	-3.9%	0.0%
Effective tax rate	0.0%	0.0%

The components of the deferred tax assets and liabilities as of December 31, 2021 and 2020 are as follows:

	2021	2020
Deferred tax assets:		
Federal and state net operating loss carryovers	\$4,948,126	\$4,272,223
Other	(125,526)	0
Mineral property	590,282	90,575
Warrant revaluation	6,348,253	0
Stock compensation	643,248	177,658
Total deferred tax asset	\$12,404,383	\$4,540,456
Less: valuation allowance	(12,404,383)	(4,540,456)
Deferred tax asset	\$0	\$0

The Company has approximately a \$19,896,000 and \$11,048,000 net operating loss carryover as of December 31, 2021 and December 31, 2020, respectively. The net operating loss may offset against taxable income with portion of the net operating loss carryover begins expiring in 2030 and may be subject to U.S. Internal Revenue Code Section 382 limitations.

The Company has provided a valuation allowance that eliminates the deferred tax asset as of December 31, 2021 and 2020, as the likelihood of the realization of the tax benefits cannot be determined.

The Company and our subsidiaries file annual US Federal income tax returns and annual income tax returns for the state of and Colorado. Income taxing authorities have conducted no formal examinations of our past Federal or state income tax returns and supporting records.

NOTE 8 - SUBSEQUENT EVENTS

None.