

## ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis should be read in conjunction with our consolidated financial statements for the two years ended December 31, 2022, and 2021, and the related notes thereto, which have been prepared in accordance with generally accepted accounting principles in the United States ("U.S. GAAP"). This discussion and analysis contains forward-looking statements that involve risks, uncertainties and assumptions. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of many factors, including, but not limited to, those set forth under the section heading "Item 1A. Risk Factors" above and elsewhere in this Annual Report on Form 10-K. See section heading "Cautionary Note Regarding Forward-Looking Statements" above.

### Results of Operations

Twelve Months Ended December 31, 2022 Compared to December 31, 2021

	Twelve Months Ended	
	12/31/22	12/31/21
Operating expenses		
General and administrative	\$ 5,087,128	\$ 4,664,565
Lease expense	21,000	16,000
Exploration, evaluation and project expense	5,739,534	7,909,333
Accretion expense	77,941	24,749
Depreciation expense	44,057	44,057
Total operating expenses	10,969,660	12,658,704
Net operating loss	(10,969,660)	(12,658,704)
Revaluation of warrant liability	(7,852,349)	15,857,500
Interest expense	(721,924)	0
Foreign currency exchange gain (loss)	(176,279)	253,236
Net income (loss)	\$ (19,720,212)	\$ 3,452,032

For the twelve months ending December 31, 2022, the Company increased general and administrative expenses by approximately \$422,000. The increase was due to the following year over year variances:

Twelve months ending	12/31/2022	12/31/2021	Variance
Accounting fees	\$ 309,000	\$ 257,000	\$ 52,000
Legal and other professional fees	1,397,000	500,000	897,000
Marketing expense	50,000	87,000	(37,000)
Payroll	677,000	1,548,000	(871,000)
Corporate expenses & rent	176,000	273,000	(97,000)
Share based compensation	2,164,000	1,560,000	604,000
Insurance	162,000	121,000	41,000
Stock exchange fees	132,000	239,000	(107,000)
Other general expenses	20,000	80,000	(60,000)
<b>Total</b>	<b>\$ 5,087,000</b>	<b>\$ 4,665,000</b>	<b>\$ 422,000</b>

- Accounting fees increase resulted from higher costs for review procedures along with additional consulting fees needed for required regulatory filings and tax compliance. Management believes these increased costs will continue in future fiscal periods.
- Legal fees and professional fees increased due to a legal agreement that was finalized in June 2022 along with professional consulting fees and an increase in franchise tax fees and other expenses. Management does believe that legal costs will be higher than prior periods moving forward due to the Company's increased compliance costs and the implementation of regulatory changes in relation to property disclosure requirements in our filings with the SEC.
- Marketing expense was lower as 2021 had additional amounts that were used for company and shareholder awareness projects.
- The majority of payroll and corporate expenses was from the Company's agreement to share office space, equipment, personnel, consultants and various administrative services for the Company's head office located in Vancouver, BC Canada. Management expects payroll costs to increase in 2023 due to increased personnel and consultants added in the prior six months that will be retained moving forward.
- The Company granted options to officers, directors and employees of the Company pursuant to the terms of the Company's Stock Option Plan; 4,041,667 in the first quarter 2021 (adjusted for 1,783,333 canceled options); 500,000 in the third quarter 2021; 350,000 in the second quarter 2022; and 100,000 in the third quarter 2022.
- Stock exchange fee variance is a result of the initial listing fee paid to the TSX in April 2021. Annual exchange fees will continue.

For the twelve months ending December 31, 2022, there was a variance \$2,169,000 for the same period in 2021 in exploration and evaluation expenses. The increase was due to the following year over year variances:

Twelve months ending	12/31/2022	12/31/2021	Variance
Drilling	\$ 1,572,000	\$ 3,992,000	\$ (2,420,000)
Consultants/Contractors	2,607,000	1,670,000	937,000
Supplies and equipment	382,000	743,000	(361,000)
Assay	84,000	543,000	(459,000)
Water haulage	0	389,000	(389,000)
Overhead and payroll	778,000	298,000	480,000
Permits and fees	291,000	268,000	23,000
Other	26,000	6,000	20,000
<b>Total</b>	<b>\$ 5,740,000</b>	<b>\$ 7,909,000</b>	<b>\$ (2,169,000)</b>

In the fourth quarter of 2022, the Company continued with test work on metallurgical drill core samples from the Bullfrog deposit. Preparation of a technical report for the Reward project continued.

The revaluation of the warrant liability is based on the following warrants issued:

<b>Issue Date</b>	<b>Expiration Date</b>	<b>Warrants Issued</b>	<b>Exercise Price</b>
October 2020	October 2024	18,333,333	C\$1.80
March 2021	March 2024	3,777,784	C\$2.80

### **Liquidity and Capital Resources**

The Company has no revenue generating operations from which it can internally generate funds. To date, the Company's ongoing operations have been financed by the sale of its equity securities by way of public offerings, private placements and the exercise of incentive stock options and share purchase warrants. The Company believes that it will be able to secure additional private placements and public financings in the future, although it cannot predict the size or pricing of any such financings. This situation is unlikely to change until such time as the Company can develop a bankable feasibility study on one of its projects.

On March 4, 2021, the Company issued 7,555,556 units pursuant to a private placement at a price of C\$2.25 per unit for gross proceeds of C\$17 million, each unit comprised of one share of common stock of the Company and one half of one common stock purchase warrant. Each whole warrant entitles the holder to acquire one share of common stock at an exercise price of C\$2.80 per share for a period of three years from the date of issuance. Finders' fees of C\$450,000 were paid in connection with the private placement.

On January 20, 2023, the Company announced that it had closed a bought deal offering of units of Augusta Gold (the "Units") for aggregate gross proceeds of approximately C\$11.5 million, including the full exercise of the over-allotment option in the amount of C\$1.5 million. Pursuant to the Offering, a total of 6,725,147 Units were sold at a price of C\$1.71 per Unit. Each Unit was comprised of one share of the Company's common stock and one-half of one common stock purchase warrant (each whole common stock purchase warrant, a "Warrant"). Each Warrant entitles the holder to acquire one share of the Company's common stock at a price of C\$2.30 until January 20, 2026.

#### *Liquidity*

As of December 31, 2022, the Company had total liquidity of \$333,000 in cash and cash equivalents. The Company had negative working capital of \$26,141,000 and an accumulated deficit of \$39,894,000. For the twelve months ended December 31, 2022, the Company had negative operating cash flows before changes in working capital of \$9,582,000 and a net loss of \$19,720,000.

As of December 31, 2021, the Company had total liquidity of \$19,582,000 in cash and cash equivalents. The Company had working capital of \$18,530,000 and an accumulated deficit of \$20,174,000. For the twelve months ended December 31, 2021, the Company had negative operating cash flows before changes in working capital of \$10,776,000 and a net income of \$3,452,000.

The Company expects that it will operate at a loss for the foreseeable future and believes the current cash and cash equivalents and working capital will be sufficient for it to maintain its currently held properties, fund its planned exploration, and fund its currently anticipated general and administrative costs for at least the next 12 months from the date of this report. However, the Company does expect that it will be required to raise additional funds through public or private equity financings in the future in order to continue in business in the future past the immediate 12-month period. Should such financing not be available in that time-frame, the Company will be required to reduce its activities and will not be able to carry out all of its presently planned exploration and, if warranted, development activities on its currently anticipated scheduling.

#### *Capital Management*

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development and exploration of its mineral properties and to maintain a flexible capital structure, which optimizes the costs of capital to an acceptable risk.

As of December 31, 2022, the capital structure of the Company consists of 79,204,606 shares of common stock, par value \$0.0001. The Company manages the capital structure and adjusts it in response to changes in economic conditions, its expected funding requirements, and risk characteristics of the underlying assets. The Company's funding requirements are based on cash forecasts. In order to maintain or adjust the capital structure, the Company may issue new debt, new shares and/or consider strategic alliances. Management reviews its capital management approach on a regular basis. The Company is not subject to any externally imposed capital requirements.

### Contractual obligations and commitments

The Company's contractual obligations and commitments as of December 31, 2022, and their approximate timing of payment are as follows:

	<1 year	1 - 3 years	4 - 5 years	>5 years	Total
Leases	\$ 116,557	\$ 150,594	\$ 50,000	\$ 650,000	\$ 967,151
Capital Expenditure	30,000	-	-	-	30,000
	\$ 146,557	\$ 150,594	\$ 50,000	\$ 650,000	\$ 997,151

### Off Balance Sheet Arrangements

We do not engage in any activities involving variable interest entities or off-balance sheet arrangements.

### Critical Accounting Policies and Use of Estimates

Stock based compensation is measured at grant date, based on the fair value of the award, and is recognized as an expense over the employee's requisite service period. We estimate the fair value of each stock option as of the date of grant using the Black-Scholes pricing model. The Company determines the expected life based on historical experience with similar awards, giving consideration to the contractual terms, vesting schedules and post-vesting forfeitures. 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.

Mineral property exploration costs are expensed as incurred until such time as 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 acquisitions are being capitalized, and a required payment of \$20,000 was made in 2018 to Mojave Gold Mining Corporation ("Mojave") as part of the Option to Purchase Agreement ("Option").

### ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not applicable.