

ITEM 2 - MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Certain statements in this Management's Discussion and Analysis ("MD&A"), other than purely historical information, including estimates, projections, statements relating to our business plans, objectives and expected operating results, and the assumptions upon which those statements are based, are "forward-looking statements". Forward-looking statements generally can be identified by the use of forward-looking terminology such as "may," "would," "expect," "intend," "could," "estimate," "should," "anticipate," or "believe," and similar expressions. Forward-looking statements are based on current expectations and assumptions that are subject to risks and uncertainties which may cause actual results to differ materially from the forward-looking statements. We undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events, or otherwise, except as may be required under applicable law. Readers should carefully review the risk factors and related notes included under Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2023, filed with the Securities and Exchange Commission on March 29, 2024.

The following MD&A is intended to help readers understand the results of our operation and financial condition, and is provided as a supplement to, and should be read in conjunction with, our Interim Unaudited Financial Statements and the accompanying Notes to Interim Unaudited Financial Statements under Part 1, Item 1 of this Quarterly Report on Form 10-Q.

Unless otherwise indicated or unless the context otherwise requires, all references in this document to "we," "us," "our," the "Company," and similar expressions refer to Augusta Gold Corp., and depending on the context, its subsidiaries.

Company History and Recent Events

General Corporate Overview

The Company is an exploration stage gold company focused on building a long-term business that delivers stakeholder value through developing the Company's Bullfrog and Reward gold projects and pursuing accretive merger and acquisition opportunities. We are focused on exploration and advancement of gold exploration and potential development projects, which may lead to gold production or strategic transactions such as joint venture arrangements with other mining companies or sales of assets for cash and/or other consideration. At present, our Reward Gold Project has mineral reserves under SK 1300, however, we have not to date made a development decision on the project and have not started preparation of the mineral reserves for extraction. Our other properties are in the exploration stage, we do not mine, produce or sell any mineral products and we do not currently generate cash flows from mining operations.

The Bullfrog Gold Project is located approximately 120 miles north-west of Las Vegas, Nevada and 4 miles west of Beatty, Nevada. The Reward Gold Project is located seven miles from the Bullfrog Gold Project. 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 is led by a management team and board of directors with a proven track record of success in financing, exploring and developing mining assets and delivering shareholder value.

Recent Development of the Business

On June 13, 2022, the Company closed (the "Closing") on its previously announced membership interest purchase agreement (the "Agreement") with Waterton Nevada Splitter, LLC ("Waterton") to acquire all of the outstanding membership interests (collectively, the "CR Interests") of CR Reward LLC, a wholly-owned subsidiary of Waterton ("CR Reward"). CR Reward holds the Reward Project located just seven miles from the Company's Bullfrog Project in Nevada.

The CR Interests were acquired for the following consideration: (a) \$12,500,000 in cash paid at closing; (b) the issuance of 7,800,000 shares of Augusta Gold common stock at closing; and (c) \$22,126,000 in cash paid on September 14, 2022 (comprising collectively the "Second Payment" and the "Deferred Payment").

Reward Gold Project Feasibility Study

On September 30, 2024, the Company released its feasibility study for its Reward Gold Project in Nye County, Nevada. The report titled “Feasibility Technical Report for the Reward Project Nye County, NV, USA” with an effective date of September 3, 2024 and a signing date of September 30, 2024 (the “Feasibility Study”), was prepared for the Company by Mark Gorman of Kappes, Cassidy & Associates; Thomas Dyer of RESPEC; Mike Dufresne of APEX Geoscience Ltd.; Timothy D. Scott of Kappes, Cassidy & Associates; Mathew Haley of NewFields; James Cremeens of Knight Piésold and Co; and Mark Willow of SRK Consulting (U.S.), Inc., each of whom is a qualified person under S-K 1300 and NI 43-101, and is attached as an exhibit to the Quarterly Report on Form 10-Q.

Mineral Reserve Estimate

Mr. Thomas L. Dyer, P.E. of RESPEC classifies reserves in order of increasing confidence into proven and probable categories to be in accordance with the “CIM Definition Standards – For Mineral Resources and Mineral Reserves” (2014), which are reasonable for US SEC reporting. Thus, Mr. Dyer considers the reported mineral reserves to be both NI 43-101 and S-K 1300 compliant. Mineral reserves for the Reward Gold Project were developed by applying relevant economic criteria to define the economically extractable portions of the resources classified as measured and indicated resources. CIM standards require that modifying factors be used to convert mineral resources to reserves. Definitions for proven and Probable Mineral Reserves along with Modifying Factors are in the CIM Definition Standards (2014).

Mr. Dyer used the block model of measured and indicated resources provided by APEX and referenced in the Company’s prior technical report as the basis to define reserves for the Reward Gold Project. Mineral reserve definition was undertaken by identifying ultimate pit limits using economic parameters and pit optimization techniques. The resulting optimized pit shells were used for guidance in pit design to allow access for equipment and personnel. Mr. Dyer then considered mining, processing, metallurgical, infrastructure, economic, marketing, legal, environmental, social, and governmental factors for defining the estimated reserves.

Pit designs are based on geotechnical parameters provided by Knight Piésold. The open pit design was completed using three pit phases. Waste Rock Storage Facility (“WRSF”) designs include north, south, and southwest waste dumps along with some backfill placed in Phase 1 and Phase 2 pits. The waste dumps and backfill areas were designed to contain all the waste material associated with Proven and Probable reserves.

RESPEC used the pit and waste dump designs to develop a production schedule, which was then used in the financial model prepared by KCA. RESPEC reviewed the cash flow model and believes it demonstrates that the deposits generate a positive cash flow and are reasonable with respect to statement of reserves for the Project.

Within the pit designs, Measured Mineral Resources above the cut-off grade were converted to Proven Mineral Reserves and Indicated Mineral Resources above the cut-off grade were converted to Probable Mineral Reserves. All Inferred resources inside of the pit were assumed to be waste with respect to contained gold, recoverable gold and resulting economics. Proven and Probable reserves have been defined for the Project based on a 0.008 oz Au/ton cut-off grade and are summarized in Table 1-3.

Table 1- Proven and Probable Mineral Reserves

| | Reward Mineral Reserves | | |
|---------------------|-------------------------|---------|---------|
| | k tons | Au oz/t | k oz Au |
| Proven | 6,052 | 0.027 | 164 |
| Probable | 8,999 | 0.023 | 205 |
| Proven and Probable | 15,052 | 0.025 | 370 |

Notes:

1. All estimates of Mineral Reserves have been prepared in accordance with National Instrument 43 - 101 – *Standards of Disclosure for Mineral Projects* (“NI 43-101”) and S-K 1300
2. Thomas L. Dyer, PE, RESPEC of Reno, Nevada, is a Qualified Person as defined in NI 43-101 and S-K 1300, is responsible for reporting Proven and Probable Mineral Reserves for the Reward Project. Mr. Dyer is independent of the Company.

3. Mineral Reserves are based on prices of \$1,850 per ounce Au. The reserves were defined based on pit designs that were created to follow optimized pit shells created in Whittle.
4. Reserves are reported using a 0.008 Au oz/t cut-off grade
5. The Mineral Reserves point of reference is the point where material is fed into the crusher.
6. The effective date of the Mineral Reserves estimate is September 03, 2024.
7. Columns may not sum due to rounding.

Mining Methods

The proposed mine plan assumes conventional open pit mining methods and equipment. Mining operations are assumed to be completed using a contractor. Knight Piésold is responsible for the geotechnical evaluations and recommendations for slope design parameters used for the pit. Pit designs include three pit phases to achieve the ultimate pit; the WRSFs are developed as a north, south, and southwest waste dump storage locations as mining progresses.

The proposed production schedule used inputs from the resource block model together with material types, mining locations, WRSF fill locations, stockpiles, crusher target rates, and mining rates. Mining activities have a total duration of 7.6 years, starting with a consistent ramp up during Phase 1 and then transitions into Phase 2. During the transition into Phase 3 mining, the mining rate increases as the stripping demands increase.

Recovery Methods

Testwork results developed by KCA and others have indicated that the Reward Mineral Reserve is amenable to heap leaching for the recovery of gold. Based on a Mineral Reserve of 15.1 Mt and established processing rate of 5,479 tpd of ore, the Project has an estimated mine life of approximately 7.6 years.

Ore will be mined using standard open pit mining methods and delivered to the crushing circuit using haul trucks which will dump into a run-of-mine (ROM) stockpile located near the primary crusher. A front-end loader will feed material to a dump hopper from the ROM stockpile. The ROM ore will be crushed to a final product size of 80% passing ¼" (100% passing ⅜") using a three-stage closed-circuit crushing plant. The crushing circuit will operate 7 days/week, 24 hours/day with an overall estimated availability of 75%.

The crushed product will be stockpiled using a stacking conveyor and reclaimed by vibrating, electromechanical feeders. Cement or pebble lime will be added to the reclaim material for agglomeration and pH control. Testwork has shown that agglomeration with cement is not required, but as a precautionary measure, cement will be added during the first lift to ensure permeability is not compromised.

Ore will be stacked on the leach pad by retreat stacking uphill from the toe of the heap. Stacked ore will be leached using a drip irrigation system for solution application. After percolating through the ore, the gold bearing pregnant leach solution drains by gravity to a pregnant solution tank where it will be collected and pumped to a set of carbon-in-columns (CICs) where gold will be removed by activated carbon. Loaded carbon will be processed off-site for the first year of operation until the full recovery plant is completed at the start of year 2 of operation.

Barren leach solution leaving the carbon columns will flow to a barren solution tank and will then be pumped to the heap for further leaching. High strength cyanide solution will be injected into the barren solution to maintain the desired cyanide concentration in the leach solutions.

An event pond is included to collect contact solution from storm events. Solution collected will be returned to the process as soon as practical.

Capital Costs

Capital costs for the process and general and administration components were estimated by KCA. Costs for the mining components were provided by RESPEC and heap leach pad and pond costs by NewFields. The estimated costs are considered to have an accuracy of +/-15%.

The total Life of Mine (LOM) capital cost for the Project is US\$129.2 million, including US\$7.4 million in working capital and initial fills not including reclamation and closure costs which have been estimated at US\$9.4 million. Table 2 presents the capital requirements. A total contingency of US\$6.9 million or 12.8% of the Total Direct Costs is included in this summary.

Table 2 Capital Cost Summary

| Description | Cost (US\$M) |
|--|-----------------|
| Pre-Production Process Capital | \$ 78.9 |
| Mining Capital | \$ 10.8 |
| Subtotal Capital | \$ 89.7 |
| Working Capital & Initial Fills ¹ | \$ 7.4 |
| Sustaining Capital – Mine & Process | \$ 32.1 |

¹ Working capital credited in Years 7 and 8

² Numbers are rounded and may not sum perfectly

³ Costs reflect standalone costs of the Reward project with 100% of capital expensed to Reward, and does not include any potential benefit from development of the Bullfrog project.

Operating Costs

Table 3 presents the LOM operating cost requirements.

Mining costs were provided by RESPEC at US\$3.33 per ton mined (LOM US\$10.92 per ton of ore) and are based on quotes for contract mining with estimated owner's mining costs.

Process operating costs have been estimated by KCA from first principles. Labor costs were estimated using project specific staffing, salary and wage and benefit requirements. Unit consumptions of materials, supplies, power, water and delivered supply costs were also estimated.

Table 3 Operating Cost Summary

| Description | LOM Cost (US\$/ton ore) |
|----------------------------|----------------------------------|
| Mine | \$ 10.92 |
| Process & Support Services | \$ 8.09 |
| Site G & A | \$ 2.88 |
| Total ¹ | \$ 21.88 |

¹ Numbers are rounded and may not sum perfectly

General administrative costs (G&A) have been estimated by KCA with input from Augusta. G&A costs include project specific labor and salary requirements and operating expenses, including social contributions, land access and water rights.

The operating costs presented are based upon the ownership of all process production equipment and site facilities, including the onsite laboratory. The owner will employ and direct all process operations, maintenance and support personnel for site activities.

Economic Analysis

Based on the estimated production parameters, capital costs, and operating costs, a cash flow model was prepared by KCA for the economic analysis. The project economics were evaluated using a discounted cash flow (DCF) method, which measures the Net Present Value (NPV) of future cash flow streams. All of the information used in this evaluation have been taken from work completed by KCA and other consultants working on the project as described in this Report.

The economic model is based on the following assumptions:

- The cash flow model is based on the mine production schedule from RESPEC.
- The period of analysis is 12 years including one year of investment and pre-production, 8 years of ore stacking and production and three years of reclamation and closure.
- Gold price of US\$1,975/oz.
- Processing rate of 5,479 tpd.
- Gold recoveries as discussed in Section 13.
- Capital and operating costs as developed in Section 21.

The project economics based on these criteria from the cash flow model are summarized in Table 4.

Table 4 Economic Analysis Summary

| <u>Economic Analysis</u> | |
|--|------------------|
| Internal Rate of Return (IRR), Pre-Tax | 19.5 % |
| Internal Rate of Return (IRR), After-Tax | 16.6 % |
| Average Annual Cashflow (Pre-Tax) | \$ 18.6 M |
| NPV @ 5% (Pre-Tax) | \$ 63.4 M |
| Average Annual Cashflow (After-Tax) | \$ 17.1 M |
| NPV @ 5% (After-Tax) | \$ 50.6 M |
| Pay-Back Period (Years based on After-Tax) | 5.1 Years |
| <u>Capital Costs</u> | |
| Initial Capital | \$ 89.7 M |
| Working Capital & Initial Fills | \$ 7.4 M |
| LOM Sustaining Capital | \$ 32.1 M |
| Reclamation & Closure ² | \$ 9.5 M |
| <u>Operating Costs (Average LOM)</u> | |
| Mining | \$ 10.92 per ton |
| Processing & Support | \$ 8.09 per ton |
| G&A | \$ 2.88 per ton |
| Total Operating Cost | \$ 21.88 per ton |
| All-in Sustaining Cost ¹ | \$ 1,328 per oz |
| <u>Production Data</u> | |
| Life of Mine | 7.6 Years |
| Total Tons to Crusher | 15.05 M Tons |
| Grade Au (Avg.) | 0.025 oz/t |
| Contained Au oz | 369,692 Ounces |
| Average Annual Gold Production | 38,675 Ounces |
| Total Gold Produced | 292,057 Ounces |

¹ The "All in Sustaining Costs" include reclamation and closure; All-in Sustaining Cost per ounce is a non-GAAP financial measure. See "Note Regarding Non-GAAP Financial Measures" below for a discussion on non-GAAP financial measures and a reconciliation to U.S. GAAP. The Company believes that these measures provide investors with an improved ability to evaluate the prospects of the Company. As the Project is not in production the prospective non-GAAP financial measures or ratios may not be reconciliated to the nearest comparable measures under U.S. GAAP and the equivalent historical non-GAAP financial measure for each prospective non-GAAP measure or ratio discussed herein is nil\$.

² Includes mercury disposal fee of US\$75,000

A sensitivity analysis was performed on the project economics. The results are presented in Table 5.

Table 5 Post-Tax Economic Results

| | Variation | IRR | NPV at Specified Discount Rate | | |
|-------------------|-----------------------|-------|--------------------------------|-----------|-----------|
| | | | 0% | 5% | 10% |
| Gold Price, \$/oz | \$ 1,725 ¹ | 5.0% | \$ 26.1M | \$ 0.0M | \$ -17.0M |
| | \$ 1,800 | 8.6% | \$ 45.6M | \$ 15.2M | \$ -4.9M |
| | \$ 1,975 | 16.6% | \$ 90.9M | \$ 50.6M | \$ 23.5M |
| | \$ 2,200 | 25.7% | \$ 142.1M | \$ 91.0M | \$ 56.0M |
| | \$ 2,400 | 33.4% | \$ 187.9M | \$ 126.9M | \$ 84.7M |
| | \$ 2,600 | 41.1% | \$ 234.8M | \$ 163.5M | \$ 114.0M |
| Capital Costs | \$ 92.2M | 27.9% | \$ 121.3M | \$ 78.9M | \$ 49.8M |
| | \$ 110.5M | 20.5% | \$ 103.1M | \$ 61.9M | \$ 34.0M |
| | \$ 122.7M | 16.6% | \$ 90.9M | \$ 50.6M | \$ 23.5M |
| | \$ 134.8M | 13.4% | \$ 78.7M | \$ 39.3M | \$ 12.9M |
| | \$ 153.1M | 9.3% | \$ 60.5M | \$ 22.4M | \$ -2.9M |
| Operating Costs | \$ 247.0M | 30.4% | \$ 173.3M | \$ 115.1M | \$ 75.0M |
| | \$ 296.4M | 22.3% | \$ 123.8M | \$ 76.4M | \$ 44.1M |
| | \$ 329.4M | 16.6% | \$ 90.9M | \$ 50.6M | \$ 23.5M |
| | \$ 362.3M | 10.8% | \$ 58.0M | \$ 24.8M | \$ 2.8M |
| | \$ 411.7M | 1.7% | \$ 8.6M | \$ -13.8M | \$ -28.1M |

¹ This value is actually \$1,725,423, this was presented to define the estimated "break even" gold value at a 5% discount rate.

QA/QC of Underlying Data

From 2015 to early 2017, CR Reward LLC completed a compilation, audit and update of the drill hole database. Drill hole locations, survey data and readily accessible assay certificates were uploaded into the commercially-available DataShed software package. Assays that did not have assay certificates were retained in an Excel spreadsheet and combined with the DataShed assays for the assay verification. Lithology, alteration, structure, and quartz vein data from selected holes were digitized from geologic paper logs in January 2017. These data were also brought into DataShed. The drill hole database consisting of 348 historical holes was audited, compiled, and verified by CR Reward LLC in 2016 and 2017 based on provided electronic files, for all historical drilling, and assay certificates. CR Reward LLC completed additional drilling in 2017 and 2018 consisting of 3,443 meters in 28 core holes.

The historical gold values at the Project were validated by comparing the historical analytical certificates (and logs) to the digital assay database. All available downhole surveys were digitized and utilized to properly plot analytical data down-hole. Drill hole collar data was verified versus geological logs or survey files with collar elevations checked against a modern lidar survey. Drillholes with questionable data were omitted from the database and were not used to generate the underlying mineral resource estimate. All of the 2017 and 2018 drill hole data provided by CR Reward LLC was verified by the appropriate QPs. The results of the validation program indicate that the sample database is of sufficient accuracy and precision to be used for the generation of the feasibility study results.

Key Risks

Risks associated with the project include:

- Risk is inherent with respect to mining. In the QP's opinion, the primary risk factor for the Mineral Reserves will be the ability to mine the steeper portions of the Phase 2 pit design. Should the establishment of the high wall crest be unsuccessful, then a portion of the deeper Mineral Reserves could be at risk. To mitigate this risk the mine operational team must be engaged with the contractor in sound planning and execution of the access to the upper portion of the Phase 2 high-wall.
- No other major risk factors have been identified other than typical open pit mining risks of cost escalation and operational efficiencies. There are no other known environmental, legal, title, taxation, socioeconomic, marketing, political or other relevant factors known to the QP that would materially affect the estimation of Mineral Reserves that are not discussed in this Report.
- The project has water rights for Reward. Based on estimated water requirements for the mine, process, and infrastructure, there may be a short fall of water for the project. Augusta has water rights in the same water basin that are transferrable to Reward. The use of chemicals such as Mag Chloride or similar dust suppressant chemicals may be required to minimize water requirements for road dust control.

- Experienced labor may be difficult to hire for the project and there could be high turnover or inexperienced labor being hired for some critical positions. There may be higher maintenance and operating costs than anticipated to compensate for the inexperienced personnel.
- If engineering for the permits is delayed or approval times for the permits are longer than anticipated, the stripping and recovery plant construction planned in Year 1 could be delayed.
- The price of gold used in the Cash Flow is \$1,975 per oz, approximately \$500 per oz lower than the spot gold price as of the effective Report date. It is possible that the market gold price during operation will be lower than \$1975 per oz, resulting in lower economic performance.

Additional Property Information

For additional information regarding the Reward Gold Project see “ITEM 2. PROPERTIES – Reward Gold Project, Nye County, Nevada” in the Company’s Annual Report on Form 10-K as filed with the Commission on March 29, 2024.

Note Regarding Non-GAAP Financial Measures (Reward Gold Project)

In this report, we have provided information prepared or calculated according to U.S. GAAP, as well as provided certain non-U.S. GAAP prospective financial performance measures. Because the non-U.S. GAAP performance measures do not have standardized meanings prescribed by U.S. GAAP, they may not be comparable to similar measures presented by other companies. These measures should not be considered in isolation or as substitutes for measures of performance prepared in accordance with U.S. GAAP. There are limitations associated with the use of such non-U.S. GAAP measures. Since these measures do not incorporate revenues, changes in working capital and non-operating cash costs, they are not necessarily indicative of potential operating profit or loss, or cash flow from operations as determined in accordance with U.S. GAAP.

The non-U.S. GAAP measures associated with All-In sustaining costs (“AISC”), Cash Operating Costs and Cash Costs, as defined below, and the resulting AISC per ounce metric are not, and are not intended to be, presentations in accordance with U.S. GAAP. These metrics represent costs and unit-cost measured related to the Reward Project.

We believe that these metrics help investors understand the economics of the Reward Project. We present the non-U.S. GAAP financial measures for our Reward Project in the tables below. Actual U.S. GAAP results may vary from the amounts disclosed. Other companies may calculate these measures differently.

AISC and Respective Unit Cost Measure

AISC consists of Cash Costs (as described below), plus sustaining capital costs. The sum of these costs is divided by the corresponding payable gold ounces to determine the per ounce metric stated in the table below.

Cash Costs consist of Cash Operating Costs (as described below), plus royalties.

Cash Costs and AISC are non-U.S. GAAP metrics developed by the World Gold Council to provide transparency into the costs associated with producing gold and provide a comparable standard. The Company reports Cash Costs and AISC on a per ounce basis because we believe this metric more completely reflects mining costs over the life of mine. Similar metrics are widely used in the gold mining industry as comparative benchmarks of performance.

Cash Operating Costs is a non-U.S. GAAP metric used by the Company to measure aggregate costs of operations that will generally be within the Company’s direct control. We believe this metric reflects the operating performance potential for the Reward Project for the mining, processing, administration, and sales functions. Contractual obligations for surface land rights (project royalties) are excluded from this metric. Cash Operating Costs consist of Reward Project operating costs and refining costs, and exclude royalties.

Other costs excluded from Cash Operating Costs, Cash Costs, and AISC include depreciation and amortization, income taxes, government royalties, financing charges, costs related to business combinations, asset acquisitions other than sustaining capital, and asset dispositions.

The following tables demonstrate the calculation of Cash Operating Costs, Cash Costs, AISC, and related AISC unit-cost metric as presented in this report:

| | <u>Units</u> | <u>Life of Mine</u> |
|--|---------------|---------------------|
| Payable Gold | Koz | 291.21 |
| Total Operating Costs | US\$ millions | \$ 329.39 |
| Refining & Transportation charge | US\$ millions | \$ 0.62 |
| Total Operating Costs & Transportation Charge | US\$ millions | \$ 330.01 |
| Royalty Payable | US\$ millions | \$ 15.21 |
| Total Operating Costs, Refining & Royalties ¹ | US\$ millions | \$ 345.22 |
| Cash Cost per ounce ¹ | US\$/oz | \$ 1,185 |
| Sustaining Capital and Reclamation & Closure | US\$ millions | \$ 41.57 |
| All-In-Sustaining Costs | US\$ millions | \$ 386.79 |
| AISC per ounce | US\$/oz | \$ 1,328 |

| | <u>Units</u> | <u>Life of Mine</u> |
|--|---------------|---------------------|
| Payable Gold | Koz | 291.21 |
| Mining Costs | US\$ millions | \$ 164.33 |
| Processing Costs | US\$ millions | \$ 121.77 |
| Site General and Administrative Costs | US\$ millions | \$ 43.29 |
| Total Operating Costs | US\$ millions | \$ 329.39 |
| Refining & Transportation Charge | US\$ millions | \$ 0.62 |
| Total Operating Costs & Refining & Transportation Charge | US\$ millions | \$ 330.01 |
| Royalty Payable | US\$ millions | \$ 15.21 |
| Total Operating Costs, Refining & Royalties ¹ | US\$ millions | \$ 345.22 |

1. CashCost = Total Operating Costs & Transportation Charge + Royalty Payable

Results of Operations

Three Months Ended September 30, 2024 and 2023

| | <u>Three Months Ended</u> | |
|---|---------------------------|-------------------|
| | <u>9/30/24</u> | <u>9/30/23</u> |
| Operating expenses | | |
| General and administrative | \$ 584,360 | \$ 781,598 |
| Lease expense | 0 | 0 |
| Exploration, evaluation and project expense | 409,179 | 534,371 |
| Accretion expense | 69,981 | 27,399 |
| Depreciation expense | 11,014 | 11,014 |
| Total operating expenses | <u>1,074,534</u> | <u>1,354,382</u> |
| Net operating loss | (1,074,534) | (1,354,382) |
| Revaluation of warrant liability | 105,927 | 2,883,272 |
| Interest expense | (741,529) | (641,287) |
| Foreign currency exchange gain (loss) | 756 | (25,503) |
| Net income (loss) and comprehensive income (loss) | <u>\$ (1,709,380)</u> | <u>\$ 862,100</u> |

Nine Months Ended September 30, 2024 and 2023

| | Nine Months Ended | |
|---|-----------------------|---------------------|
| | 9/30/24 | 9/30/23 |
| Operating expenses | | |
| General and administrative | \$ 1,717,061 | \$ 3,293,334 |
| Lease expense | 21,000 | 21,000 |
| Exploration, evaluation and project expense | 1,641,637 | 1,885,067 |
| Accretion expense | 171,161 | 80,221 |
| Depreciation expense | 33,043 | 33,043 |
| Total operating expenses | <u>3,583,902</u> | <u>5,312,665</u> |
| Net operating loss | (3,583,902) | (5,312,665) |
| Revaluation of warrant liability | 927,919 | 16,444,241 |
| Interest expense | (2,166,226) | (1,899,081) |
| Foreign currency exchange gain (loss) | (3,351) | (47,491) |
| Net income (loss) and comprehensive income (loss) | <u>\$ (4,825,560)</u> | <u>\$ 9,185,004</u> |

For the three months ended September 30, 2024, the Company decreased general and administrative expenses by approximately \$198,000. The change was due to the following year over year variances:

| Three months ended | 9/30/2024 | 9/30/2023 | Variance |
|-----------------------------------|-------------------|-------------------|---------------------|
| Accounting fees | \$ 39,000 | \$ 30,000 | \$ 9,000 |
| Legal and other professional fees | 112,000 | 206,000 | (94,000) |
| Marketing expense | 2,000 | 8,000 | (6,000) |
| Payroll | 107,000 | 159,000 | (52,000) |
| Corporate expenses & rent | 60,000 | 60,000 | 0 |
| Share based compensation | 222,000 | 282,000 | (60,000) |
| Insurance | 23,000 | (7,000) | 30,000 |
| Stock exchange fees | 7,000 | 11,000 | (4,000) |
| Other general expenses | 12,000 | 33,000 | (21,000) |
| Total | <u>\$ 584,000</u> | <u>\$ 782,000</u> | <u>\$ (198,000)</u> |

For the nine months ended September 30, 2024, the Company decreased general and administrative expenses by approximately \$1,576,000. The change was due to the following year over year variances:

| Nine months ending | 9/30/2024 | 9/30/2023 | Variance |
|-----------------------------------|---------------------|---------------------|-----------------------|
| Accounting fees | \$ 210,000 | \$ 491,000 | \$ (281,000) |
| Legal and other professional fees | 217,000 | 908,000 | (691,000) |
| Marketing expense | 8,000 | 23,000 | (15,000) |
| Payroll | 339,000 | 513,000 | (174,000) |
| Corporate expenses & rent | 143,000 | 164,000 | (21,000) |
| Share based compensation | 638,000 | 1,000,000 | (362,000) |
| Insurance | 75,000 | 56,000 | 19,000 |
| Stock exchange fees | 64,000 | 86,000 | (22,000) |
| Other general expenses | 23,000 | 52,000 | (29,000) |
| Total | <u>\$ 1,717,000</u> | <u>\$ 3,293,000</u> | <u>\$ (1,576,000)</u> |

- Accounting fees decrease resulted from increase in audit fees offset by additional consulting fees needed for required regulatory filings and planning/projection activities in 2023.
- Legal fees and professional fees decreased due to a reduction in corporate activities in 2024.
- Marketing expenses were lower as 2023 had additional amounts that were used for company and shareholder awareness projects.
- The payroll and corporate expenses result from the Company having an 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 fluctuate based on the personnel and consultants used during the period.
- The Company granted options to officers, directors and employees of the Company pursuant to the terms of the Company's Stock Option Plan. In September 2022 the options were repriced resulting in an increase in share based compensation for that period. Certain stock options were canceled in 2023 and 2024 after termination of an employee resulting in reversal of previous share based compensation expense. The options that were issued in February 2021 were fully vested in February 2024. In addition, the February 2024 Warrants of \$97,370 has been calculated on the date of issuance of February 26, 2024, using Black-Scholes valuation technique. In April 2024, 2,800,000 options were granted that vested based on years of service up to three years. In August 2024, 200,000 options were granted that vested based on years of service up to three years.

For the three months ended September 30, 2024, the Company decreased exploration, evaluation and project expenses by approximately \$125,000. The change was due to the following year over year variances:

| Three months ending | 9/30/2024 | 9/30/2023 | Variance |
|----------------------------|-------------------|-------------------|---------------------|
| Consultants/Contractors | \$ 158,000 | \$ 169,000 | \$ (11,000) |
| Supplies and equipment | 72,000 | 69,000 | 3,000 |
| Overhead and payroll | 156,000 | 269,000 | (113,000) |
| Permits and fees | 9,000 | 9,000 | 0 |
| Other | 14,000 | 18,000 | (4,000) |
| Total | \$ 409,000 | \$ 534,000 | \$ (125,000) |

For the nine months ended September 30, 2024, the Company decreased exploration, evaluation and project expenses by approximately \$243,000. The change was due to the following year over year variances:

| Nine months ending | 9/30/2024 | 9/30/2023 | Variance |
|---------------------------|---------------------|---------------------|---------------------|
| Drilling | \$ 0 | \$ 0 | \$ 0 |
| Consultants/Contractors | 569,000 | 534,000 | 35,000 |
| Supplies and equipment | 213,000 | 217,000 | (4,000) |
| Assay | 0 | 0 | 0 |
| Water haulage | 0 | 0 | 0 |
| Overhead and payroll | 584,000 | 888,000 | (304,000) |
| Permits and fees | 250,000 | 219,000 | 31,000 |
| Other | 26,000 | 27,000 | (1,000) |
| Total | \$ 1,642,000 | \$ 1,885,000 | \$ (243,000) |

For the nine months ended September 30, 2024, the Company continued with development and compliance activities for the Reward and Bullfrog Projects. During the quarter, environmental baseline studies, compliance reporting, and preparation of a feasibility level technical report for the CR Reward project were advanced. Additionally, the authorized extension and realignment of the desert tortoise fence needed for pit development and operations was initiated.

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

| Issue Date | Expiration Date | Outstanding Warrants | Exercise Price |
|--------------|-----------------|----------------------|----------------|
| October 2020 | October 2024 | 18,125,001 C\$ | 1.80 |
| January 2023 | January 2026 | 3,362,573 C\$ | 2.30 |

There are an additional 9,400,000 warrants outstanding which are not warrant liabilities and therefore have no effect on the revaluation of warrant liability (the February 2024 Warrants are not considered a liability and do not get revalued).

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 financing in the future, although it cannot predict the size or pricing of any such financing. This situation is unlikely to change until such time as the Company can develop a bankable feasibility study on one of its projects.

On January 20, 2023, the Company closed its offering (the "Offering") of 6,725,147 units ("Units") of the Company at a price of C\$1.71 per Unit, including the units issued pursuant to the full exercise of the over-allotment option by the underwriters in the Offering (the "Underwriters"), for aggregate gross proceeds of approximately C\$11,500,000 before deducting Offering expenses.

In connection with the closing of the Offering, the Company entered into a Warrant Indenture dated January 20, 2023 (the "Warrant Indenture") with Endeavor Trust Corporation, as the warrant agent, pursuant to which the Company issued Warrants to purchase up to a maximum of 3,362,573 Warrant Shares. Each Warrant is exercisable at any time after January 20, 2023, and prior to January 20, 2026.

As compensation in connection to the Offering, the Company paid the Underwriters cash compensation equal to 5.0% of the aggregate gross proceeds of the Offering and issued to the Underwriters 336,257 common stock purchase warrants (the "Compensation Warrants"). Each Compensation Warrant is exercisable for one share of common stock (each, a "Compensation Warrant Share") for a period of 12 months following the closing of the Offering at a price of C\$1.71 per Compensation Warrant Share.

Liquidity

As of September 30, 2024, the Company had total liquidity of \$232,000 in cash and cash equivalents. The Company had negative working capital of \$32,000,000 and an accumulated deficit of \$38,000,000. For the nine months ended September 30, 2024, the Company had negative operating cash flows before changes in working capital of \$4,900,000 and a net loss of \$4,800,000.

As of September 30, 2023, the Company had total liquidity of \$1,000,000 in cash and cash equivalents. The Company had negative working capital of \$25,000,000 and an accumulated deficit of \$31,000,000. For the nine months ended September 30, 2023, the Company had negative operating cash flows before changes in working capital of \$6,200,000 and a net income of \$9,200,000.

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 to continue in business in the future past the immediate 12-month period. Should such financing not be available in that timeframe, 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 September 30, 2024, the capital structure of the Company consists of 85,929,753 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 has four mineral leases underlying the Reward property, which require annual advance royalty payments according to the following schedules. These leases are out of the scope of ASC 842 *Leases*, and any advance royalty paid is expensed off as exploration expenses. Once in production, each agreement attracts payment of net smelter royalties as per the following table.

| | Total |
|-----------------|--------------|
| 2023 | \$ 39,900 |
| 2024 | \$ 40,400 |
| 2025 | \$ 25,400 |
| 2026 | \$ 28,400 |
| 2027 | \$ 30,900 |
| 2028 | \$ 32,900 |
| 2029 | \$ 35,900 |
| 2030 | \$ 36,400 |
| 2031 | \$ 34,000 |
| 2032 | \$ 34,000 |
| 2033 | \$ 39,500 |
| 2034 | \$ 9,500 |
| 2035 | \$ 9,500 |
| 2036 | \$ 10,000 |
| 2037 | \$ 10,000 |
| 2038 | \$ 10,000 |
| Applicable NSRs | 3% |

(1) All amounts of annual advance minimum royalties paid during a calendar year shall be applied toward all amounts of earned mineral production royalties payable during that calendar year.

The Company's contractual obligations and commitments under the Lunar Lease as of September 30, 2024, and their approximate timing of payment are as follows:

| Payment due July | Annual Payment |
|-------------------------|-----------------------|
| 2025-2026 | \$ 21,000 |
| 2027-2031 | \$ 25,000 |
| 2032-2036 | \$ 30,000 |
| 2037-2041 | \$ 40,000 |
| 2042-2046 | \$ 45,000 |

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").