

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, 2024, filed with the Securities and Exchange Commission on March 18, 2025.

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. The Company is 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, the Company's Reward Gold Project has mineral reserves under SK 1300 and is a development stage property, however, the Company has not to date made a development decision on the project and has not started preparation of the mineral reserves for extraction meaning the Company remains an exploration stage issuer. The Company's Bullfrog Project is in the exploration stage. The Company does 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 regularly reviews 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, Cassiday & Associates; Thomas Dyer of RESPEC; Mike Dufresne of APEX Geoscience Ltd.; Timothy D. Scott of Kappes, Cassiday & 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 Company’s Annual Report on Form 10-K for the year ended December 31, 2024.

Results of Operations

Three Months Ended March 31, 2025 and 2024

	Three Months Ended	
	3/31/25	3/31/24
Operating expenses		
General and administrative	\$ 571,063	\$ 698,435
Lease expense	0	0
Exploration, evaluation and project expense	275,831	396,258
Accretion expense	78,228	29,894
Depreciation expense	10,856	11,014
Total operating expenses	935,978	1,135,601
Net operating loss	(935,978)	(1,135,601)
Revaluation of warrant liability	127,776	(764,059)
Interest expense	(836,976)	(673,475)
Foreign currency exchange loss	1,390	(4,108)
Net loss and comprehensive loss	\$ (1,643,788)	\$ (2,577,243)

For the three months ended March 31, 2025, the Company decreased general and administrative expenses by approximately \$127,000. The change was due to the following year over year variances:

Three months ending	3/31/2025	3/31/2024	Variance
Accounting fees	\$ 124,000	\$ 137,000	\$ (13,000)
Legal and other professional fees	114,000	32,000	82,000
Marketing expense	2,000	3,000	(1,000)
Payroll	82,000	137,000	(55,000)
Corporate expenses & rent	35,000	51,000	(16,000)
Share based compensation	112,000	275,000	(163,000)
Insurance	44,000	23,000	21,000
Stock exchange fees	38,000	36,000	2,000
Other general expenses	20,000	4,000	16,000
Total	\$ 571,000	\$ 698,000	\$ (127,000)

- Accounting fees decreased in 2025 as a result of an increase in audit fees offset by additional consulting fees needed for required regulatory filings and planning/projection activities performed in 2024.
- Legal fees and professional fees increased due to additional corporate activities in 2025.
- Marketing expenses were consistent year over year.
- 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 March 31, 2025, the Company decreased exploration, evaluation and project expenses by approximately \$120,000. The change was due to the following year over year variances:

Three months ending	3/31/2025	3/31/2024	Variance
Consultants/Contractors	\$ 74,000	\$ 61,000	\$ 13,000
Supplies and equipment	72,000	65,000	7,000
Overhead and payroll	101,000	235,000	(134,000)
Permits and fees	23,000	1,000	22,000
Other	6,000	34,000	(28,000)
Total	<u>\$ 276,000</u>	<u>\$ 396,000</u>	<u>\$ (120,000)</u>

For the three months ended March 31, 2025, the Company continued with development and compliance activities for the Reward and Bullfrog Projects.

The revaluation of the warrant liability is based on the 3,362,573 warrants issued in January 2023 with an exercise price of C\$2.30

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.

Liquidity

As of March 31, 2025, the Company had total liquidity of \$202,000 in cash and cash equivalents. The Company had negative working capital of \$35,500,000 and an accumulated deficit of \$41,000,000. For the three months ended March 31, 2025, the Company had negative operating cash flows before changes in working capital of \$1,600,000 and a net loss of \$1,600,000.

As of March 31, 2024, the Company had total liquidity of \$440,000 in cash and cash equivalents. The Company had negative working capital of \$30,000,000 and an accumulated deficit of \$36,000,000. For the three months ended March 31, 2024, the Company had negative operating cash flows before changes in working capital of \$1,500,000 and a net loss of \$2,600,000.

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 March 31, 2025, 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's contractual obligations and commitments as of March 31, 2025, and their approximate timing of payment are as follows:

	<1 year	1 - 3 years	4 - 5 years	>5 years	Total
Leases	\$ 88,000	\$ 205,000	\$ 50,000	\$ 600,000	\$ 943,000
Royalty	\$ 60,400	\$ 197,200	\$ 147,300	\$ 791,500	\$ 1,196,400

Off Balance Sheet Arrangements

The Company does 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 economic reserves are quantified. To date, the Company has established proven and probable reserves on its Reward Gold Project but has not established any proven or probable mineral reserves on its other mineral properties. The Company has not yet made a development decision on the Reward Gold Project. 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 mineral 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 mineral 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 only determined the commercial feasibility of its Reward Gold Project but has not made a development decision on the project and has not established the commercial feasibility of any of its other exploration prospects; therefore, all exploration costs are being expensed. Costs of property and equipment acquisitions are being capitalized.