

## 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 July 16, 2025, the Company announced that it has entered into a definitive merger agreement (the "Merger Agreement") with AngloGold Ashanti plc ("AngloGold Ashanti") and certain of its affiliates, pursuant to which AngloGold Ashanti will acquire all of the Company's issued and outstanding shares of common stock at a price of C\$1.70 per share of common stock (the "Price" or the "Merger Consideration") in cash (the "Transaction" or the "Merger"). The Price implies an enterprise value of approximately C\$197 million, comprised of a fully-diluted equity value for the Company of approximately C\$152 million and repayment of certain stockholder loans that amounted to approximately C\$45 million at March 31, 2025.

The Transaction is expected to close in the fourth quarter of 2025, subject to the satisfaction of customary closing conditions, including the approval of the holders of a majority of the outstanding shares of the Company's common stock, as well as a majority of the votes cast by holders of outstanding shares of the Company's common stock, excluding certain related parties required to be excluded in accordance with Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* (the "Related Parties"), at a stockholder meeting expected to be held in the fourth quarter of 2025. Pursuant to the Transaction, the Company will become an indirect wholly-owned subsidiary of AngloGold Ashanti and Augusta Gold's shares of common stock will no longer be publicly traded on any market.

The above information is being made in respect of the Transaction involving the Company and AngloGold Ashanti. In connection with the Transaction, the Company intends to file relevant materials with the U.S. Securities and Exchange Commission (the "SEC") and Canadian securities regulators, including a proxy statement/information circular on Schedule 14A. Promptly after filing its definitive proxy statement/information circular with the SEC and Canadian securities regulators, the Company will mail the definitive proxy statement/information circular, related materials and a proxy card to each stockholder of the Company entitled to vote at the stockholder meeting of the Company relating to the Transaction.

Full details of the Transaction and the Agreement will be included in the Company's proxy statement/information circular, which will be mailed to the Company's stockholders and made available on SEDAR+ and EDGAR under the issuer profile of the Company.

#### **Additional Information About the Proposed Transaction and Where to Find it**

This communication is not a substitute for the proxy statement/information circular or any other document that the Company may file with the SEC or Canadian securities regulators or send to the stockholders in connection with the Transaction. The materials to be filed by the Company will be made available to the Company's investors and stockholders at no expense to them and copies may be obtained free of charge on the Company's website at [www.augustagold.com](http://www.augustagold.com). In addition, all of those materials will be available at no charge on the SEC's website at [www.sec.gov](http://www.sec.gov) and on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca). INVESTORS AND STOCKHOLDERS ARE URGED TO READ CAREFULLY AND IN THEIR ENTIRETY THE PROXY STATEMENT/INFORMATION CIRCULAR AND OTHER MATERIALS FILED WITH THE SEC OR CANADIAN SECURITIES REGULATORS, AS WELL AS ANY AMENDMENTS OR SUPPLEMENTS TO THESE DOCUMENTS, WHEN THEY BECOME AVAILABLE BEFORE MAKING ANY VOTING OR INVESTMENT DECISION WITH RESPECT TO THE TRANSACTION, AS THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT AUGUSTA GOLD, THE TRANSACTION, AND RELATED MATTERS.

#### **Participants in the Solicitation**

The Company and its directors, executive officers, other members of its management and employees may be deemed to be participants in the solicitation of proxies of the Company's stockholders in connection with the Transaction under SEC rules. Investors and stockholders may obtain more detailed information regarding the names, affiliations and interests of the Company's executive officers and directors in the solicitation by reading the Annual Report on Form 10-K for the fiscal year ended December 31, 2024, filed on March 18, 2025, with the SEC and Canadian securities regulators, and the proxy statement/information circular and other relevant materials that will be filed with the SEC and Canadian securities regulators in connection with the Transaction when they become available. To the extent holdings of the Company's securities by their respective directors or executive officers have changed since the amounts set forth in such Form 10-K for the fiscal year ended December 31, 2024, such changes have been or will be reflected on Initial Statements of Beneficial Ownership on Form 3 or Statements of Change in Ownership on Form 4 filed with the SEC, including the Form 4 filed by Richard Warke on March 13, 2025. Information concerning the interests of the Company's participants in the solicitation, which may, in some cases, be different than those of the Company's stockholders generally, will be set forth in the proxy statement/information circular relating to the proposed Transaction when it becomes available.

## 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 June 30, 2025 and 2024*

	<b>Three Months Ended</b>	
	<b>6/30/25</b>	<b>6/30/24</b>
Operating expenses		
General and administrative	\$ 455,687	\$ 434,266
Lease expense	21,000	21,000
Exploration, evaluation and project expense	563,351	836,200
Accretion expense	67,180	71,286
Depreciation expense	10,856	11,015
Total operating expenses	<u>1,118,074</u>	<u>1,373,767</u>
Net operating loss	(1,118,074)	(1,373,767)
Revaluation of warrant liability	113,692	1,586,051
Interest expense	(875,186)	(751,222)
Foreign currency exchange loss	2,033	1
Net loss and comprehensive loss	<u>\$ (1,877,535)</u>	<u>\$ (538,937)</u>

#### *Six Months Ended June 30, 2025 and 2024*

	<b>Six Months Ended</b>	
	<b>6/30/25</b>	<b>6/30/24</b>
Operating expenses		
General and administrative	\$ 1,026,750	\$ 1,132,701
Lease expense	21,000	21,000
Exploration, evaluation and project expense	839,182	1,232,458
Accretion expense	145,408	101,180
Depreciation expense	21,712	22,029
Total operating expenses	<u>2,054,052</u>	<u>2,509,368</u>
Net operating loss	(2,054,052)	(2,509,368)
Revaluation of warrant liability	241,468	821,992
Interest expense	(1,712,162)	(1,424,697)
Foreign currency exchange loss	3,423	(4,107)
Net loss and comprehensive loss	<u>\$ (3,521,323)</u>	<u>\$ (3,116,180)</u>

For the three months ended June 30, 2025, the Company increased general and administrative expenses by approximately \$22,000. The change was due to the following year over year variances:

Three months ended	6/30/2025	6/30/2024	Variance
Accounting fees	\$ 54,000	\$ 32,000	\$ 22,000
Legal and other professional fees	100,000	74,000	26,000
Marketing expense	4,000	3,000	1,000
Payroll	98,000	94,000	4,000
Corporate expenses & rent	37,000	33,000	4,000
Share based compensation	91,000	141,000	(50,000)
Insurance	36,000	30,000	6,000
Stock exchange fees	3,000	21,000	(18,000)
Other general expenses	33,000	6,000	27,000
Total	<u>\$ 456,000</u>	<u>\$ 434,000</u>	<u>\$ 22,000</u>

For the six months ended June 30, 2025, the Company decreased general and administrative expenses by approximately \$106,000. The change was due to the following year over year variances:

Six months ending	6/30/2025	6/30/2024	Variance
Accounting fees	\$ 179,000	\$ 170,000	\$ 9,000
Legal and other professional fees	214,000	106,000	108,000
Marketing expense	6,000	6,000	0
Payroll	180,000	231,000	(51,000)
Corporate expenses & rent	71,000	83,000	(12,000)
Share based compensation	203,000	416,000	(213,000)
Insurance	80,000	52,000	28,000
Stock exchange fees	41,000	57,000	(16,000)
Other general expenses	53,000	12,000	41,000
Total	<u>\$ 1,027,000</u>	<u>\$ 1,133,000</u>	<u>\$ (106,000)</u>

- Legal fees and professional fees increased due to additional corporate activities in 2025.
- 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.
- Share-based compensation decreased to \$203,000 from \$416,000 primarily due to vesting of a large grant of stock options in April 2024.

For the three months ended June 30, 2025, the Company decreased exploration, evaluation and project expenses by approximately \$273,000. The change was due to the following year over year variances:

Three months ending	6/30/2025	6/30/2024	Variance
Consultants/Contractors	\$ 97,000	\$ 350,000	\$ (253,000)
Supplies and equipment	84,000	66,000	18,000
Overhead and payroll	139,000	192,000	(53,000)
Permits and fees	239,000	211,000	28,000
Other	4,000	17,000	(13,000)
Total	<u>\$ 563,000</u>	<u>\$ 836,000</u>	<u>\$ (273,000)</u>

For the six months ended June 30, 2025, the Company decreased exploration, evaluation and project expenses by approximately \$393,000. The change was due to the following year over year variances:

<b>Six months ending</b>	<b>6/30/2025</b>	<b>6/30/2024</b>	<b>Variance</b>
Consultants/Contractors	\$ 171,000	\$ 412,000	\$ (241,000)
Supplies and equipment	156,000	141,000	15,000
Overhead and payroll	240,000	427,000	(187,000)
Permits and fees	262,000	212,000	50,000
Other	10,000	40,000	(30,000)
Total	<u>\$ 839,000</u>	<u>\$ 1,232,000</u>	<u>\$ (393,000)</u>

For the six months ended June 30, 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 June 30, 2025, the Company had total liquidity of \$1,020,000 in cash and cash equivalents. The Company had negative working capital of \$37,000,000 and an accumulated deficit of \$43,300,000. For the six months ended June 30, 2025, the Company had negative operating cash flows before changes in working capital of \$3,400,000 and a net loss of \$3,500,000.

As of June 30, 2024, the Company had total liquidity of \$613,000 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 six months ended June 30, 2024, the Company had negative operating cash flows before changes in working capital of \$3,400,000 and a net loss of \$3,100,000.

The Company does not expect that it will be required to raise additional funds through public or private equity financings prior to closing of the Merger.

#### *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 June 30, 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 June 30, 2025, and their approximate timing of payment are as follows:

	<u>&lt;1 year</u>	<u>1 - 3 years</u>	<u>4 - 5 years</u>	<u>&gt;5 years</u>	<u>Total</u>
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.

### **ITEM 3 - QUANTITATIVE AND QUALITATIVE DISCLOSURES AND MARKET RISK**

Not Applicable.