

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, 2020 filed with the Securities and Exchange Commission on March 16, 2021.

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

Augusta Gold is an exploration stage gold company focused on building a long-term business that delivers stakeholder value through developing the Company's Bullfrog Gold Project 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 we are in the exploration stage and 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 Company controls approximately 13,700 acres of mineral rights including the Bullfrog and Montgomery-Shoshone deposits and has further identified significant additional mineralization around the existing pits and defined several exploration targets that could further enhance the Bullfrog Gold Project.

The Company is led by a management team and board of directors with a proven track record of success in financing and developing mining assets and delivering shareholder value.

Recent Development of the Business

On October 9, 2020, the Company entered into a 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 agreed to purchase from the Barrick Parties, and the Barrick Parties agreed to sell to the Company, all of the equity interests (the "Equity Interests") in Bullfrog Mines LLC ("Bullfrog Mines"), the successor by conversion of Barrick Bullfrog Inc. (the "Acquisition Transaction").

The Acquisition Transaction closed on October 26, 2020. Through the Company's acquisition of the Equity Interests, the Company acquired rights to 1,500 acres of land adjoining the Company's Bullfrog Gold deposit. As at the date of this Report, the Company's total land position at the Bullfrog Gold Project totals approximately 13,700 acres.

Following closing of the Acquisition Transaction, the Company's board and management was reconstituted to include Maryse Belanger as President, CEO and director, and Messrs. Donald Taylor and Daniel Earle as directors of the Company joining Mr. David Beling as the sole pre-existing Company director.

On January 7, 2021, the Company announced the appointment of Mr. Richard Warke, Ms. Poonam Puri and Mr. John Boehner as directors of the Company, the resignation of Mr. David Beling as a director of the Company, and the appointments of new members of management. On January 20, 2021, the Company announced the appointment of Mr. Len Boggio as a director of the Company.

On April 13, 2021, the Company announced the appointment of Mr. Donald Taylor as President and Chief Executive Officer of the Company and the resignation of Maryse Belanger as President, Chief Executive Officer and a director.

Results of Operations

Three Months Ended September 30, 2021 Compared to September 30, 2020

	Three Months Ended	
	9/30/21	9/30/20
Operating expenses		
General and administrative	\$1,152,843	\$641,344
Exploration, evaluation and project expense	1,267,366	137,071
Accretion expense	6,162	0
Depreciation expense	16,910	0
Total operating expenses	<u>2,443,281</u>	<u>778,415</u>
Net operating loss	(2,443,281)	(778,415)
Interest expense	0	(21,376)
Revaluation of warrant liability	3,936,989	(157,439)
Foreign currency translation adjustment	(470,565)	0
Net income (loss)	<u>\$1,023,143</u>	<u>(\$957,230)</u>

Nine Months Ended September 30, 2021 Compared to September 30, 2020

	Nine Months Ended	
	9/30/21	9/30/20
Operating expenses		
General and administrative	\$3,807,392	\$1,023,005
Lease expense	16,000	16,000
Exploration, evaluation and project expense	7,745,089	504,034
Accretion expense	18,605	0
Depreciation expense	33,043	0
Total operating expenses	<u>11,620,129</u>	<u>1,543,039</u>
Net operating loss	(11,620,129)	(1,543,039)
Interest expense	0	(59,675)
Revaluation of warrant liability	13,826,926	(484,922)
Foreign currency translation adjustment	185,942	0
Net income (loss)	<u>\$2,392,739</u>	<u>(\$2,087,636)</u>

For the three months ending September 30, 2021, the Company increased general and administrative expenses by approximately \$512,000. The increase was due to the following year over year variances:

Three months ending 9/30/2021	9/30/2021	9/30/2020	Variance
Accounting fees	\$62,000	\$18,000	\$44,000
Legal fees	89,000	43,000	46,000
Marketing expense	1,000	76,000	(75,000)
Payroll	445,000	41,000	404,000
Corporate expenses & rent	42,000	0	42,000
Share based compensation	442,000	450,000	(8,000)
Insurance	31,000	1,000	30,000
Stock exchange fees	13,000	3,000	10,000
Other general expenses	28,000	9,000	19,000
Total	\$1,153,000	\$641,000	\$512,000

For the nine months ending September 30, 2021, the Company increased general and administrative expenses by approximately \$2,784,000. The increase was due to the following year over year variances:

Nine months ending 9/30/2021	9/30/2021	9/30/2020	Variance
Accounting fees	\$219,000	\$71,000	\$148,000
Legal fees	354,000	51,000	303,000
Marketing expense	74,000	255,000	(181,000)
Payroll	1,284,000	95,000	1,189,000
Corporate expenses & rent	262,000	0	262,000
Share based compensation	1,163,000	487,000	676,000
Insurance	92,000	1,000	91,000
Stock exchange fees	233,000	20,000	213,000
Other general expenses	126,000	43,000	83,000
Total	\$3,807,000	\$1,023,000	\$2,784,000

- 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 were needed for additional stock exchange listing compliance requirements. While these fees represent a one-time cost, 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 2020 had additional amounts that were used for Company and shareholder awareness projects.
- The increase in payroll and corporate expenses was from the Company entering into an agreement to share office space, equipment, personnel, consultants and various administrative services for the Company's new head office located in Vancouver, BC Canada. Management expects payroll costs to continue to be higher than prior periods due to increased personnel and consultants added in the quarter that will continue to be retained moving forward.
- The Company granted 5,825,000 options to officers, directors and employees of the Company in the first quarter 2021, pursuant to the terms of the Company's Stock Option Plan. The Company recognized share-based compensation expense related to the stock options of \$442,000 and \$1,163,000 for the three months and nine months ending, respectively.
- Stock exchange fee variance is a result of the initial listing fee paid to the TSX in April 2021. Annual exchange fees will continue; however the Company does not expect initial listing fees to be incurred for the remainder of the year.

For the three- and nine-month period ending September 30, 2021 there was a variance \$1,130,000 and \$7,241,000, respectively, for the same period in 2020 in exploration and evaluation expenses. The following are the significant expenses incurred in 2021:

	Three months ending 9/30	Nine months ending 9/30
Drilling	\$425,000	\$3,992,000
Consultants/Contractors	279,000	1,529,000
Supplies and equipment	105,000	765,000
Assay	154,000	543,000
Water haulage	82,000	390,000
Overhead	27,000	234,000
Permits and fees	183,000	253,000
Other	12,000	39,000
Total 2021	\$1,267,000	\$7,745,000
Total 2020	\$137,000	\$504,000
Variance	\$1,130,000	\$7,241,000

In the third quarter of 2021, exploration drilling targeted metallurgical samples at Bullfrog. A total of three holes totaling 1,654 meters were drilled at Bullfrog to collect metallurgical samples and test for remnant high-grade mineralization adjacent to the backfilled stope. The data collected from the metallurgical drilling is being assessed to determine if further test work is required.

The Company continues to evaluate all the drilling data in addition to interpreting the results from the geophysical survey.

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

Issue Date	Expiration Date	Warrants Issued	Exercise Price
January 2020	January 2022	262,994	C\$1.20
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 January 16, 2020, the Company issued an aggregate of 2,564,103 units for gross proceeds to the Company of C\$2,000,000 to accredited investors pursuant to a subscription agreement. Each unit was issued for a purchase price of C\$0.78 per unit and consisted of: (i) one share of the Company's common stock and (ii) one half of one share purchase warrant, with each whole warrant entitling the holder to acquire one share of the Company's common stock at an exercise price of C\$1.20 per share for a period of 24 months from the date of issuance. In addition, the Company paid a total of C\$118,918 for finder's fees on subscriptions under the Offering and issued to the finder 152,458 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.

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

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 (3) years from the date of issuance. Finders' fees of C\$450,000 were paid in connection with the private placement.

Liquidity

As of September 30, 2021, the Company had total liquidity of \$20,473,000 in cash and cash equivalents. The Company had working capital of \$20,142,000 and an accumulated deficit of \$21,233,000. For the nine months ended September 30, 2021, the Company had negative operating cash flows before changes in working capital of \$10,219,000 and a net income of \$2,393,000.

As of September 30, 2020, the Company had total liquidity of \$473,000 in cash and cash equivalents. The Company had negative working capital of \$3,000 and an accumulated deficit of \$13,754,000. For the nine months ended September 30, 2020, the Company had negative operating cash flows before changes in working capital of \$1,116,000 and a net loss of \$2,088,000.

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 September 30, 2021, the capital structure of the Company consists of 70,472,270 shares of common stock, par value \$0.0001, and preferred stock Series B shares convertible into 677,084 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 September 30, 2021 and their approximate timing of payment are as follows:

	<1 year	1 - 3 years	4 - 5 years	>5 years	Total
Leases	\$78,687	\$250,421	\$64,132	\$675,000	\$1,068,240
Capital Expenditure	25,000	60,000	-	-	85,000
	\$103,687	\$310,421	\$64,132	\$675,000	\$1,153,240

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 3 - QUANTITATIVE AND QUALITATIVE DISCLOSURES AND MARKET RISK

Not Applicable.

ITEM 4 - CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

As required by Rule 13a-15 under the Securities Exchange Act of 1934, as amended (the “Exchange Act”) our management conducted an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures as of September 30, 2021.

Disclosure controls and procedures refer to controls and other procedures designed to ensure that information required to be disclosed in the reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC and that such information is accumulated and communicated to our management, including our chief executive officer and chief financial officer, as appropriate, to allow timely decisions regarding required disclosure. In designing and evaluating our disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management is required to apply its judgment in evaluating and implementing possible controls and procedures.

Our management does not expect that our disclosure controls and procedures will prevent all error and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system’s objectives will be met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. The design of any system of controls is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions.

With respect to the quarterly period ending September 30, 2021, under the supervision and with the participation of our management, we conducted an evaluation of the effectiveness of the design and operations of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) promulgated under the Exchange Act. Based upon our evaluation regarding the quarterly period ending March 31, 2021, our management, including our chief executive officer and chief financial officer, has concluded that its disclosure controls and procedures were effective.

Changes in Internal Controls

There have been no changes in the Company’s internal control over financial reporting during the three months ended September 30, 2021 that have materially affected, or are reasonably likely to materially affect, the Company’s internal controls over financial reporting.

PART II. OTHER INFORMATION

ITEM 1 - LEGAL PROCEEDINGS

We know of no material, active or pending legal proceedings against the Company, nor are we involved as a plaintiff in any material proceeding or pending litigation. There are no proceedings in which any of our directors, officers or affiliates, or any registered or beneficial shareholder, is an adverse party or has a material interest adverse to our interest.

ITEM 1A - RISK FACTORS

There have been no material changes to the risk factors set forth in our Annual Report on Form 10-K for the fiscal year ended December 31, 2020.

ITEM 2 - UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

All unregistered sales of equity securities during the period covered by this report were previously disclosed on Form 8-K.

ITEM 3 - DEFAULTS UPON SENIOR SECURITIES

None

ITEM 4 - MINE SAFETY DISCLOSURES

None

ITEM 5 - OTHER INFORMATION

None

ITEM 6 - EXHIBITS

Exhibit

Number Description

3.1	Amended and Restated Certificate of Incorporation (incorporated by reference to Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q, filed with the SEC on May 11, 2021)
3.2	Amended and Restated Bylaws (incorporated by reference to Exhibit 3.2 to the Company's Current Report on Form 8-K, filed with the SEC on August 9, 2021)
4.1	Form of Warrant from March 2021 Private Placement (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K, filed with the SEC on March 5, 2021)
10.1	Stock Option Plan (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed with the SEC on February 26, 2021)
31.1	Certification of Chief Executive Officer filed pursuant to Section 302 of the Sarbanes-Oxley Act of 2002*
31.2	Certification of Chief Financial Officer filed pursuant to Section 302 of the Sarbanes-Oxley Act of 2002*
32.1	Certification of Chief Executive Officer filed pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002*
32.2	Certification of Chief Financial Officer filed pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002*
101.ins	XBRL Instance Document *
101.sch	XBRL Taxonomy Schema Document *
101.cal	XBRL Taxonomy Calculation Document *
101.def	XBRL Taxonomy Linkbase Document *
101.lab	XBRL Taxonomy Label Linkbase Document *
101.pre	XBRL Taxonomy Presentation Linkbase Document *

*Filed herein

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: November 9, 2021

AUGUSTA GOLD CORP.

By: /S/ Donald R. Taylor

Name: Donald R. Taylor

Title: President and Chief Executive Officer (Principal Executive Officer)

Date: November 9, 2021

AUGUSTA GOLD CORP.

By: /S/ Michael McClelland

Name: Michael McClelland

Title: Chief Financial Officer (Principal Financial and Accounting Officer)