

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 7,800 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 7,800 acres.

Following closing of the Acquisition Transaction, the Company's board and management was reconstituted to include Maryse Bélanger 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 March 31, 2021 Compared to March 31, 2020

	Three Months Ended	
	3/31/21	3/31/20
Operating expenses		
General and administrative	\$1,338,457	\$183,808
Exploration, evaluation and project expense	2,584,323	43,689
Accretion expense	4,940	-
Depreciation expense	8,066	-
	<u>3,935,786</u>	<u>227,497</u>
Net operating loss	(3,935,786)	(227,497)
Interest expense	-	(19,064)
Revaluation of warrant liability	(7,007,886)	171,491
Foreign currency translation adjustment	195,326	-
	<u>\$(10,748,346)</u>	<u>\$(75,070)</u>

For the three months ending March 31, 2021 the Company increased general and administrative expenses by approximately \$1,155,000. The increase was due to the following year over year variances:

	3/31/21	3/31/20	Variance
Accounting fees	\$95,000	\$33,000	\$62,000
Legal fees	181,000	3,000	178,000
Marketing expense	64,000	13,000	51,000
Payroll	479,000	27,000	452,000
Corporate expenses & rent	172,000	0	172,000
Share based compensation	234,000	37,000	197,000
Insurance	26,000	0	26,000
Other professional fees	61,000	53,000	8,000
Other general expenses	26,000	18,000	8,000

- Accounting fees increase resulted from higher costs for year end audit procedures along with additional consulting fees needed for required regulatory filings. 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 onetime 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 higher as additional amounts were used for increase shareholder awareness.

- 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, pursuant to the terms of the Company's Stock Option Plan for the three months ended March 31, 2021. The Company recognized share-based compensation expense related to the stock options of \$234,000.

For the three-month period ending March 31, 2021 there was \$2,584,000 versus \$44,000 for the same period in 2020 in exploration and evaluation expenses. The following are the significant expenses incurred in 2021:

Drilling	\$1,436,000
Consultants/Contractors	555,000
Supplies	124,000
Assay	134,000
Water haulage	136,000
Overhead	110,000
Other	89,000

The exploration costs are expected to be higher in the future periods, consistent with the three-month period ending March 31, 2021. In the first quarter of 2021, exploration drilling was centered on Montgomery-Shoshone, one of five key explorations targets on the property. A total of 13 holes totaling 5,453 meters were drilled targeting two principal structures, the Polaris Vein and the Montgomery-Shoshone Vein Zone. Drilling in the first quarter was focused on expanding the currently outlined resource, capturing geotechnical data and collecting samples for metallurgical test work.

In addition to exploration drilling in the first quarter, the Company continued to advance the development of the project by conducting comprehensive geologic mapping and geochemical sampling at the Gap Target and completing archaeological and biological studies in key areas to advance exploration drill permits on federal lands. In the second quarter, the Company will be conducting a geophysical survey at the Gap Target to identify structural zones conducive to hosting hydrothermal mineralization followed by exploration drilling. Drilling at the Bullfrog target is also anticipated to start to further define mineralization north of the existing historic pit and collect required geotechnical and metallurgical samples to advance the project.

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	329,965	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 sold an aggregate of 2,564,103 Units for gross proceeds to the Company of CAD\$2,000,000 to accredited investors pursuant to a subscription agreement. Each Unit was sold for a purchase price of C\$0.78 per Unit and consisted of: (i) one share of the Company's common stock and (ii) a two-year warrant to purchase 50% of the number of shares of common stock purchased at an exercise price of C\$0.20 per share. 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 share purchase 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 sold an aggregate of 18,333,333 Units for gross proceeds to the Company of CAD\$22,000,000 to accredited investors pursuant to a subscription agreement. Each Unit was sold for a purchase price of CAD\$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 CAD\$1.80 per share. Also, on the same date, the Company completed a land acquisition transaction for an 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 CAD\$1.80 per share.

On March 4, 2021, the Company closed a private placement (the "Private Placement") of units of the Company (the "Units") at a price of C\$2.25 per Unit ("Offering Price"), each Unit comprised of one share of common stock of the Company (a "Unit Share") and one half of one common stock purchase warrant (each full warrant, a "Warrant"). Each Warrant entitles the holder to acquire one share of common stock (a "Warrant Share") at an exercise price of C\$2.80 per Warrant Share for a period of three (3) years from the date of issuance for gross aggregate proceeds of C\$17 million. The proceeds from the Private Placement will be used to advance exploration efforts at its highly prospective wholly owned Bullfrog Gold project located in Nevada, USA, and for general and working capital purposes. Finders' fees of C\$450,000 were paid in connection with the Private Placement.

Pursuant to the closing of the Offering, the Company issued 7,555,556 Unit Shares and 3,777,784 Warrants to investors upon payment of the Offering Price in cash. The Unit Shares and Warrants were issued to investors inside the United States pursuant to the exemption from the registration requirements of the United States Securities Act of 1933, as amended (the "U.S. Securities Act") under Rule 506(b) of Regulation D under the U.S. Securities Act and outside the United States pursuant to the exclusion from the registration requirements under the U.S. Securities Act under Rule 903 of Regulation S under the U.S. Securities, in each case, in reliance upon the representations and warranties made to the Company by the investors.

Liquidity

As of March 31, 2021, the Company had total liquidity of \$26,378,000 in cash and cash equivalents. The Company had working capital of \$25,461,000 and an accumulated deficit of \$34,374,000. For the three months ended March 31, 2021, the Company had negative operating cash flows before changes in working capital of \$3,493,000 and a net loss of \$10,748,000.

As of March 31, 2020, the Company had total liquidity of \$1,255,000 in cash and cash equivalents. The Company had working capital of \$740,000 and an accumulated deficit of \$11,741,000. For the three months ended March 31, 2020, the Company had negative operating cash flows before changes in working capital of \$210,000 and a net loss of \$75,000.

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, again 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, 2021, the capital structure of the Company consists of 68,847,268 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, 2021 and their approximate timing of payment are as follows:

	<u><1 year</u>	<u>1 - 3 years</u>	<u>4 - 5 years</u>	<u>>5 years</u>	<u>Total</u>
Leases	\$198,077	\$151,678	\$42,000	\$721,000	\$1,112,755
Capital Expenditure	25,000	60,000	-	-	85,000
	<u>\$223,077</u>	<u>\$211,678</u>	<u>\$42,000</u>	<u>\$721,000</u>	<u>\$1,197,755</u>

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 March 31, 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 March 31, 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 March 31, 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
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 July 22, 2011)
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: May 10, 2021

AUGUSTA GOLD CORP.

By: /S/ Donald R. Taylor

Name: Donald R. Taylor

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

Date: May 10, 2021

AUGUSTA GOLD CORP.

By: /S/ Michael McClelland

Name: Michael McClelland

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