

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

We use the terms "Athena," "we," "our," and "us" to refer to Athena Gold Corporation.

The following discussion and analysis provide information that management believes is relevant for an assessment and understanding of our results of operations and financial condition. This information should be read in conjunction with our audited consolidated financial statements which are included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2023, and our interim unaudited consolidated financial statements and notes thereto included with this report in Part I. Item 1.

Forward-Looking Statements

Some of the information presented in this Form 10-Q constitutes "forward-looking statements". These forward-looking statements include, but are not limited to, statements that include terms such as "may," "will," "intend," "anticipate," "estimate," "expect," "continue," "believe," "plan," or the like, as well as all statements that are not historical facts. Forward-looking statements are inherently subject to risks and uncertainties that could cause actual results to differ materially from current expectations. Although we believe our expectations are based on reasonable assumptions within the bounds of our knowledge of our business and operations, there can be no assurance that actual results will not differ materially from expectations.

All forward-looking statements speak only as of the date on which they are made. We undertake no obligation to update such statements to reflect events that occur or circumstances that exist after the date on which they are made.

Business Overview

Athena Gold Corporation ("we," "our," "us," or "Athena") is engaged in the acquisition and exploration of mineral resources. We were incorporated in Delaware on December 23, 2003 and began our mining operations in 2010.

The Company's properties do not have any reserves. The Company plans to conduct exploration programs on these properties with the objective of ascertaining whether any of its properties contain economic concentrations of precious and base metals that are prospective for mining.

Results of Operations for the Three Months Ended June 30, 2024 and 2023

	Three Months Ended	
	6/30/24	6/30/23
Operating expenses		
Exploration, evaluation and project expenses	\$ 21,986	\$ 187,429
General and administrative expenses	75,813	120,993
Total operating expenses	<u>97,799</u>	<u>308,422</u>
Net operating loss	(97,799)	(308,422)
Interest expense	(378)	0
Unrealized loss on investment	(4,344)	0
Revaluation of warrant liability	(73,670)	30,667
Net loss	<u>\$ (176,191)</u>	<u>\$ (277,755)</u>

Results of Operations for the Six Months Ended June 30, 2024 and 2023

	Six Months Ended	
	6/30/24	6/30/23
Operating expenses		
Exploration, evaluation and project expenses	\$ 62,400	\$ 204,197
General and administrative expenses	204,640	261,457
Total operating expenses	<u>267,040</u>	<u>465,654</u>
Net operating loss	(267,040)	(465,654)
Interest expense	(378)	0
Unrealized loss on investment	(57,824)	0
Revaluation of warrant liability	(191,712)	427,360
Net loss	<u>\$ (516,954)</u>	<u>\$ (38,294)</u>

Operating expenses:

For the three months ended June 30, 2024, the Company decreased general and administrative expenses by approximately \$45,000. The decrease was due to the following approximate year over year variances:

Three months ending	6/30/2024	6/30/2023	Variance
Legal and other professional fees	\$ 45,000	\$ 97,000	\$ (52,000)
Share based compensation	24,000	2,000	22,000
Stock exchange fees and related expenses	4,000	15,000	(11,000)
Other general expenses	3,000	7,000	(4,000)
Total	<u>\$ 76,000</u>	<u>\$ 121,000</u>	<u>\$ (45,000)</u>

For the six months ended June 30, 2024, the Company decreased general and administrative expenses by approximately \$56,000. The decrease was due to the following approximate year over year variances:

Six months ending	6/30/2024	6/30/2023	Variance
Legal and other professional fees	\$ 149,000	\$ 182,000	\$ (33,000)
Share based compensation	25,000	24,000	1,000
Stock exchange fees and related expenses	27,000	35,000	(8,000)
Other general expenses	4,000	20,000	(16,000)
Total	<u>\$ 205,000</u>	<u>\$ 261,000</u>	<u>\$ (56,000)</u>

- Legal and other professional fees decreased for the six and three months ended June 30, 2024 compared to prior year, due to \$30,000 paid in director fees in 2023.
- The increase in share-based compensation is due to the following:

On March 22, 2021, the Company granted 2,000,000 options at a price of \$0.09 to four individuals, three Directors of the Company, the other a consultant to the Company. The options vest 50% upon issuance, and 25% on each of the first and second anniversaries of the grant date. The options were valued at \$190,202 on the grant date and 50% vested on grant date with 25% vesting one year from grant date and the remaining 25% vesting two years from grant date. SBC expense totaling \$14,262 for the six months ended June 30, 2023.

On January 16, 2023, the Company granted 250,000 options at a price of \$0.0675 pursuant to the terms of the Company's Stock Option Plan. The options were issued to a consultant to the Company. The options were valued at \$13,267 on the grant date and 50% vested on grant date with the remaining 50% vesting one year from grant date. Stock-Based Compensation (SBC) expense totaling \$555 and \$9,396 for the six months ended June 30, 2024 and 2023. All options issued are fully vested.

On June 7, 2024, the Company issued an aggregate of 600,000 shares in the common stock of the Company to two independent directors and the Chief Financial Officer of the Company as compensation for their services resulting in SBC expense of \$24,000 for the six months ended June 30, 2024.

- The decrease in stock exchange fees and related expenses was a result of fees paid in 2023 for assistance with private placements.
- The decrease in other general expenses is due to an decrease in travel expenses in 2024 when compared to 2023 for various investor meeting and other administrative expenses.

During the six months June 30, 2024, we incurred an increase of approximately \$62,000, of exploration costs, which were costs associated with our geological surveys and mapping.

Other income and expense:

The revaluation of warrant liability for the six months ended June 30, 2024 and 2023 is based on the following warrants that were issued as part of the private placements as detailed in Note 3 to the financial statements.

Warrant date	6/30/2024	12/31/2023
January 2024	\$ 112,859	\$ 0
April 2023	189,726	81,104
October 2022	2,524	1,278
September 2022	10,102	6,978
August 2022	18,209	11,683
April 2022	59,028	21,707
September 2021	0	3,002
May 2021	0	6,210
Total	\$ 392,448	\$ 131,962
January 2024 initial valuation	68,774	
Revaluation of warrant liability	\$ (191,712)	

Warrant date	6/30/2023	12/31/2022
April 2023	\$ 592,005	\$ 0
October 2022	14,947	21,266
September 2022	71,399	115,000
August 2022	136,371	229,418
April 2022	206,512	293,698
September 2021	50,783	115,122
May 2021	100,510	225,316
Total	\$ 1,172,527	\$ 999,820
April 2023 initial valuation	600,067	
Revaluation of warrant liability	\$ 427,360	

During the three months ended June 30, 2024, the Company identified a misstatement in the unrealized loss for the three months ended March 31, 2024. The unrealized loss has been reallocated between the three month periods to be \$4,344 and \$53,480 for each of the three months ended June 30, 2024 and March 30, 2024 respectively, with no impact on the total unrealized loss on investment of \$57,824 for the six months ended June 30, 2024.

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.

In January 2024 the Company completed a private placement in which we sold 5,000,000 units. We realized net proceeds of \$148,341.

Going Concern

Our financial statements have been prepared on a going concern basis, which assumes that we will be able to meet our obligations and continue our operations during the next fiscal year. Asset realization values may be significantly different from carrying values as shown in our consolidated financial statements and do not give effect to adjustments that would be necessary to the carrying values of assets and liabilities should we be unable to continue as a going concern.

Liquidity

As of June 30, 2024, we had approximately \$15,000 of cash and a negative working capital of approximately \$85,000. This compares to cash on hand of approximately \$317,000 and positive working capital of approximately \$70,000 at June 30, 2023.

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 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 June 30, 2024, the capital structure of the Company consists of 173,723,633 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.

Off Balance Sheet Arrangements

We do not have and never had any off-balance sheet arrangements.

Critical Accounting Policies

The preparation of financial statements in conformity with U.S. GAAP requires us to make estimates, assumptions and judgments that affect the amounts reported in our financial statements. The accounting positions described below are significantly affected by critical accounting estimates.

We believe that the significant estimates, assumptions and judgments used when accounting for items and matters such as capitalized mineral rights, asset valuations, recoverability of assets, asset impairments, taxes, and other provisions were reasonable, based upon information available at the time they were made. Actual results could differ from these estimates, making it possible that a change in these estimates could occur in the near term.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not applicable.

ITEM 4. CONTROLS AND PROCEDURES

Conclusion Regarding the Effectiveness of Disclosure Controls and Procedures:

Disclosure controls and procedures are designed to ensure that information required to be disclosed in the reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported, within the time period specified in the SEC's rules and forms, and that such information is accumulated and communicated to management, including the CEO and CFO, as appropriate, to allow timely decisions regarding required disclosures. Our management necessarily applied its judgment in assessing the costs and benefits of such controls and procedures, which, by their nature, can provide only reasonable assurance regarding management's control objectives.

Our management, with the participation of our CEO and CFO, evaluated the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the period covered by this report. Based upon this evaluation, our CEO and CFO concluded that our disclosure controls and procedures were not effective as of such date as a result of a material weakness in our internal control over financial reporting due to lack of segregation of duties, a limited corporate governance structure and insufficient formal management review processes over certain financial and accounting reports as discussed in Item 9A of our Form 10-K for the fiscal year ended December 31, 2023.

While we strive to segregate duties as much as practicable, there is an insufficient volume of transactions at this point in time to justify additional full-time staff. We believe that this is typical in many exploration stage companies. We may not be able to fully remediate the material weakness until we commence mining operations at which time, we would expect to hire more staff. We will continue to monitor and assess the costs and benefits of additional staffing.

Changes in Internal Control over Financial Reporting:

There were no changes in our internal control over financial reporting that occurred during the last fiscal quarter covered by this report that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

None.

ITEM 1A. RISK FACTORS

There have been no material changes from the risk factors disclosed in Part I. Item 1A. of our Annual Report on Form 10-K for the year ended December 31, 2023.

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

All sales of unregistered securities were reported on Form 8-K during the period.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

During the quarter ended June 30, 2024, no director or officer of the Company adopted or terminated a “Rule 10b5-1 trading arrangement” or “non-Rule 10b5-1 trading arrangement,” as each term is defined in Item 408(a) of Regulation S-K.

ITEM 6. EXHIBITS

EXHIBIT NUMBER	DESCRIPTION
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31.1	<u>Certification of Chief Executive Officer Pursuant to Rule 13a-14(a) or 15d-14(a) of the Exchange Act, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002*</u>
31.2	<u>Certification of Chief Financial Officer Pursuant to Rule 13a-14(a) or 15d-14(a) of the Exchange Act, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002*</u>
32	<u>Certification Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002*</u>
101.INS	Inline XBRL Instance Document (the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document)**
101.SCH	Inline XBRL Taxonomy Extension Schema Document**
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document**
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document**
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document**
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document**
104	Cover Page Interactive Data File (formatted in IXBRL, and included in exhibit 101).**

* Filed herewith

** Furnished, not filed.