HAWTHORN RESOURCES CORP.

("Hawthorn" or "the Company")

FORM 51-102F1
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE NINE-MONTH PERIOD ENDED APRIL 30, 2023

Introduction

This management discussion and analysis ("**MD&A**") of the financial position and results of operations is the responsibility of management and covers the nine months ended April 30, 2023. The MD&A takes into account information available up to and including June 27, 2023, and should be read together with the condensed interim financial statements for the period ended April 30, 2023, and with the audited financial statements for the year ended July 31, 2022, and have been prepared in accordance with IFRS. This MD&A contains forward-looking statements. Please refer to the cautionary language at the end of this document. Historical results of operations and trends that may be inferred from the following discussions and analysis may not necessarily indicate future results from operations. The Company is currently engaged in exploration and development of mineral properties and does not have any source of revenue or operating assets. The recoverability of the amounts shown for mineral properties is dependent upon the ability of the Company to obtain necessary financing to complete exploration, technical studies and, if warranted, development and future profitable production or proceeds from the disposition of properties.

The Company's head office and registered office is located at 625 Howe Street, Suite 1180, Vancouver, BC, Canada, V6C 2T6. The Company was incorporated under the *Business Corporations Act* (British Columbia) on September 8, 2020.

The Company's shares commended trading on the Canadian Securities Exchange (the "CSE") on February 22, 2023, under the symbol HWTN.

Description of Business

The Company is a mineral resource company engaged in the business of acquiring and exploring mineral resource properties in Canada. The Company's principal property is the Broken Handle Project, located in British Columbia, Canada. Please refer to the "*Additional Disclosure for Venture Issuers Without Significant Revenue*" section below for the acquisition and project details.

Performance Summary and Subsequent Events

During the period ended April 30, 2023 and to the date of this report:

- On February 23, 2023, the Company closed its initial public offering (the "Offering") of common shares of the Company (the "Shares") under the Company's final prospectus dated November 30, 2022 (the "Prospectus"), pursuant to the agency agreement dated November 30, 2022 (the "Agency Agreement") between the Company and Haywood Securities Inc. ("Haywood"). A total of 5,000,000 Shares at a price of $0.10 per Share were sold under the Offering, for aggregate gross proceeds of $500,000.

  The Shares were listed on the CSE effective February 22, 2023 under the symbol "HWTN".

  Pursuant to the Agency Agreement, the Company paid Haywood a cash commission equal to 7% of the gross proceeds of the Offering, a cash corporate finance fee of $20,000 plus applicable taxes, issued 100,000 Shares to Haywood plus paid applicable taxes, and issued to Haywood and its selling group members, nontransferable share purchase options to acquire an aggregate of 350,000 Shares with an exercise price of $0.10 per Share for a period of 24 months from the closing of the Offering.

- On April 3, 2023, the Company announced the appointment of Mr. Kevin Brewer, P.Geo as a director. Kevin Brewer is a registered professional geoscientist with over 30 years of progressive managerial positions and extensive exposure to all aspects of exploration, project management, environment management and mine engineering. He is currently the President and Chief Executive Officer of CMC Metals Ltd., a growth stage company focused on the exploration of precious and base metals in Canada.

  The Company also announced that Geoffrey Schellenberg has resigned as VP Projects and Director of the Company. The Board thanks him for his contributions and wishes him all the best in his future endeavours.

Results of Operations

The Company has not generated any revenues since inception from its planned operations and has incurred losses primarily from the deferred exploration and acquisition costs associated with ongoing project generation, and general and administrative expenses.

As at April 30, 2023, the Company had total assets of $414,360 (July 31, 2022 - $212,129). As at April 30, 2023, the Company had current liabilities of $152,349 (July 31, 2022 – $191,244).

Nine months ended April 30, 2023 and 2022:

During the nine months ended April 30, 2023 ("**2023**") the Company reported a net loss of $178,194 compared to $69,649 for the nine-month period ended April 30, 2022 ("**2022**"). General expenses with significant changes include:

- Exploration expenses of $8,500 in 2023 (2022 - $nil). During the period, the Company prepared a revised technical report for the Broken Handle project.

- Transfer agent, listing and filing fees of $14,135 in 2023 (2022 – $nil), due to listing fees and monthly maintenance on the CSE since the Company's IPO in February 2023.

- Professional fees increased to $108,379 in 2023 (2022 – $21,869), due to the increase in legal and accounting activity related to the preparation of the final prospectus and the Company's listing on the CSE.

Three months ended April 30, 2023 and 2022:

During the three months ended April 30, 2023 ("**Q3-2023**") the Company reported a net loss of $50,140 compared to $22,185 for the three months ended April 30, 2022 ("**Q3-2022**"). General expenses with significant changes include:

- Management fees of $12,000 in Q3-2023 (Q3-2022 – $12,000). Management fees were charged an external management company. Fees charged were consistent with the prior year.

- Professional fees increased to $19,513 in Q3-2023 (Q3-2022 – $4,667), due to the increase in legal and accounting activity related to the preparation of the final prospectus and IPO listing on the CSE.

- Transfer agent, listing and filing fees of $14,135 in Q3-2023 (Q3-2022 – $nil) due to listing fees and monthly maintenance on the CSE since the Company's CSE listing in February 2023.

Financial Condition, Liquidity, Capital Resources and Financial Instruments

The Company reported a working capital of $202,511 as at April 30, 2023 (July 31, 2022 – Working capital deficit of $24,946) and cash of $339,710 (July 31, 2022 - $161,585). Current liabilities as at April 30, 2023 consisted of accounts payable and accrued liabilities of $152,349 (July 31, 2022 - $191,244).

Operating Activities: The Company does not generate cash from operating activities. Net cash used by the Company for operating activities for the period ended April 30, 2023 was $208,787 (2022 - $20,925).

Financing Activities: During the period ended April 30, 2023 the Company issued 5,000,000 common shares for gross proceeds of $500,000 and expended $88,088 in share issuance costs. During the period ended April 30, 2022, the Company issued 360,000 common shares for proceeds of $36,000. The Company also expended $25,000 on deferred financing costs with respect to the Offering.

Investing Activities: During the period ended April 30, 2023, the Company expended $25,000 on exploration and evaluation assets. During the period ended April 30, 2022 the Company had no investing activities.

The Company has limited working capital to continue administrative operations and development of its exploration asset and may continue to have capital requirements in excess of its currently available resources. The Company intends to raise additional financing either privately or through a public financing. There can be no assurance that the Company will have sufficient financing to meet its future capital requirements or that additional financing will be available on terms acceptable to the Company in the future.

Requirement of Additional Equity Financing

The Company has relied on equity financings and funding contributions from exploration project agreements for all funds raised to date for its operations. The Company will need additional funding to meet its current and further exploration commitments and option payments. Until the Company starts generating profitable operations from exploration development, sale of properties, and sale of minerals, the Company intends to continue relying upon venture partners and the issuance of securities to finance its operations and acquisitions pursuant to private placements, the exercise of warrants and stock options, and short-term or long-term loans. Capital markets may not be receptive to offerings of new equity from treasury or debt, whether by way of private placements or public offerings. This may be further complicated by the limited liquidity for the Company's Shares, restricting access to some institutional investors. The Company's growth and success is dependent on external sources of financing which may not be available on acceptable terms.

Summary of Selected Quarterly Results

The following table sets forth select unaudited quarterly financial information for each of the last 8 most recently completed financial periods.

	April 30, 2023	January 31, 2023	October 31, 2022	July 31, 2022
Total revenue	$ -	$ -	$ -	$ -
Total loss	(50,140)	(50,651)	(77,403)	(95,798)
Loss per share (basic and diluted)	(0.00)	(0.00)	(0.01)	(0.01)
Total assets	414,360	202,587	219,481	212,129
	April 30, 2022	**January 31, 2022**	**October 31, 2021**	**July 31, 2021**
Total revenue	$ -	$ -	$ -	$ -
Total loss	(22,185)	(23,946)	(23,518)	(39,003)
Loss per share (basic and diluted)	(0.00)	(0.00)	(0.00)	(0.01)
Total assets	295,452	268,246	218,314	218,332

For the quarters ended October 31, 2021, January 31, 2022, and April 30, 2022, net losses were consistent, mostly due to the day-to-day costs of accounting, legal, management and office rent. During the quarters ended July 31, 2022 to the quarter ended January 31, 2023, the increase in net loss is attributable to the increase in legal fees associated with the preparation of the Final Prospectus. The quarter ended April 30, 2023 was consistent with January 31, 2023 with the net loss attributable to legal and accounting fees.

Off Balance Sheet Arrangements

As of the date of this MD&A, the Company does not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Company, including, and without limitation, such considerations as liquidity and capital resources.

Exploration Project

Broken Handle Agreement

The Company entered into an agreement (the "**Broken Handle Agreement**") with Origen Resources Inc. (the "**Optionor**") on December 15, 2020 and subsequently amended. Pursuant to the Broken Handle Agreement, the Optionor granted an option to the Company (the "**Option**"), which consists of the sole and exclusive right and option to acquire 75% right, title and interest (the "**Acquired Interest**") in and to a single mineral claim with an area of 2098.33 hectares located near the town of Grand Forks in southern British Columbia (the "**Broken Handle Project**") subject to a 1.5% net smelter return ("**NSR**") royalty on the Acquired Interest (the "**Optionor 1.5% NSR**"). Upon exercise of the Option, the Optionor shall cause the Company to be recorded as the registered owner of the Broken Handle Project. The Broken Handle Project is subject to a 1% NSR ("**1% NSR**") payable to an arm's-length private company.

In order to exercise the Option for the Broken Handle Project, the Company must

a. pay the Optionor $15,000 (paid) upon signing of the Broken Handle Agreement;

b. pay the Optionor $25,000 (paid) and issue to the Optionor 150,000 Shares (issued) within 15 days of the Exchange's approval and acceptance of the option agreement (the "**Exchange Approval Date**");

c. issue to the Optionor 200,000 Shares on or before 12 months after the Exchange Approval Date;

d. pay the Optionor $60,000 on or before 18 months of the Exchange Approval Date;

e. pay the Optionor $70,000 and issue to the Optionor 250,000 Shares on or before the second anniversary of the Exchange Approval Date;

f. pay the Optionor $80,000 and issue to the Optionor 400,000 Shares on or before the third anniversary of the Exchange Approval Date;

g. incur $100,000 of exploration expenditures on or before the first anniversary of the Exchange Approval Date; and

h. incur $400,000 of exploration expenditures on or before the third anniversary of the Exchange Approval Date.

Upon exercise of the Option, the Company will acquire 75% of the Broken Handle Project subject to the Optionor 1.5% NSR royalty on the Acquired Interest that the Company may repurchase 1% of the 1.5% Optionor NSR within one year of commencement of commercial production by paying to the Optionor $1,000,000. Upon acquiring the 75% interest, the Company and Origen will enter into a joint venture agreement for the purpose of furthering work on the Property. The Company will be the operator of the joint venture. Participation in the joint venture will be subject to dilution relative to proportionate contribution.

The Broken Handle Project is situated in the Boundary District of southern British Columbia, Canada near the town of Grand Forks approximately 320 km's east of Vancouver, British Columbia and close to the Canada-USA border along British Columbia's Provincial Highway 3. The Broken Handle Project is approximately 50 km north of Grand Forks centered on coordinates 399100mE / 5483150mN (NAD 83, Zone 11N: EPSG 26911)) or Latitude 49.505°N and Longitude -118.414°W and straddles NTS Map sheets 082E8 and 082E9.

A technical report prepared by Ken MacDonald, P.Geo., who is a "Qualified Person" as defined in National Instrument 43-101 – *Standards of Disclosure for Mineral Projects*, was completed in relation to the Broken Handle Project effective August 30, 2022. The Broken Handle Report recommends that the Company conduct a two-phase exploration program comprised of a Phase 1 review of the available data followed by a subsequent Phase 2 exploration program to consist of drilling a number of targets identified in Phase 1.

Exploration Expenditures

During the nine months ended April 30, 2023, the Company incurred the following exploration costs:

	Broken Handle Property
Reporting	$ 8,500
	$ 8,500

During the nine months ended April 30, 2022, the Company did not incur any direct exploration costs.

Future Plans

In relation to the Broken Handle Project, the Company currently plans to follow recommendations made in the Broken Handle Report. The Broken Handle Report recommends that the Company conduct a two-phase exploration program comprised of a Phase 1 review of the available data followed by a subsequent Phase 2 exploration program to consist of drilling a number of targets identified in Phase 1. The estimated budget for Phase 1 is $113,025, and the estimated budget for Phase 2 is $106,183. The Company will make a decision regarding whether to proceed with Phase 2 based on the results from Phase 1.

Critical Accounting Estimates and Judgments

Please refer to the condensed interim financial statements.

Related Party Transactions

The Company's related parties consist of key management personnel that are those persons having authority and responsibility for planning, directing and controlling the activities of the Company. During the nine-month period ended April 30, 2023, the Company incurred $13,500 (2022 - $13,500) for professional fees from Red Fern Consulting Ltd., a company in which Stephen Sulis is an employee and Samantha Shorter is a principal, for CFO services.

As at April 30, 2023, $3,150 (July 31, 2022 - $22,050) was included in accounts payable and accrued liabilities owing to officers and directors of the Company in relation to professional fees and reimbursement of expenses.

Outstanding Share Data

Common Shares:

The Company is authorized to issue an unlimited number of common shares without par value, of which 15,860,000 common shares are issued and outstanding as fully paid and non-assessable as of April 30, 2023, and 15,860,000 are issued and outstanding as of the date of this report.

Stock Options and Warrants:

As at the date of this report, the Company had no stock options outstanding. The balance of agent options outstanding was as follows:

Expiry Date	Number	Exercise Price
Agent options		
February 23, 2025	350,000	$0.10

Risks Related to the Business of the Company

COVID-19

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic and since March 2020, measures have been implanted in the countries in which the Company operates in response to the impact of the coronavirus. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. As at April 30, 2023, the pandemic has not had a material impact on the Company as the Company's management focuses on taking measures to mitigate the effects. While this has not had a material impact on the Company to date, it is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or ability to raise funds.

Natural disasters, geopolitical instability or other unforeseen events

In addition to the outbreak of infectious disease or occurrence of pandemics, such as the recent outbreak of COVID-19; natural disasters; terrorism or other unanticipated events, in any of the areas in which the Company operates could cause interruptions in the Company's operations. Natural disasters, geopolitical tensions and instability (including terrorism) or other unforeseen events could negatively affect project development, operations, labour supply and financial markets, all or any of which could have a material adverse effect on the Company's business, financial condition, operational results or cash flows.

Lack of Revenue

As the Company does not have revenues, it will be dependent upon future financings to continue its plan of operation. The Company has not generated any revenues since incorporation. The Company's business objectives include the implementation and execution of exploration programs on the Broken Handle Project. There is no assurance that these exploration activities will result in the establishment of commercially exploitable mineral deposits on the Broken Handle Project. Even if commercially exploitable mineral deposits are discovered, the Company may require substantial additional financing in order to carry out the full exploration and development of the Broken Handle Project before the Company is able to achieve revenues from sales of mineral resources that the Company is able to extract.
There is no assurance the Company will have the funds required to pay annual fees to keep its properties in good standing and to make option payments to keep certain property agreements in good standing.

Negative Operating Cash Flow

The Company has negative operating cash flow. The failure of the Company to achieve profitability and positive operating cash flows could have a material adverse effect on the Company's financial condition and results of operations. To the extent that the Company has negative cash flow in future periods, the Company may need to deploy a portion of its cash reserves to fund such negative cash flow. The Company expects to continue to sustain operating losses in the future until it generates revenue from the commercial production of its properties. There is no guarantee that the Company will ever be profitable.

Use of Funds

The Company's management has significant flexibility in applying the proceeds received from the Offering. Because a portion of the proceeds are not allocated to any specific purpose, investment or transaction, you cannot determine the value or propriety of management's application of the proceeds on the Company's behalf.

Absence of Prior Public Market and Volatility of Share Prices

There has been no prior public market for the Company's Shares, and an active trading market may not develop or, if it does develop, may not be sustained. The lack of an active market may impair shareholders' ability to sell their Shares at the time they wish to sell them or at a price that they consider reasonable.
The lack of an active market may also reduce the fair market value and increase the volatility of the Shares. In the past, some companies have experienced volatility in their share value and have been the subject of securities class action litigation. The Company might become involved in securities class action litigation in the future. Such litigation often results in substantial costs and diversion of management's attention and resources and could have a negative effect on the Company's business and results of operation.

An inactive market may also impair the Company's ability to raise capital by selling Shares and to acquire other exploration properties or interests by using its Shares as consideration.

The Company may not be able to obtain sufficient financing to pursue all of its intended exploration activities or continue on a going concern basis

The Company's primary sources of capital resources are comprised of cash and cash equivalents and the issuance of securities. The Company will continuously monitor its capital structure and, based on changes in operations and economic conditions, may adjust the structure by issuing new shares as necessary. The recoverability of the carrying values of the Company's assets is dependent upon the ability of the Company to obtain the necessary financing to complete exploration activities.

While the Company has been successful in securing financing to date, there are no guarantees that it will be able to secure such financing in the future on terms acceptable to the Company, if at all. If the Company is unable to raise sufficient capital to fund all of its intended exploration activities, expenditures may be limited to the recommended work program on the Broken Handle Project. In the event that the Company is unable to fulfill its commitments under its various option agreements as a result of lack of funds or otherwise, the Company may lose its rights and interests in some or all of its properties. This could, in turn have a material adverse effect on the Company's business, financial condition, results of operations, cash flows or prospects.

Conflicts of Interest

Certain of the directors and officers of the Company are also directors and officers of other resource companies involved in the mining industry and conflicts of interest may arise between their duties as officers and directors of the Company and as officers and directors of such other companies. Such conflicts must be disclosed in accordance with, and are subject to such other procedures and remedies as apply under the BCBCA.

Dependence on Key Personnel

The Company's success is highly dependent upon the performance of key personnel working part-time in management, supervisory and administrative capacities or as consultants. The loss of the services of its senior management or key personnel could have a material and adverse effect on the Company and its business and results of operations. The Company does not maintain key person insurance.

Reliance on Independent Contractors

The Company's success depends to a significant extent on the performance and continued service of independent contractors. The Company will contract the services of professional drillers and others for exploration, environmental, construction and engineering services. Poor performance by such contractors or the loss of such services could have a material and adverse effect on the Company and its business and results of operations and could result in failure to meet its business objectives.

Insurance

The Company may not always be able or may choose not to obtain insurance for many of the risks that it faces. In the course of exploration, development and production of mineral properties, several risks and, in particular, unexpected or unusual geological or operating conditions, may occur. It is not always possible to fully insure against such risks, and the Company may decide not to take out insurance against such risks as a result of high premiums or other reasons. Should such liabilities arise, they could reduce or eliminate any future profitability and result in an increase in costs and a decline in the value of the Company's securities. The Company is currently not insured against environmental risks. Insurance against environmental risks (including potential liability for pollution or other hazards as a result of the disposal of waste products occurring from exploration and production) has not been generally available to companies within the industry. The Company will periodically evaluate the cost and coverage of the insurance that is available against certain environmental risks to determine if it would be appropriate to obtain such insurance. Without such insurance, and if the Company becomes subject to environmental liabilities, the payment of such liabilities would reduce or eliminate the Company's available funds or could exceed the funds it has to pay such liabilities and result in bankruptcy. Should the Company be unable to fund fully the remedial cost of an environmental problem, the Company might be required to enter into interim compliance measures pending completion of the required remedy.

Tax Issues

Income tax consequences in relation to the Shares will vary according to circumstances of each investor. Prospective investors should seek independent advice from their own tax and legal advisers prior to subscribing for the Shares.

Liquidity

The possible sale of Shares released from escrow on each release date could negatively affect the market price of the Company's Shares and also result in an excess of sellers of Shares to buyers of Shares and seriously affect the liquidity of the Shares.

Unlimited Number of Authorized but Unissued Shares

The Company has an unlimited number of Shares that may be issued by the Board without further action or approval of the Company's shareholders. While the Board is required to fulfil its fiduciary obligations in connection with the issuance of such shares, the shares may be issued in transactions with which not all shareholders agree, and the issuance of such shares will cause dilution to the ownership interests of the Company's shareholders.

The Company is not likely to pay dividends for an extended period of time

The Company has not, since the date of its incorporation, declared or paid any dividends or other distributions on its Shares. The Company anticipates that, for the foreseeable future, it will retain its cash resources for the operation and development of its business. The declaration and payment of any dividends in the future is at the discretion of the Board and will depend on a number of factors, including compliance with applicable laws, financial performance, working capital requirements of the Company and such other factors as its directors consider appropriate, and the Company may never pay dividends.

If securities or industry analysts do not publish research or publish inaccurate or unfavourable research about the Company's business, the price and trading volume of the Shares could decline

The trading market for the Shares will depend on the research and reports that securities or industry analysts publish about the Company and its business. The Company does not have any control over these analysts. The Company cannot assure that analysts will cover it or provide favourable coverage. If one or more of the analysts who cover the Company downgrade its stock or reduce their opinion of the value of the Shares, the price of Shares would likely decline. If one or more of these analysts cease coverage of the Company or fail to regularly publish reports, the Company could lose visibility in the financial markets, which could cause the price and trading volume of the Shares to decline.

Issuance of Debt

From time to time, the Company may enter into transactions to acquire assets or the shares of other companies. These transactions may be financed partially or wholly with debt, which may increase the Company's debt levels above industry standards. The Company's articles do not limit the amount of indebtedness that the Company may incur. The level of the Company's, indebtedness from time to time could impair the Company's ability to obtain additional financing in the future on a timely basis to take advantage of business opportunities that may arise.

No History of Earnings

The Company has no history of earnings. The Company expects that it will continue to incur losses unless and until it enters into commercial production and generates sufficient revenues to fund operations. There is no assurance that its properties or any other properties it may acquire or obtain hereafter will generate any earnings, operate profitably or provide a return on investment in the future.

Future acquisitions may require significant expenditures and may result in inadequate returns

The Company may seek to expand through future acquisitions; however, there can be no assurance that the Company will locate attractive acquisition candidates, or that the Company will be able to acquire such candidates on economically acceptable terms, if at all, or that the Company will not be restricted from completing acquisitions pursuant to the terms and conditions from time to time of arrangements with third parties, such as the Company's creditors. Future acquisitions may require the Company to expend significant amounts of cash, resulting in the Company's inability to use these funds for other business or may involve significant issuances of equity or debt. Future acquisitions may also require substantial management time commitments, and the negotiation of potential acquisitions and the integration of acquired operations could disrupt the Company's business by diverting management and employees' attention away from day-to-day operations. The difficulties of integration may be increased by the necessity of coordinating geographically diverse organizations, integrating personnel with disparate backgrounds and combining different corporate cultures.

Any future acquisition involve potential risks, including, among other things: (i) mistaken assumptions and incorrect expectations about mineral properties, existing or potential mineral resources, mineral reserves and costs; (ii) an inability to successfully integrate any operation the Company acquired or acquires, as applicable; (iii) an inability to recruit, hire, train or retain qualified personnel to manage and operate the operations acquired; (iv) the assumption of unknown liabilities; (v) mistaken assumptions about the overall cost of equity or debt; (vi) unforeseen difficulties operating acquired projects, which may be in geographic areas new to the Company; and (vii) the loss of key employees and/or key relationships at the acquired project. In addition, competition for assets sometimes requires that acquisitions be completed on an "as is where is" basis, and therefore the Company would have no rights of recourse and indemnities against the sellers. Future acquisition candidates may have liabilities or adverse operating issues that the Company failed or fails to discover through due diligence prior to the acquisition. If the Company consummates any future acquisitions with, unanticipated liabilities or adverse operating issues or if acquisition-related expectations are not met, the Company's business, results of operations, cash flows, financial condition or prospects may be materially adversely affected. The potential impairment or complete write-off of goodwill and other intangible assets related to any such acquisition may reduce the Company's overall earnings and could negatively affect the Company's balance sheet.

The Company may expand into other geographic areas, which could increase the Company's operational, regulatory and other risks

While currently all of the Company's mining and exploration activities are in Canada, the Company may in the future expand into other geographic areas, which could increase the Company's operational, regulatory, compliance, reputational and foreign exchange rate risks. The failure of the Company's operating infrastructure to support such expansion could result in operational failures and regulatory fines or sanctions. Future international expansion could require the Company to incur a number of up-front expenses, including those associated with obtaining regulatory approvals, as well as additional ongoing expenses, including those associated with infrastructure, staff and regulatory compliance. The Company may not be able to successfully identify suitable acquisition and expansion opportunities, or integrate such operations successfully with the Company's existing operations.

The Company may be subject to costly legal proceedings

The Company may be subject to regulatory investigations, civil claims, lawsuits and other proceedings in the ordinary course of its business. The results of these legal proceedings cannot be predicted with certainty due to the uncertainty inherent in regulatory actions and litigation, the difficulty of predicting decisions of regulators, judges and juries and the possibility that decisions may be reversed on appeal. Defense and settlement costs of legal disputes can be substantial, even with claims that have no merit. Management is committed to conducting business in an ethical and responsible manner, which it believes will reduce the risk of legal disputes. However, if the Company is subject to legal disputes, there can be no assurances that these matters will not have a material adverse effect on the Company's business, financial condition, results of operations, cash flows or prospects.

The Company will incur increased costs as a result of complying with the reporting requirements, rules and regulations affecting public issuers

As a public issuer, the Company will be subject to the reporting requirements and rules and regulations under the applicable Canadian securities laws and rules of any stock exchange on which the Company's securities may be listed from time to time. Additional or new regulatory requirements may be adopted in the future. The requirements of existing and potential future rules and regulations will increase the Company's legal, accounting and financial compliance costs, make some activities more difficult, time-consuming or costly and may also place undue strain on its personnel, systems and resources, which could adversely affect its business and financial condition.

In particular, as a result of the Offering, the Company has become subject to reporting and other obligations under applicable Canadian securities laws, including National Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings*. These reporting and other obligations will place significant demands on the Company as well as on the Company's management, administrative, operational and accounting resources.

Information technology

The Company relies on information technology systems and any inadequacy, failure, interruption or security breaches of those systems may harm its ability to effectively operate the business. The Company is dependent on various information technology systems, including, but not limited to, networks, applications and outsourced services in connection with the operation of the business. A failure of the Company's information technology systems to perform as it anticipates could disrupt the business and cause the business to suffer. In addition, the Company's information technology systems may be vulnerable to damage or interruption from circumstances beyond its control, including fire, natural disasters, systems failures, viruses and security breaches. Any such damage or interruption could have a material adverse effect on the business.

Cybersecurity incidents and technological disruptions

A cybersecurity incident or other technology disruptions could negatively impact the business and its reputation. The Company uses computers in substantially all aspects of business operations. It also uses mobile devices, social networking, cloud services and other online activities to connect with employees and contractors. Such uses give rise to cybersecurity risks, including security breaches, espionage, system disruption, theft and inadvertent release of information.

Climate change

Climate change may negatively affect the Company's business and operations. There is concern that carbon dioxide and other greenhouse gases in the atmosphere may have an adverse impact on global temperatures, weather patterns and the frequency and severity of extreme weather and natural disasters.

Risks Related to Exploration and Mining

Exploration and Development

Resource exploration is a speculative business and involves a high degree of risk. There is no known body of commercial ore on the Broken Handle Project and there is no certainty that the expenditures made by the Company in the exploration of the Broken Handle Project or otherwise will result in discoveries of commercially recoverable quantities of minerals. The exploration for and development of mineral deposits involves significant risks, which even a combination of careful evaluation, experience and knowledge may not eliminate. Although the discovery of an ore body may result in substantial rewards, few properties explored are ultimately developed into producing mines. It is impossible to ensure that the current exploration programs planned by the Company will result in a profitable commercial mining operation.

There is no assurance that the Broken Handle Project possesses commercially mineable bodies of ore. The Broken Handle Project is in the exploration stage as opposed to the development stage and has no known body of economic mineralization. The known mineralization of the Broken Handle Project has not been determined to be economic ore and there can be no assurance that a commercially mineable ore body exists on the Broken Handle Project. Such assurance will require completion of final comprehensive feasibility studies and, possibly, further associated exploration and other work that concludes a potential mine is likely to be economic. In order to carry out exploration and development programs of any economic ore body and place it into commercial production, the Company may be required to raise substantial additional funding.

Significant capital investment is required to discover commercial ore and to commercialize production from successful exploration efforts. The commercial viability of a mineral deposit is dependent upon a number of factors. These include: (i) deposit attributes such as size, grade and proximity to infrastructure, (ii) current and future metal prices (which can be cyclical), and (iii) government regulations, including those relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and necessary supplies and environmental protection. The complete effect of these factors, either alone or in combination, cannot be entirely predicted, and their impact may result in the Company not receiving an adequate return on invested capital.

Market fluctuations and the prices of metals may render resources uneconomic. Moreover, short-term operating factors relating to the mineral deposits, such as the need for orderly development of the deposits or the processing of new or different grades of ore, may cause a mining operation to be unprofitable in any particular accounting period.

Mining operations are risky

The Company's current business, and any future development or mining operations, involve various types of risks and hazards typical of companies engaged in the mining industry. Such risks include, but are not limited to: (i) industrial accidents; (ii) unusual or unexpected rock formations; (iii) structural cave-ins or slides and pitfall, ground or slope failures and accidental release of water from surface storage facilities; (iv) fire, flooding and earthquakes; (v) rock bursts; (vi) metal losses in handling and transport; (vii) periodic interruptions due to inclement or hazardous weather conditions; (viii) environmental hazards; (ix) discharge of pollutants or hazardous materials; (x) failure of processing and mechanical equipment and other performance problems; (xi) geotechnical risks, including the stability of the underground hanging walls and unusual and unexpected geological conditions; (xii) unanticipated variations in grade and other geological problems, water, surface or underground conditions; (xiii) labour disputes or slowdowns; (xiv) work force health issues as a result of working conditions; and (xv) force majeure events, or other unfavourable operating conditions.

These risks, conditions and events could result in: (i) damage to, or destruction of, the value of, the Broken Handle Project; (ii) personal injury or death; (iii) environmental damage to the Broken Handle Project, surrounding lands and waters, or the properties of others; (iv) delays or prohibitions on mining or the transportation of minerals; (v) monetary losses; and (vi) potential legal liability and any of the foregoing could have a material adverse effect on the Company's business, financial condition, results of operation, cash flows or prospects. In particular, underground refurbishment and exploration activities present inherent risks of injury to people and damage to equipment. Significant accidents could occur, potentially resulting in a complete shutdown of the Company's operations at the Broken Handle Project

which could have a material adverse effect on the Company's business, financial condition, results of operations, cash flows or prospects.
There are also risks related to the reliance on the reliability of current and new or developing technology; the reliance on the work performance of outside consultants, contractors, and manufacturers; changes to labour or material costs; unknown or unanticipated or underestimated costs or expenses; unknown or unanticipated or underestimated additions to the scope of work due to changing or adverse conditions encountered; unexpected variances in the geometry or quality of ore zones; unexpected reclamation requirements or expenses; permitting time lines; unexpected or unknown ground conditions; unexpected changes to estimated parameters utilized to estimate past timelines, projections, or costs; and liquidity risks. An adverse change in any one of such factors, hazards and risks may result in a material adverse effect on the Company's business, financial condition, results of operations, cash flows or prospects.

Operations during mining cycle peaks are more expensive

During times of increased demand for metals and minerals, price increases may encourage expanded mining exploration, development and construction activities. These increased activities may result in escalating demand for and cost of contract exploration, development and construction services and equipment. Increased demand for and cost of services and equipment could cause exploration, development and construction costs to increase materially, resulting in delays if services or equipment cannot be obtained in a timely manner due to inadequate availability, and increased potential for scheduling difficulties and cost increases due to the need to coordinate the availability of services or equipment, any of which could materially increase project exploration, development or construction costs, result in project delays, or increase operating costs.

Acquisition of Additional Mineral Properties

If the Company loses or abandons its interest in the Broken Handle Project, there is no assurance that it will be able to acquire another mineral property of merit or that such an acquisition would be approved by the Exchange. There is also no guarantee that the Exchange will approve the acquisition of any additional properties by the Company, whether by way of option or otherwise, should the Company wish to acquire any additional properties.

Title

There is no assurance that the Company's title to its properties will not be challenged. The acquisition of title to mineral exploration properties is a very detailed and time-consuming process. Title to and the area of mineral properties may be disputed. While the Company has diligently investigated title to its properties, it may be subject to prior unregistered agreements or transfers or indigenous land claims and title may be affected by undetected defects. Consequently the boundaries may be disputed.

Surface Rights

Permission for surface access must be negotiated with the owners of the surface rights to the areas covered by the mining concessions, and commonly involve leasing of the surface rights. The Company currently does not have any agreements in place regarding the Broken Handle Project, and there is no guarantee the Company will be able to negotiate and enter into any such agreement as may be required to have access to do significant work. Further, there are potential risks with regard to the completion of a successful exploration program in that there is a possibility of not being able to enter into a surface access agreement over part of the area of interest, or problems with obtaining an environmental permit for road construction and drilling.

Permits and Licenses

The Company's operations are subject to extensive laws and regulations governing, among other things, such matters as environmental protection, management and use of toxic substances and explosives, health, exploration and development of mines, commercial production and sale of by-products, ongoing and post-closure reclamation, construction and operation of tailings dams, safety and labour, taxation and royalties, maintenance of mineral tenure, and expropriation of property. The activities of the Company require licenses and permits from various governmental authorities.

The costs associated with compliance with these laws and regulations and of obtaining licenses and permits are substantial, and possible future laws and regulations, changes to existing laws and regulations and more stringent enforcement of current laws and regulations by governmental authorities, could cause additional expenses, capital expenditures, restrictions on or suspensions of the Company's operations and delays in the development of its properties. There is no assurance that future changes in such laws and regulations, if any, will not adversely affect the Company's operations. Moreover, these laws and regulations may allow governmental authorities and private parties to bring lawsuits based upon damages to property and injury to persons resulting from the environmental, health and safety practices of the Company's past and current operations, or possibly even the actions of former property owners, and could lead to the imposition of substantial fines, penalties or other civil or criminal sanctions. The Company may fail to comply with current or future laws and regulations. Such non-compliance can lead to financial restatements, civil or criminal fines, penalties, and other material negative impacts on the Company.
The Company is required to obtain or renew further government permits and licenses for its current and contemplated operations. Obtaining, amending or renewing the necessary governmental permits and licenses can be a time-consuming process potentially involving a number of regulatory agencies, involving public hearings and costly undertakings on the Company's part. The duration and success of the Company's efforts to obtain, amend and renew permits and licenses are contingent upon many variables not within its control, including the interpretation of applicable requirements implemented by the relevant permitting or licensing authority. The Company may not be able to obtain, amend or renew permits or licenses that are necessary to its operations, or the cost to obtain, amend or renew permits or licenses may exceed what the Company believes it can ultimately recover from a given property once in production. Any unexpected delays or costs associated with the permitting and licensing process could impede ongoing operations at the Broken Handle Project. To the extent necessary permits or licenses are not obtained, amended or renewed, or are subsequently suspended or revoked, the Company may be curtailed or prohibited from proceeding with planned development, commercialization, operation and exploration activities. Such curtailment or prohibition may result in a material adverse effect on the Company's business, financial condition, results of operations, cash flows or prospects.

Social and environmental activism can negatively impact exploration, development and mining activities

There is an increasing level of public concern relating to the effects of mining on the natural landscape, on communities and on the environment. Certain non-governmental organizations, public interest groups and reporting organizations ("**NGOs**") who oppose resource development can be vocal critics of the mining industry. In addition, there have been many instances in which local community groups have opposed resource extraction activities, which have resulted in disruption and delays to the relevant operation. While the Company seeks to operate in a socially responsible manner and believes it has good relationships with local communities in the regions in which it operates, NGOs or local community organizations could direct adverse publicity against and/or disrupt the operations of the Company in respect of one or more of its properties, regardless of its successful compliance with social and environmental best practices, due to political factors, activities of unrelated third parties on lands in which the Company has an interest or the Company's operations specifically. Any such actions and the resulting media coverage could have an adverse effect on the reputation and financial condition of the Company or its relationships with the communities in which it operates, which could have a material adverse effect on the Company's business, financial condition, results of operations, cash flows or prospects.

Competitive Nature of the Mining Industry

The mining industry is intensely competitive. The Company competes with other mining companies, many of which have greater resources and experience. Competition in the mining industry is primarily for: (i) properties which can be developed and can produce economically; (ii) the technical expertise to find, develop, and operate such properties; (iii) labour to operate such properties; and (iv) capital to fund such properties. Such competition may result in the Company being unable to acquire desired properties, to recruit or retain qualified employees and consultants or to acquire the capital necessary to fund its operations and develop its properties. The Company's inability to compete with other mining companies for these resources could have a material adverse effect on the Company's business, financial condition, results of operations, cash flows or prospects.

Environmental, Health and Safety Regulation of Resource Industry

The operations of the Company require permits from various levels of government. Such operations are subject to laws and regulations governing prospecting, development, mining, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, mine safety and other matters. The Company believes it is in substantial compliance with all material laws and regulations that currently apply to its activities. There can be no assurance, however, that all permits which the Company may require for construction of mining facilities and conduct of mining operations, particularly environmental permits, will be obtainable on reasonable terms or that compliance with such laws and regulations would not have an adverse effect on the profitability of any mining project that the Company might undertake.

All phases of the Company's operations are subject to environmental regulations in various jurisdictions. If the Company's properties are proven to host economic reserves of metals, mining operations will be subject to federal, state and local laws relating to the protection of the environment, including laws regulating removal of natural resources from the ground and the discharge of materials into the environment. Mining operations will be subject to federal, state and local laws and regulations which seek to maintain health and safety standards by regulating the design and use of mining methods and equipment. Various permits from government bodies are required for mining operations to be conducted; no assurance can be given that such permits will be received. No assurance can be given that environmental standards imposed by federal, state or local authorities will not be changed or that any such changes would not have material adverse effects on the Company's activities. Moreover, compliance with such laws may cause substantial delays or require capital outlays in excess of those anticipated, thus causing an adverse effect on the Company. Additionally, the Company may be subject to liability for pollution or other environmental damage, which it may not be able to insure against.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations and, in particular, environmental laws.

Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in development of new mining properties.

Aboriginal rights claims may impact the Company's interest in the Broken Handle Project

Aboriginal rights, including Aboriginal title, may be asserted on Crown land or other types of tenure with respect to which mining rights have been conferred. The Supreme Court of Canada's 2014 decision in *Tsilhqot'in Nation v. British Columbia* marked the first time in Canadian history that a court has declared Aboriginal title. Rights conferred by Aboriginal title include the right to decide how the land will be used, the right to enjoy, occupy and possess the land, and the right to proactively use and manage the land, including its natural resources. The Broken Handle Project may now or in the future be subject to Aboriginal title claims or claims of other Aboriginal rights.

Aboriginal rights are a matter of considerable complexity, and their impact on the Company's potential ownership interest in the Broken Handle Project cannot be predicted with any degree of certainty. No assurance can be given that recognition of Aboriginal rights in the area in which the Broken Handle Project is located, by way of a negotiated settlement or judicial pronouncement, would not have an adverse effect on the Company's activities. Even in the absence of such recognition, the Company may at some point be required to negotiate with and seek the approval of holders of Aboriginal rights and interests in order to facilitate exploration and development work on the Broken Handle Project. There is no assurance that the Company will be able to establish a practical working relationship with any First Nations in the area which would allow it to ultimately develop the Broken Handle Project.

The Company may be negatively impacted by changes to mining laws and regulations

The Company's activities are subject to various laws governing prospecting, exploration, development, production, taxes, labour standards and occupational health, mine safety, toxic substances and other matters. Mining, exploration and development activities are also subject to various laws and regulations relating to the protection of the environment. Although the Company believes that its activities are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner that could limit or curtail production or development of the Company's properties. Amendments to current laws and regulations governing the Company's operations and activities or more stringent implementation of such laws and regulations could have a material adverse effect on the Company's business, financial condition, results of operations, cash flows or prospects.

Availability of Drilling Equipment and Access Restrictions

Mining exploration and development activities are dependent on the availability of drilling and related equipment in the particular areas where such activities will be conducted. Demand for such limited equipment or access restrictions may affect the availability of such equipment to the Company and may delay exploration and development activities. Exploration operations depend on adequate infrastructure. In particular, reliable power sources, water supply, transportation and surface facilities are necessary to explore and develop mineral projects. Failure to adequately meet these infrastructure requirements or changes in the cost of such requirements could affect the Company's ability to carry out exploration and future development operations and could have a material adverse effect on the Company's business, financial condition, results of operations, cash flows or prospects.

The Broken Handle Project is located in an underdeveloped rural area

The Broken Handle Project is located in an underdeveloped rural area, resulting in technical challenges for conducting mineral exploration and development and any potential mining activities at the property. The Company benefits from modern mining transportation skills and technologies for exploring and operating in such areas. Nevertheless, the Company may sometimes be unable to overcome problems related to underdevelopment or unseasonable weather at a commercially reasonable cost, which could negatively affect the Company's mineral exploration and development and any potential mining activities at the property and have a material adverse effect on the Company. The rural location of the Broken Handle Project also results in increased costs associated with land access and infrastructure, including powerlines, water pipelines and transportation.

Stress in the Global Economy

Reduction in credit, combined with reduced economic activity and the fluctuations in either or both of the Canadian dollar and the United States dollar, may adversely affect businesses and industries that purchase commodities, affecting commodity prices in more significant and unpredictable ways than the normal risks associated with commodity prices. The availability of services such as drilling contractors and geological service companies and/or the terms on which these services are provided may be adversely affected by the economic impact on the service providers. The adverse effects on the capital markets generally make the raising of capital by equity or debt financing much more difficult and the Company is dependent upon the capital markets to raise financing. Any of these events, or any other events caused by turmoil in world financial markets, may have a material adverse effect on the Company's business, operating results, and financial condition.

Current Global Financial Condition

Global financial conditions may be characterized by extreme volatility. Global financial conditions could suddenly and rapidly destabilize in response to future economic shocks, as government authorities may have limited resources to respond to future crises. Future economic shocks may be precipitated by a number of causes, such as a rise in the price of oil, geopolitical instability, natural disasters, worsening of COVID-19 or other pandemics and other unforeseen events. Any sudden or rapid destabilization of global economic conditions could impact the Company's ability to obtain equity or debt financing in the future on terms favourable to the Company. Additionally, any such occurrence could cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses and ultimately have a material adverse effect the Company's business, operations and financial condition.

Furthermore, general market, political and economic conditions, including, for example, inflation, interest and currency exchange rates, structural changes in the global mining industry, global supply and demand for commodities, political developments, legislative or regulatory changes, civil, political or labour unrest and stock market trends will affect the Company's operating environment and its operating costs, profit margins and share price. Any negative events in the global economy could have a material adverse effect on the Company's business, financial condition, results of operations, cash flows or prospects.

Unknown Environmental Risks for Past Activities

Exploration and mining operations involve a potential risk of releases to soil, surface water and groundwater of metals, chemicals, fuels, liquids having acidic properties and other contaminants. In recent years, regulatory requirements and improved technology have significantly reduced those risks. However, those risks have not been eliminated and the risk of environmental contamination from present and past exploration or mining activities exists for mining companies. Companies may be liable for environmental contamination and natural resource damages relating to properties that they currently own or operate or at which environmental contamination occurred while or before they owned or operated the properties. However, no assurance can be given that potential liabilities for such contamination or damages caused by past activities at these properties do not exist.

Political Regulatory Risks

Any changes in government policy may result in changes to laws affecting ownership of assets, mining policies, monetary policies, taxation, rates of exchange, environmental regulations, labour relations, repatriation of income and return of capital. This may affect both the Company's ability to undertake exploration and development activities in respect of present and future properties in the manner currently contemplated, as well as its ability to continue to explore, develop and operate those properties in which it has an interest or in respect of which it has obtained exploration and development rights to date. The possibility that future governments may adopt substantially different policies, which might extend to expropriation of assets, cannot be ruled out.

Fluctuating Mineral Prices

The Company's revenues, if any, are expected to be in large part derived from the extraction and sale of precious and base minerals and metals. Factors beyond the control of the Company may affect the marketability of metals discovered, if any. Metal prices have historically fluctuated widely. Consequently, the economic viability of any of the Company's exploration projects cannot be accurately predicted and may be adversely affected by fluctuations in mineral prices.

Forward Looking Statements

This MD&A contains certain statements that may constitute "forward looking statements". Forward looking statements include but are not limited to, statements regarding future anticipated business developments and the timing thereof, and business and financing plans. Although the Company believes that such statements are reasonable, it can give no assurance that such expectations will prove to be correct. Forward looking statements are typically identified by words such as: believe, expect, anticipate, intend, estimate, postulate and similar expressions, or which by their nature refer to future events. The Company cautions investors that any forward-looking statements by the Company are not guarantees of future performance, and that actual results may differ materially from those in forward looking statements as a result of various factors, including, but not limited to, the Company's ability to continue its projected growth, to raise the necessary capital or to be fully able to implement its business strategies.

This MD&A includes, but is not limited to, forward-looking statements regarding the Company's plans for upcoming exploration work on the Company's exploration properties, and the Company's ability to meet its working capital needs for the next fiscal year.

Forward-looking statements contained herein are made as of the date of this MD&A and the Company disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events or results or otherwise, except as required by applicable securities laws.