



Hawthorn Resources Corp.

Condensed Interim Financial Statements
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

For the six months ended January 31, 2024

NOTICE TO READER

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the interim financial statements have not been reviewed by an auditor.

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these interim financial statements in accordance with standards established by the Canadian Institute of Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

Hawthorn Resources Corp.
Condensed Interim Statements of Financial Position
(Expressed in Canadian dollars - Unaudited)

As at	January 31, 2024	July 31, 2023
ASSETS		
Current		
Cash	\$ 83,423	\$ 136,768
Receivables and prepaids (Note 3)	<u>26,660</u>	<u>19,806</u>
	110,083	156,574
Exploration and evaluation asset (Note 4)	<u>59,500</u>	<u>59,500</u>
	<u>\$ 169,583</u>	<u>\$ 216,074</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities (Note 6)	<u>\$ 189,396</u>	<u>\$ 66,662</u>
Shareholders' equity		
Share capital (Note 5)	655,016	655,016
Reserves (Note 5)	18,804	18,804
Deficit	<u>(693,633)</u>	<u>(524,408)</u>
	<u>(19,813)</u>	<u>149,412</u>
	<u>\$ 169,583</u>	<u>\$ 216,074</u>

Nature and continuance of operations (Note 1)

Approved on Behalf of the Board on March 28, 2024

"Daniel Joyce"
Daniel Joyce – Director

"Samantha Shorter"
Samantha Shorter – Director

The accompanying notes are an integral part of these condensed interim financial statements.

Hawthorn Resources Corp.**Condensed Interim Statements of Loss and Comprehensive Loss**
(Expressed in Canadian dollars - Unaudited)

	For the three months ended January 31, 2024	For the three months ended January 31, 2023	For the six months ended January 31, 2024	For the six months ended January 31, 2023
EXPENSES				
Exploration expenses (Note 4)	\$ 48,076	\$ -	\$ 100,310	\$ 8,500
Management fees	8,000	12,000	20,000	24,000
Office and rent	2,776	3,187	5,964	6,688
Professional fees (Note 6)	6,313	35,464	32,276	88,866
Transfer agent, listing and filing fees	<u>5,997</u>	<u>-</u>	<u>10,675</u>	<u>-</u>
Loss and comprehensive loss for the period	\$ (71,162)	\$ (50,651)	\$ (169,225)	\$ (128,054)
Basic and diluted loss per common share	\$ (0.00)	\$ (0.00)	\$ (0.01)	\$ (0.01)
Weighted average number of common shares outstanding – basic and diluted	15,860,000	10,610,000	15,860,000	10,610,000

The accompanying notes are an integral part of these condensed interim financial statements.

Hawthorn Resources Corp.**Condensed Interim Statement of Changes in Shareholders' Equity**
(Expressed in Canadian dollars – Unaudited)

	Number of Shares	Share Capital	Reserves	Deficit	Total
Balance, July 31, 2022	10,610,000	\$ 254,500	\$ -	\$ (233,615)	\$ 20,885
Loss for the period	-	-	-	(128,054)	(128,054)
Balance, January 31, 2023	10,610,000	254,500	-	(361,669)	(107,169)
Shares issued for cash	5,000,000	500,000	-	-	500,000
Share issue costs	-	(110,180)	-	-	(110,180)
Agent options issued	-	(18,804)	18,804	-	-
Shares issued as finders' fees	100,000	10,000	-	-	10,000
Shares issued as property acquisition costs	150,000	19,500	-	-	19,500
Loss for the period	-	-	-	(162,739)	(162,739)
Balance, July 31, 2023	15,860,000	655,016	18,804	(524,408)	149,412
Loss for the period	-	-	-	(169,225)	(169,225)
Balance, January 31, 2024	15,860,000	\$ 655,016	\$ 18,804	\$ (693,633)	\$ (19,813)

The accompanying notes are an integral part of these condensed interim financial statements.

Hawthorn Resources Corp.
Condensed Interim Statements of Cash Flows
(Expressed in Canadian dollars - Unaudited)

For the six months ended January 31,	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	\$ (169,225)	\$ (128,054)
Changes in non-cash working capital items:		
Receivables and prepaid expenses	(6,854)	(5,261)
Accounts payable and accrued liabilities	<u>122,734</u>	<u>112,627</u>
Net cash used in operating activities	<u>(53,345)</u>	<u>(20,688)</u>
Change in cash for the period	(53,345)	(20,688)
Cash, beginning of period	<u>136,768</u>	<u>161,585</u>
Cash, end of period	<u>\$ 83,423</u>	<u>\$ 140,897</u>

Supplemental disclosures with respect to cash flows (Note 9)

The accompanying notes are an integral part of these condensed interim financial statements.

1 NATURE AND CONTINUANCE OF OPERATIONS

Hawthorn Resources Corp., (the “Company”) was incorporated under the Business Corporations Act (British Columbia) (“BCBCA”) on September 8, 2020.

The address of its head office is located at Suite 420-625 Howe Street, Vancouver, British Columbia, Canada V6C 2T6. The Company’s registered and records office is Suite 420-625 Howe Street, Vancouver, British Columbia, Canada V6C 2T6.

On February 22, 2023, the Company completed an initial public offering (“IPO”) for gross proceeds of \$500,000 (Note 5). The Company’s shares commenced trading on the Canadian Securities Exchange (the “CSE”) under the symbol HWTN.

These condensed interim financial statements have been prepared on a going concern basis in with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business.

The Company’s ability to continue as a going concern is dependent upon its ability to raise funds primarily through the issuance of shares or achieve profitable operations. The Company has incurred losses since inception and has an accumulated deficit of \$693,633. If the Company is unable to obtain additional financing, management may be required to curtail certain expenses. These material uncertainties may cast significant doubt about the Company’s ability to continue as a going concern. The outcome of these matters cannot be predicted at this time. These condensed interim financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern.

2 BASIS OF PREPARATION

Statement of compliance

These condensed interim financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards (“IFRS”) and International Accounting Standards (“IAS”) 34 “Interim Financial Reporting” as issued by the International Accounting Standards Board (“IASB”).

This condensed interim financial report does not include all of the information required of a full annual financial report and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that this financial report be read in conjunction with the audited financial statements of the Company for the years ended July 31, 2023 and 2022.

Basis of presentation

The condensed interim financial statements have been prepared on a historical cost basis, except for certain financial instruments measured at fair value. In addition, these condensed interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

Use of judgments and estimates

The preparation of these condensed interim financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the condensed interim financial statements and the reported expenses during the period. Actual results could differ from these estimates.

2 BASIS OF PREPARATION (cont'd...)

Use of judgments and Estimates (Cont'd...)

Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances, as the basis for its estimates and assumptions. Revisions to accounting estimates are recognized prospectively from the period in which the estimates are revised. Actual outcomes may differ from those estimates under different assumptions and conditions.

The key areas of judgment applied in the preparation of the condensed interim financial statements that could result in a material adjustment to the carrying amounts of assets and liabilities are as follows:

- Going concern

The assessment of the Company's ability to continue as a going concern and to raise additional funding to cover its ongoing operating expenditures and to meet its liabilities for the ensuing year, involves significant judgment based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances (Note 1).

- Exploration and evaluation assets

The recognition of exploration and evaluation assets requires judgment regarding future recoverability and carrying cost. The cost model is utilized and the value of the exploration and evaluation assets is based on the acquisition expenditures incurred. At every reporting period, management assesses the potential impairment which involves assessing whether or not facts or circumstances exist that suggest the carrying amount exceeds the recoverable amount.

3 RECEIVABLES AND PREPAID EXPENSES

	January 31, 2024	July 31, 2023
GST Receivable	\$ 26,660	\$ 17,896
Prepaid expenses	-	1,910
	\$ 26,660	\$ 19,806

4 EXPLORATION AND EVALUATION ASSETS

Broken Handle Property

The Company entered into an option agreement (the "**Broken Handle Agreement**") with Origen Resources Inc. (the "**Optionor**") on December 15, 2020, subsequently amended, to acquire a 75% right, title and interest (the "**Acquired Interest**") to certain claims (the "**Broken Handle Project**") subject to a 1.5% net smelter return ("**NSR**") royalty on the Acquired Interest (the "**Optionor 1.5% NSR**").

Under the terms of the option agreement, the Company may acquire the interest by:

Hawthorn Resources Corp.

Notes to the Condensed Interim Financial Statements

For the six months ended January 31, 2024

(Expressed in Canadian dollars - Unaudited)

4 EXPLORATION AND EVALUATION ASSETS (cont'd...)

Broken Handle Property (cont'd...)

- a) paying an aggregate of \$250,000 and issuing an aggregate of 1,000,000 shares to Origen as follows:
- i. \$15,000 upon signing of the Broken Handle Agreement (paid);
 - ii. \$25,000 and issuing 150,000 shares within 15 days of acceptance of the National Instrument (“NI”) 43-101 report by a recognised Canadian Stock Exchange and approval to list the shares to trade (“Exchange Approval Date”)(paid and issued with a fair value of \$19,500);
 - iii. Issuing 200,000 shares on or before February 22, 2024 (issued subsequent to period end);
 - iv. \$60,000 on or before August 22, 2024;
 - v. \$70,000 and issuing 250,000 shares on or before February 22, 2025;
 - vi. \$80,000 and issuing 400,000 shares on or before February 22, 2026.
- b) incurring \$500,000 in exploration expenditures as follows:
- i. \$100,000 on or before February 22, 2024 (completed);
 - ii. \$400,000 on or before February 22, 2025.

The Company will have the right to purchase from Origen 1% of the Option or 1.5% NSR within one year of commencement of commercial production, at a cost of \$1,000,000.

The Broken Handle Project is also subject to a 1% NSR (“1% NSR”) payable to an arm’s-length private company.

	Broken Handle Project	
Acquisition costs, July 31, 2022	\$	15,000
Additions – cash		25,000
Additions – shares		19,500
Acquisition costs, July 31, 2023 and January 31, 2024	\$	59,500

During the six months ended January 31, 2024 and 2023 the Company incurred the following exploration expenses:

For the six months ended,	January 31, 2024	January 31, 2023
Assaying	\$ 36,387	
Camp costs	5,296	\$ -
Communication	3,699	-
Field equipment rental	4,305	-
Field supplies	1,068	-
Geological consulting	46,781	-
Mobilization/demobilization	1,127	-
Reporting	-	8,500
Vehicle rental	1,647	-
	\$ 100,310	\$ 8,500

5 SHARE CAPITAL

(a) Authorized

Unlimited number of common shares without par value.

(b) Issued and outstanding

There were no shares issued during the period ended January 31, 2024.

During the year ended July 31, 2023, the Company:

- closed its initial public offering of common shares of the Company (the “Offering”). A total of 5,000,000 shares at a price of \$0.10 per common share were issued for aggregate gross proceeds of \$500,000.

The Company paid a cash commission of \$35,000, a cash corporate finance fee of \$20,000 and other disbursements of \$35,180 issued 100,000 shares with a fair value of \$10,000, and issued 350,000 non-transferable agent options with a fair value of \$18,804, which were recorded as share issues costs. Each agent option is exercisable into one additional common share at a price of \$0.10 per common share for a period of 24 months from the closing of the Offering. The fair value of the agent options was determined using the Black-Scholes Option Pricing Model with the following inputs: volatility 100%, expected life of 2 years, and a risk-free rate of 4.20%.

- issued 150,000 common shares with a fair value of \$19,500 as property acquisition costs (note 4).

(c) Escrowed shares

As at January 31, 2024, the Company had 1,860,000 common shares subject to escrow release restrictions based on time such that 372,000 shares will be released on February 22, 2024 and every 6 months thereafter.

(d) Stock options

The Company has adopted an incentive stock option plan, which provides that the Company may grant to directors, officers, employees and technical consultants to the Company, non-transferable stock options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed a rolling 10% of the Company’s issued and outstanding common shares at the time the options are granted.

Vesting of stock options is at the discretion of the Board of Directors. There are no stock options outstanding as of January 31, 2024.

(e) Agent Options

The following is a summary of the Company’s agent options activity:

	Number of agent options	Weighted average exercise price \$
Balance, July 31, 2022	-	-
Granted	350,000	0.10
Balance, July 31, 2023 and January 31, 2024	350,000	0.10

Hawthorn Resources Corp.
Notes to the Condensed Interim Financial Statements
For the six months ended January 31, 2024
(Expressed in Canadian dollars - Unaudited)

5 SHARE CAPITAL

(e) Agent Options

As of January 31, 2024, the Company has agent options outstanding and exercisable to acquire common shares of the Company as follows:

Expiry date	Exercise Price \$	Remaining life (years)	Number of options outstanding	Number of options exercisable
February 23, 2025	0.10	1.07	350,000	350,000

6 RELATED PARTY TRANSACTIONS

Key management personnel includes those persons having authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has determined that key management personnel consists of members of the Board and corporate officers, including the Company's Chief Executive Officer and Chief Financial Officer.

During the period ended January 31, 2024 the Company entered into the following transactions with related parties, not disclosed elsewhere in these condensed interim financial statements:

	January 31, 2024	January 31, 2023
Professional fees	\$ 9,000	\$ 9,000

As at January 31, 2024, \$17,325 (July 31, 2023 - \$10,000) 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.

7 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments

Cash and accounts payable and accrued liabilities are carried at amortized cost. The Company considers that the carrying amount of these financial assets and liabilities measured at amortized cost to approximate their fair value due to the short-term nature of the financial instruments.

Credit risk

Financial instruments that potentially subject the Company to a significant concentration of credit risk consist primarily of cash. The Company limits its exposure to credit loss by placing its cash in a major Canadian bank.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to pay financial instrument liabilities as they come due. As at January 31, 2024, the Company had a working capital deficit of \$79,313 (July 31, 2023 – working capital surplus of \$89,912). The Company's financial obligations are limited to accounts payable and accrued liabilities, all of which have contractual maturities of less than a year.

7 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments

Interest rate risk

The Company's financial asset exposed to interest rate risk consists of cash. As at January 31, 2024, the Company maintained all of its cash balance on deposit with a major Canadian bank. The Company does not have interest-bearing debt and does not rely on interest income for its operational forecast.

Foreign currency risk

The Company may at times be exposed to foreign currency risk on fluctuations related to cash, and accounts payable and accrued liabilities that are denominated in a foreign currency. As at January 31, 2024, the Company did not have any accounts in foreign currencies and considers foreign currency risk insignificant.

Price risk

The Company is exposed to price risk with respect to commodity prices. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company.

8 CAPITAL MANAGEMENT

The Company's capital management objective is to maintain financial capacity that is strong to sustain the future development of the business.

The Company's capital structure includes shareholders' equity. The Company manages its capital structure to maximize its financial flexibility to adjust to changes in economic conditions. The Company is not subject to externally imposed capital requirements. There were no changes to the Company's management of capital for the period ended January 31, 2024.

9 SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOW

The Company did not have significant non-cash transactions during the period ended January 31, 2024.

In the six months ended January 31, 2023, the Company recognized \$5,885 of deferred financing costs in accounts payable and accrued liabilities.

10 SEGMENTED INFORMATION

The Company operates in one reportable operating segment, being the acquisition, exploration and evaluation of resource properties in British Columbia, as described in Note 4.