

**HAWTHORN RESOURCES CORP.****(“Hawthorn” or “the Company”)****FORM 51-102F1  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE SIX MONTHS ENDED JANUARY 31, 2024****Introduction**

This management discussion and analysis (“**MD&A**”) of the financial position and results of operations is the responsibility of management and covers the six months ended January 31, 2024. The MD&A takes into account information available up to and including March 28, 2024, and should be read together with the condensed interim financial statements for the period ended January 31, 2024, and with the audited financial statements for the year ended July 31, 2023, and have been prepared in accordance with IFRS as issued by the International Accounting Standards Board. 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 commenced 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 January 31, 2024 and to the date of this report:

- On September 23, 2023, the Company announced the commencement of exploration activities on its Broken Handle Property. The Company has contracted Coast Mountain Geological Ltd. for exploration work to conduct geochemical and ground magnetic surveys and prospecting unexplored/underexplored projections of prospective geology and underlying favorable regional geophysics.
- On November 23, 2023, the Company announced the resignation of Kevin Brewer as a director of the Company. The Board thanks him for his contributions and wishes him all the best in his future endeavours.
- On February 22, 2024, the company announced the results from its 2023 exploration program and is completing the second anniversary share issuance on the Broken Handle Property (the “Property”), a

prospective project hosting historical and newly discovered gold, silver, and base metal mineralization in an underexplored mining camp located north of Grand Forks, B.C.

## 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.

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

- 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);
  - 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.

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 50 km north of the town of Grand Forks approximately 320 km’s east of Vancouver, British Columbia. 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 follow-up on targets identified in Phase 1.

Phase 1 exploration work was undertaken by the Company in the fall of 2023 with a total of 576 soil samples, 18 rock grab\* samples, geological mapping and a comprehensive grid-based magnetic survey completed. Soil sample results have outlined two promising Au-Ag-Cu-Pb-Zn soil anomalies, one surrounding the historically mined Morell Camp mine workings and a second one 400 m further to the north that is currently unexplained. Each anomaly measures roughly 200 x 400 m in area and requires further work to define the true extent of them. Rock samples obtained from historical workings over the course of the program confirm the style and nature of mineralization within the camp.

(\* ) The reader is cautioned that grab samples by their very nature are selective and therefore not representative of the material being evaluated

The Broken Handle exploration property is an early-stage exploration property and does not contain any mineral resource estimates as defined by National Instrument 43-101 Standards of Disclosure for Mineral Projects (“NI 43-101”). There has been insufficient exploration to define a mineral resource estimate at Broken Handle. It is uncertain if further exploration will result in targets at Broken Handle being delineated as a mineral resource.

### ***Exploration Expenditures***

During the six-month period ended January 31, 2024, the Company incurred the following exploration costs:

For the six-month period 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

### ***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 2 was \$106,183 at the time of the Report. The Company has received the Phase 1 results and is planning its next work program.

### **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 January 31, 2024, the Company had total assets of \$169,583 (July 31, 2023 - \$216,074). As at January 31, 2024, the Company had current liabilities of \$189,396 (July 31, 2023 – \$66,662).

*Six-month period January 31, 2024 and 2023:*

During the six months ended January 31, 2024 (“**2024**”) the Company reported a net loss of \$169,225 compared to \$128,054 for the six months ended January 31, 2023 (“**2023**”). General expenses with significant changes include:

- Exploration expenses of \$100,310 in 2024 (2023 - \$8,500), due to the Company completing Phase I of the exploration program on the Broken Handle project.
- Management fees of \$20,000 (2023 – \$24,000). Management fees are charged by an external management company for administration and secretarial support. Management fees decreased due to the termination of the management agreement.
- Office and rent of \$5,964 in 2024 (2023 – \$6,688), remained consistent due to rent and bank charges.
- Transfer agent, listing and filing fees of \$10,675 (2023 – \$nil) due to listing fees and monthly maintenance on the CSE since the Company's IPO in February 2023.
- Professional fees decreased to \$32,276 (2023 – \$88,866), due to the decrease in legal and accounting activity since completing the Company's IPO.

*Three months ended January 31, 2024 and 2023:*

During the three months ended January 31, 2024 (“**Q2-2024**”) the Company reported a net loss of \$71,162 compared to \$50,651 for the three months ended January 31, 2023 (“**Q2-2022**”). General expenses with significant changes include:

- Management fees of \$8,000 in Q2-2024 (Q2-2023 – \$12,000). Management fees are charged by an external management company for administration and secretarial support. Management fees decreased due to the termination of the management agreement.
- Professional fees decreased to \$6,313 in Q2-2024 (Q2-2023 – \$35,464), due to the decrease in legal and accounting activity since completing the Company's IPO.

### **Financial Condition, Liquidity, Capital Resources and Financial Instruments**

The Company reported a working capital deficiency of \$79,313 as at January 31, 2024 (July 31, 2023 – working capital of \$89,912) and cash of \$82,423 (July 31, 2023 - \$136,768). Current liabilities as at January 31, 2024 consisted of accounts payable and accrued liabilities of \$189,396 (July 31, 2023 - \$66,662).

Operating Activities: The Company does not generate cash from operating activities. Net cash used by the Company for operating activities for the period ended January 31, 2024 was \$53,345 (2023 - \$20,688).

During the period ended January 31, 2024 and 2023 the Company had no cash flow from financing or 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 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 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.

	January 31, 2024	October 31, 2023	July 31, 2023	April 30, 2023
Total revenue	\$ -	\$ -	\$ -	\$ -
Total loss	(71,162)	(98,063)	(112,599)	(50,140)
Loss per share (basic and diluted)	(0.00)	(0.01)	(0.04)	(0.00)
Total assets	169,937	185,846	216,074	414,360
	January 31, 2023	October 31, 2022	July 31, 2022	April 30, 2022
Total revenue	\$ -	\$ -	\$ -	\$ -
Total loss	(50,651)	(77,403)	(95,798)	(22,185)
Loss per share (basic and diluted)	(0.00)	(0.01)	(0.01)	(0.00)
Total assets	202,587	219,481	212,129	295,452

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 Company's listing documents. The quarter ended April 30, 2023 was consistent with January 31, 2023 with the net loss attributable to legal and accounting fees. The increase in net loss for the quarter ended July 31, 2023 to January 31, 2024 is attributable to the increase in project investigation activities during the quarters and the execution of the Phase I exploration program on the Broken Handle Project. The Company has higher compliance costs following its IPO.

### 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.

### 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 six months ended January 31, 2024, the Company incurred \$9,000 (2023 - \$9,000) 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 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.

### 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 January 31, 2024, and 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:

<b>Expiry Date</b>	<b>Number</b>	<b>Exercise Price</b>
<b>Agent options</b>		
February 23, 2025	350,000	\$0.10

### **Risks Related to the Business of the Company**

The risks and uncertainties described or incorporated by reference herein are not the only ones the Company faces. Additional risks and uncertainties, including those that the Company is unaware of or that are currently deemed immaterial, may also adversely affect the Company and its business. Investors should consult with their professional advisors to assess any investment in the Company.

The Company's presentation of identified and significant uncertainties and risks are included in the Company's MD&A for the year ended July 31, 2023 as filed on sedarplus.ca on November 17, 2023.

### **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.

### **Scientific and Technical Disclosure**

The scientific and technical information contained in this MD&A related to the Broken Handle exploration property has been reviewed and approved by Patrick McLaughlin, P.Geol. who is a "qualified person" within the meaning of NI 43-101.