

HAWTHORN RESOURCES CORP.**(“Hawthorn” or “the Company”)****FORM 51-102F1
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE-MONTH PERIOD ENDED OCTOBER 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 three-month period ended October 31, 2024. The MD&A takes into account information available up to and including December 18, 2024, and should be read together with the condensed interim financial statements for the period ended October 31, 2024, and with the audited financial statements for the year ended July 31, 2024, and have been prepared in accordance with IFRS Accounting Standards (“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 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 October 31, 2024 and to the date of this report:

- On November 7, 2024, the Company closed a non-brokered private placement pursuant to which the company issued an aggregate of 5,000,000 common shares of the company at a price of \$0.10 per common share for aggregate gross proceeds of \$500,000. In connection with the offering, the Company paid cash finders' fees in the aggregate amount of \$22,800 to certain arm's-length finders. The Company intends to use the net proceeds to satisfy continuing costs associated with its properties as well as general working capital purposes.
- On November 15, 2024, the Company appointed Ralph Shearing as President and director. Mr. Shearing replaces Daniel Joyce, who has resigned as Chief Executive Officer and President, effective Nov. 15, 2024. Mr. Joyce has been serving Hawthorn since founding the company in late 2020 and will remain on the board of directors.

- On November 28, 2024, the Company granted, under its stock option plan, a total of 300,000 stock options to a wholly owned company of a director and officer of the company. All of the options vest immediately and have an exercise price of \$0.13. All stock options granted expire five years after the grant date.

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 October 31, 2024, the Company had total assets of \$101,658 (July 31, 2024 - \$81,113). As at October 31, 2024, the Company had current liabilities of \$146,825 (July 31, 2024 – \$122,787).

Three-month periods ended October 31, 2024 and 2023:

During the three-month period ended October 31, 2024 (“2024”) the Company reported a net loss of \$23,493 compared to \$98,063 for the three-month period ended October 31, 2023 (“2023”). General expenses with significant changes include:

- Exploration expenses decreased to \$nil in 2024 (2023 - \$52,234) due to the Company conserving working capital while planning Phase II of the exploration program on the Broken Handle project.
- Office and rent decreased to \$485 in 2024 (2023 – \$3,188), due to the termination of the office rent agreement.
- Transfer agent, listing and filing fees of \$9,613 in 2024 (2023 – \$4,678) increased due the timing of AGM related costs.
- Professional fees decreased to \$13,395 in 2024 (2023 – \$25,963), due to the decrease in legal and accounting activity since completing the Company’s IPO. Professional fees include amounts paid to the CFO (see “Related Party Transactions”).

Financial Condition, Liquidity, Capital Resources and Financial Instruments

The Company reported a working capital deficit of \$124,667 as at October 31, 2024 (July 31, 2024 – working capital deficit of \$111,174) and cash of \$20,485 (July 31, 2024 - \$11,613). Current liabilities as at October 31, 2024 consisted of accounts payable and accrued liabilities of \$146,825 (July 31, 2024 - \$122,787).

The Company does not generate cash from operating activities. Net cash used by the Company for operating activities for the period ended October 31, 2024 was \$1,128 (2023 - \$40,296).

Net cash used by the Company for investing activities for the period ended October 31, 2024 was \$10,000 (2023 - \$nil). The Company paid \$10,000 as part of the Broken Handle option agreement.

Net cash provided by the Company for operating activities for the period ended October 31, 2024 was \$20,000 (2023 - \$nil). Subsequent to the period ended October 31, 2024, the Company closed a non-brokered private placement financing and issued 5,000,000 common shares for aggregated gross proceeds of \$500,000 of which \$20,000 was received during the period ended October 31, 2024.

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.

	October 31, 2024	July 31, 2024	April 30, 2024	January 31, 2024
Total revenue	\$ -	\$ -	\$ -	\$ -
Total loss	(23,493)	(12,960)	(18,901)	(71,162)
Loss per share (basic and diluted)	(0.00)	(0.00)	(0.00)	(0.00)
Total assets	101,658	81,113	105,539	169,937
	October 31, 2023	July 31, 2023	April 30, 2023	January 31, 2023
Total revenue	\$ -	\$ -	\$ -	\$ -
Total loss	(98,063)	(112,599)	(50,140)	(50,651)
Loss per share (basic and diluted)	(0.01)	(0.04)	(0.00)	(0.00)
Total assets	185,846	216,074	414,360	202,587

During the quarter ended January 31, 2023, the 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 decrease in net loss for the quarter ended April 30, 2024 to the quarter ended October 31, 2024 is attributable to a decrease in management and rent fees due to the termination of the management services agreement in December 2023.

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

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 with a fair value of \$10,000);
 - iv. \$10,000 on or before October 22, 2024 (paid);
 - v. \$50,000 on or before November 15, 2024 (paid);
 - vi. \$70,000 and issuing 250,000 shares on or before February 22, 2025;
 - vii. \$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 three-month ended October 31, 2024, the Company incurred the following exploration costs:

For the three-month period ended,	October 31, 2024	October 31, 2023
Camp costs	\$ -	\$ 5,296
Communication	-	449
Field equipment rental	-	4,305
Field supplies	-	529
Fuel	-	539
Geological consulting	-	38,342
Mobilization/demobilization	-	1,127
Vehicle rental	-	1,647
Acquisition costs, October 31, 2023	\$ -	\$ 52,234

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.

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 three-month period ended October 31, 2024, the Company incurred \$4,500 (2024 - \$4,500) 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 October 31, 2024, \$37,527 (July 31, 2024 - \$18,900) 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 DataCommon Shares:

The Company is authorized to issue an unlimited number of common shares without par value, of which 21,060,000 common shares are issued and outstanding as fully paid and non-assessable as of the date of this report.

Stock Options and Warrants:

As at the date of this report, the Company had the following options and agent options outstanding:

Expiry Date	Number	Exercise Price
Options		
November 28, 2029	300,000	\$0.13
Agent options		
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, 2024 as filed on sedarplus.ca on October 25, 2024.