

TSX-V: HGC

INTERIM FINANCIAL STATEMENTS
(Unaudited and Prepared by Management)
THREE MONTHS ENDING FEBRUARY 28, 2007



HAWTHORNE GOLD CORP.

The accompanying unaudited interim financial statements of Hawthorne Gold Corp. for the three months ended February 28, 2007 have been prepared by management and approved by the Board of Directors of the Company. These statements have not been reviewed by the Company's external auditor.

Hawthorne Gold Corp.

Interim Balance Sheets

(Unaudited and prepared by management)

	February 28, 2007	November 30, 2006
ASSETS		
Current assets		
Cash	\$ 188,943	\$ 128,429
Receivables	4,773	10,651
Prepays	29,361	-
Deferred cost of financing (note 5(b))	22,500	-
	245,577	139,080
Equipment (note 3)	10,815	8,190
Mineral Properties (note 4)	214,958	169,848
	\$ 471,350	\$ 317,118
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	\$ 43,682	\$ 18,683
Due to related party (note 6)	2,174	460
	45,856	19,143
Future income tax liability (note 5(b))	12,750	-
	58,606	19,143
SHAREHOLDERS' EQUITY		
Share capital (note 5(b))	419,000	300,000
Deficit	(6,256)	(2,025)
	412,744	297,975
	\$ 471,350	\$ 317,118

Nature and continuance of operations (Note 1)

Commitments (Note 10)

Subsequent events (Note 11)

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

Approved by the Directors:

"Michael Beley" _____ Director

"Richard Barclay" _____ Director

Hawthorne Gold Corp.

Interim Statements of Operations and Deficit

(Unaudited and prepared by management)

	Three months ended February 28, 2007	Period from January 18, 2006 to February 28, 2006
Administrative expenses		
Depreciation	\$ 607	\$ -
Bank charges and interest	510	29
Professional fees	1,541	1,053
Rent and office expenses	12,087	-
Filing fees and transfer agent	14,530	-
Shareholder relations	2,500	-
Travel and entertainment	1,718	-
Wages and benefits	10,712	-
Loss before other income and income taxes	(44,205)	(1,082)
Other income		
Interest income	1,724	-
Loss before income taxes	(42,481)	(1,082)
Future income tax recovery (note 5(b))	38,250	-
Loss and comprehensive loss for the period	(4,231)	(1,082)
Deficit beginning of period	(2,025)	-
Deficit end of period	(6,256)	(1,082)
Basic and diluted loss per common share	\$ (0.00)	\$ (0.00)
Weighted average number of common shares outstanding	7,223,111	1,365,854

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

HAWTHORNE GOLD CORP.

Interim Statements of Cash Flows

(Unaudited and prepared by management)

	Three months ended February 28, 2007	Period from January 18, 2006 to February 28, 2006
Cash provided by (used for)		
Operating activities		
Loss for the period	\$ (4,231)	\$ (1,082)
Items not involving cash		
Depreciation	607	-
Future tax recovery	(38,250)	-
Net change in non-cash working capital		
Receivables	5,878	(47)
Accounts payable and accrued liabilities	5,566	1,100
Prepays	(29,361)	-
Due to related party	1,714	-
	(58,077)	(29)
Investing activities		
Mineral properties	(28,909)	-
	(28,909)	-
Financing activities		
Shares issued	170,000	40,000
Deferred cost of financing	(22,500)	-
Share subscriptions	-	75,000
	147,500	115,000
Net increase in cash	60,514	114,971
Cash, beginning of period	128,429	-
Cash, end of period	\$ 188,943	\$ 114,971
Interest paid	\$ -	\$ -
Income taxes paid	-	-

Supplemental disclosure with respect to cash flows (Note 7)

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

Hawthorne Gold Corp.
Notes to the Financial Statements
For the three months ended February 28, 2007
(Unaudited and prepared by management)

1. Nature and Continuance of Operations

Hawthorne Gold Corp. (the "Company") was incorporated under the laws of British Columbia on January 18, 2006. The Company's principal business activities include the acquisition, exploration and development of resource properties. The Company is currently listed on the TSX Venture Exchange.

These financial statements have been prepared by management in accordance with accounting principles generally accepted in Canada for interim financial statements. The financial information herein is unaudited. Except for the changes in accounting policies described in Note 2, these interim financial statements follow the same accounting policies and methods of application as the most recent annual financial statements dated November 30, 2006. These interim financial statements should be read in conjunction with the Company's November 30, 2006 audited annual financial statements.

As at February 28, 2007, the Company has no source of operating cash flows and has not yet achieved profitable operations, has accumulated losses since its inception, and expects to incur further losses in the development of its business, all of which casts substantial doubt about the Company's ability to continue as a going concern. The Company's ability to continue as a going concern is dependent upon its ability to generate future profitable operations and/or to obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due.

2. Changes in Accounting Policy

Effective December 1, 2006, the Company has adopted two new accounting standards related to financial instruments that were issued by the Canadian Institute of Chartered Accountants ("CICA") in 2005. These accounting policy changes were adopted on a prospective basis with no restatement of prior period financial statements. The new standards and accounting policy changes are as follows:

Financial Instruments – Recognition and Measurement (CICA Handbook Section 3855)

In accordance with this new standard the Company now classifies all financial instruments as either held-to-maturity, available-for-sale, held for trading or loans and receivables. Financial assets held to maturity, loans and receivables and financial liabilities other than those held for trading, are measured at amortized cost. Available-for-sale instruments are measured at fair value with unrealized gains and losses recognized in other comprehensive income. Instruments classified as held for trading are measured at fair value with unrealized gains and losses recognized on the statement of operations.

Comprehensive Income (CICA Handbook Section 1530)

Comprehensive income is the change in shareholders' equity during a period from transactions and other events and circumstances from non-owner sources. In accordance with this new standard, the Company now reports a statement of comprehensive loss and a new category, accumulated other comprehensive income, has been added to the shareholders' equity section of the balance sheet. The components of this new category will include unrealized gains and losses on financial assets classified as available-for-sale and the effective portion of cash flow hedges, if any. There were no such components to be recognized in comprehensive income for the three month period ended February 28, 2007.

As a result of the adoption of these new standards, the Company has classified its cash as held-for-trading. Receivables are classified as loans and receivables. Accounts payable and accrued

Hawthorne Gold Corp.
Notes to the Financial Statements
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(Unaudited and prepared by management)

2. Changes in Accounting Policy (Continued)

liabilities as well as notes payable and capital leases are classified as other financial liabilities, all of which are measured at amortized costs.

No adjustments were required to opening equity as a result of the application of these new standards.

3. Equipment

	Cost \$	Accumulated Depreciation \$	February 28, 2007 Net Book Value \$	November 30, 2006 Net Book Value \$
Office furniture and equipment	5,671	822	4,849	5,104
Computer equipment	6,863	897	5,966	3,086
	12,534	1,719	10,815	8,190

4. Mineral Properties

	Frasergold Property	Carruthers Property	Total
Total as at January 18, 2006 (incorporation)	\$ -	\$ -	\$ -
Acquisition/maintenance costs	25,000	2,604	27,604
Geological	6,457	68,136	74,593
Camp and expediting	-	62,492	62,492
Geochemical/metallurgical	-	5,159	5,159
Total as at November 30, 2006	31,457	138,391	169,848
Acquisition/maintenance costs	30	-	30
Geological	26,836	2,800	29,636
Wages and benefits	15,444	-	15,444
Total as at February 28, 2007	\$ 73,767	\$ 141,191	\$ 214,958

Frasergold Property, British Columbia

In October 2006, the Company entered into an option agreement with Eureka Resources, Inc. ("Eureka") to earn up to a 60% interest in the Frasergold property by incurring the following:

Hawthorne Gold Corp.
Notes to the Financial Statements
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4. Mineral Properties (Continued)

Frasergold Property, British Columbia (Continued)

	Cash payments	Minimum work commitments
On signing (paid)	\$ 25,000	\$ —
September 30, 2007	—	500,000
October 31, 2007	50,000	—
April 30, 2008	—	1,000,000
October 31, 2008	50,000	—
April 30, 2009	—	1,000,000
October 31, 2009	50,000	—
April 30, 2010	—	1,000,000
	\$ 175,000	\$ 3,500,000

In addition to the cash payments of \$175,000 and exploration expenditures of \$3,500,000, the Company must also complete a feasibility study by April 30, 2010 to earn its initial 51% interest. In the event the feasibility study cannot be completed by April 30, 2010, the Company can pay a cash penalty of \$100,000 per quarter to Eureka until January 31, 2012. The Company can earn an additional 9% interest by arranging third party financing for not less than 70% of the estimated capital costs required for commercial production of the property for Eureka on the same terms and conditions as the Company. If the Company fails to arrange third party financing for production, Eureka can arrange third party financing and earn an additional 2% interest from the Company.

Carruthers Property, British Columbia

In May 2006, the Company entered into an option agreement with Cariboo Rose Resources Ltd. ("Cariboo") (formerly Wildrose Resources Ltd.) to earn a 60% interest in the Carruthers property by incurring the following:

	Cash payments	Minimum work commitments
April 25, 2007 (paid subsequent)	\$ 10,000	\$ —
April 25, 2008 (work commitment fulfilled)	15,000	100,000
April 25, 2009	15,000	—
April 25, 2010	20,000	—
April 25, 2011	30,000	—
April 25, 2012	50,000	900,000
	\$ 140,000	\$ 1,000,000

The property is subject to back-in rights by the underlying claim owner, Phelps Dodge ("Phelps"), whereby Phelps can earn back a 60% interest in the property by incurring exploration expenditures that are 200% greater expenditures to date by Cariboo or \$1,500,000. The back-in election must be made the earlier of June 2009 or completion of 2,500 meters of drilling. Phelps may earn an additional 10% by completing a feasibility study within three years of earning its back-in rights. If Phelps elects not to exercise its back-in rights, it will be entitled to a 2.5% net smelter royalty, which can be reduced to 1% by payment of \$1,500,000.

Hawthorne Gold Corp.
Notes to the Financial Statements
For the three months ended February 28, 2007
(Unaudited and prepared by management)

5. Share Capital

a) Authorized

Unlimited Class A common shares, without par value

b) Issued

	Three months ended February 28, 2007		Year ended November 30, 2006	
	Shares	Amount	Shares	Amount
Common shares				
Balance, beginning of period	6,800,000	\$ 300,000	-	\$ -
Private placements	680,000	170,000	6,800,000	300,000
Less tax benefits renounced to subscribers	-	(51,000)	-	-
Balance, end of period	7,480,000	\$ 419,000	6,800,000	\$ 300,000

In January 2007, the Company closed a private placement for 680,000 shares at \$0.25 per share for gross proceeds of \$170,000.

During the three months ended February 28, 2007, the Company recorded \$22,500 as deferred cost of financing related to the Company's initial public offering completed subsequent to the quarter end (see Note 11(a)).

In accordance with the terms of offerings and certain provisions of the Income Tax Act (Canada), in December 2006, the Company renounced for income tax purposes, exploration expenditures of \$150,000 to subscribers of the flow through common shares in a private placement closed in July 2006, for which the Company will have to incur eligible expenditures by December 31, 2007. The Company recorded \$51,000 for the future effect on income taxes related to flow-through shares as a reduction of share capital, \$12,750 as an increase in future income tax liability at the date of renunciation and \$38,250 as a future recovery of income taxes in the statement of operations and deficit.

c) Warrants

There are currently no warrants outstanding.

d) Options

There are currently no options outstanding.

e) Shares held in escrow

During the three months ended February 28, 2007, certain insiders of the Company agreed to escrow their common shares over three years pursuant to an escrow agreement dated February 7, 2007. A total of 4,580,000 common shares are subject to the escrow agreement, with 10% being released on the effective date of closing the initial public offering and 15% to be released every six months thereafter.

6. Related Party Transactions

- a) During the three months ended February 28, 2007, the Company paid rent of \$3,000 (2006 - \$nil) to a company with common officers and directors.
- b) Included in accounts payable at February 28, 2007, was \$2,174 (November 30, 2006 - \$460) payable to related parties without interest.

7. Supplemental Disclosure with Respect to Cash Flows

The significant non-cash transaction for the three months ended February 28, 2007 was the inclusion in accounts payable of \$16,201 (2006 - \$nil) in mineral property expenditures and \$3,233 (2006 - \$nil) in equipment expenditures.

8. Financial Instruments

The Company's financial instruments consist of cash, receivables, accounts payable and accrued liabilities and due to related parties. It is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values, unless otherwise noted.

9. Segmented Information

The Company operates in one reportable operating segment, being the exploration and development of resource properties. All of the Company's equipment is located in Canada.

10. Commitments

- a) Pursuant to the flow-through common shares issued, the Company is committed to spending \$150,000 on qualified expenditures by December 31, 2007. As of February 28, 2007, the Company expended \$135,787 of the qualified expenditures leaving a balance of \$14,213 due by December 31, 2007.
- b) The Company is committed to certain cash payments, share issuances and exploration expenditures as described in Note 4.

11. Subsequent events

- a) Subsequent to the period ended February 28, 2007, the Company filed a prospectus dated March 28, 2007 with certain securities regulatory authorities in Canada for an initial public offering of 3,350,000 common shares for gross proceeds of \$2,010,000. The offering closed on April 23, 2007. The Company agreed to pay the agents a commission of 7% of the gross proceeds of the offering by issuing 234,500 common shares of the Company. The Company also agreed to grant the agents, 335,000 options exercisable for a period of two years following the closing of the offering at \$0.60 per share. In addition, the Company also agreed to pay a corporate finance fee of 50,000 shares at a deemed price of \$0.25 plus GST.
- b) Subsequent to the period ended February 28, 2007, the Company granted options to purchase up to a total of 1,050,000 Shares at an exercise price of \$0.60 for a period of five years.
- c) Subsequent to the period ended February 28, 2007, the Company made a down payment of \$50,000 for a camp for the Frasergold Property.

HAWTHORNE GOLD CORP.

Management's Discussion and Analysis

This discussion and analysis of financial position and results of operations is prepared as at April 30, 2007 and should be read in conjunction with the unaudited financial statements for the three months ended February 28, 2007 of Hawthorne Gold Corp. (the "Company") where necessary. Those financial statements have been prepared in accordance with Canadian generally accepted accounting principles. All dollar figures included therein and in the following management discussion and analysis ("MD&A") are quoted in Canadian dollars. Additional information relevant to the Company's activities can be found on SEDAR at www.sedar.com.

Overview

The Company is engaged in the exploration and development of mineral properties in British Columbia, Canada. The Company is currently listed on the TSX Ventures Exchange under the symbol "HGC".

Mineral Property Interests

Hawthorne Gold currently has two properties located in British Columbia, Canada. The Frasergold Property covers 2,866 hectares and the Carruthers Pass Property covers 3,250 hectares. The Company has entered into agreements to acquire up to a 60% working interest in each property.

Frasergold, British Columbia

The Frasergold Property is located in the historic Quesnel Trough area in central British Columbia and has a long history of continued exploration since the 1970's. Hawthorne's short term objective is to complete an exploration program in the summer of 2007, which will include confirmatory and exploratory diamond drilling, underground bulk sampling, surface and underground geological mapping, airborne geophysics and preliminary metallurgical testing for flowsheet design. The full extent of the mineralized zones remain to be tested along strike and at depth.

Carruthers Pass, British Columbia

The Carruthers Pass Property, located in the Omineca Mining Division of north-central British Columbia, lies approximately 70 kilometers south of the Kemess gold-copper mine. Hawthorne completed an exploration program in August 2006 and results to date have indicated that massive sulphide mineralization occurs on the property within a favourable pyretic shale/siltstone stratigraphic unit. A second phase exploration program of mapping and sampling is planned for the 2007 season to further delineate the massive sulphides and associated stratigraphy.

Results of Operations

Results of Operations for the three months ended February 28, 2007 and 2006

Expenses

Total operating expenses were \$44,205 for the three months ended February 28, 2007, compared to \$1,082 for the period from incorporation, January 18, 2006, to February 28, 2006, for an increase of \$43,123. The Company's expenses increased in all cost categories between the

HAWTHORNE GOLD CORP.

Management's Discussion and Analysis

quarters as a result of the increased activity of the Company. The Company was active during the quarter preparing for its summer work programs and its initial public offering versus the prior period when the Company had just been incorporated.

During the current quarter, the Company incurred \$12,087 for rent and office expenses and \$14,530 in filing fees and transfer agent costs. During the comparative period, the Company only incurred minimal costs associated with the incorporation of the Company. The Company's salaries and wages were \$10,712 during the current period as compared to no such expense in the prior period. Wages were to management of the Company who started to draw a salary effective January 1, 2007.

Net Loss

The Company recorded a net loss of \$4,231 for the three months ended February 28, 2007, compared with a net loss of \$1,082 in the prior period. The net loss for the three months ended February 28, 2007 is net of an income tax recovery of \$38,250. The income tax recovery is from a \$150,000 renouncement made effective December 31, 2006 as a result of the flow-through obligations associated with the flow-through shares issued in July 2006.

Summary of Quarterly Results

	Feb 28 2007	Nov 30 2006	Aug 31 2006	May 31 2006	Feb 28 2006
	\$	\$	\$	\$	\$
Total revenues	-	-	-	-	-
Net loss	(4,231)	(716)	(207)	(20)	(1,082)
Net loss per share					
- basic and diluted	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)

The Company's expenses and net losses have increased quarter over quarter as the Company advanced its business plan of acquiring exploration and development projects and preparing for its initial public offering.

Liquidity

The Company's cash increased to \$188,943 at February 28, 2007 from \$128,429 at November 30, 2006. The Company's working capital was \$199,721 as at February 28, 2007, compared to working capital of \$119,937 as at November 30, 2006. The improvement in working capital was a result of closing a private placement during the period for gross proceeds of \$170,000 less \$22,500 in costs related to the initial public offering, for net proceeds from financing activities of \$147,500.

During the three months ended February 28, 2007, the Company used \$28,909 of its cash on its mineral properties compared to no such expenditures in the prior period.

Capital Resources

As at the date of this MD&A, the Company has no other arrangement for sources of financing. Subsequent to the period ended February 28, 2007, the Company filed a prospectus dated March

HAWTHORNE GOLD CORP.

Management's Discussion and Analysis

28, 2007 with certain securities regulatory authorities in Canada for an initial public offering of 3,350,000 common shares at \$0.60 per share for gross proceeds of \$2,010,000. The offering closed on April 23, 2007.

To keep the Company's mineral claims in good standing, the Company is required to make cash payments and fulfill work program expenditures. The Company has no long term debt. Subsequent to the period ended February 28, 2007, the Company made a down payment of \$50,000 for a camp for the Frasergold Property.

Transactions with Related Parties

During the three months ended February 28, 2007, the Company paid rent of \$3,000 (2006 - \$nil) to a company with common officers and directors.

Disclosure of Outstanding Share Data

The following details the share capital structure as of the date of this MD&A.

	Expiry date	Exercise price	Number	Number
Common shares				11,114,500
Share purchase options	April 25, 2012	0.60	1,050,000	
Agent options	April 23, 2009	0.60	<u>335,000</u>	1,385,000

Changes in Accounting Policies including Initial Adoption

Effective December 1, 2006, the Company has adopted two new accounting standards related to financial instruments that were issued by the Canadian Institute of Chartered Accountants ("CICA") in 2005. These accounting policy changes were adopted on a prospective basis with no restatement of prior period financial statements. The new standards and accounting policy changes are as follows:

Financial Instruments – Recognition and Measurement (CICA Handbook Section 3855)

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Comprehensive Income (CICA Handbook Section 1530)

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month period ended February 28, 2007.

As a result of the adoption of these new standards, the Company has classified its cash as held-for-trading. Receivables are classified as loans and receivables. Accounts payable and accrued liabilities as well as notes payable and capital leases are classified as other financial liabilities, all of which are measured at amortized costs.

No adjustments were required to opening equity as a result of the application of these new standards.

Cautionary Statement

This MD&A may contain "forward looking statements" that reflect the Company's current expectations and projections about its future results. When used in this MD&A, words such as "estimate", "intend", "expect", "anticipate" and similar expressions are intended to identify forward-looking statements, which, by their very nature, are not guarantees of the Company's future operational or financial performance, and are subject to risks and uncertainties and other factors that could cause the Company's actual results, performance, prospects or opportunities to differ materially from those expressed in, or implied by, these forward-looking statements. These risks, uncertainties and factors may include, but are not limited to: unavailability of financing, unfavourable studies regarding the Company's Projects, fluctuations in the market valuation for metal prices, difficulties in obtaining required approvals for the development of a mine and other factors.

Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this MD&A or as of the date otherwise specifically indicated herein. Due to risks and uncertainties, including the risks and uncertainties identified above and elsewhere in this MD&A, actual events may differ materially from current expectations. The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.