

TSX-V: **HGC**

INTERIM FINANCIAL STATEMENTS
(Unaudited and Prepared by Management)
THREE MONTHS ENDED FEBRUARY 29, 2008



HAWTHORNE GOLD CORP.

The accompanying unaudited interim consolidated financial statements of Hawthorne Gold Corp. for the three months ended February 29, 2008 have been prepared by management and approved by the Company's Board of Directors and Audit Committee. These statements have not been reviewed by the Company's external auditor.

Hawthorne Gold Corp.

Interim Consolidated Balance Sheets

(Unaudited and prepared by management)

| | February 29, 2008 | November 30, 2007 |
|---|----------------------|----------------------|
| ASSETS | | |
| Current assets | | |
| Cash and cash equivalents | \$ 2,775,307 | \$ 2,749,637 |
| Other receivables | 93,138 | 179,747 |
| Loan receivable (Note 7) | 127,908 | - |
| Prepaid expenses | 170,234 | 250,958 |
| | 3,166,587 | 3,180,342 |
| Plant and equipment (Note 2) | 1,113,443 | 1,139,683 |
| Mineral properties (Note 3) | 6,547,943 | 4,151,091 |
| | \$ 10,827,973 | \$ 8,471,116 |
| LIABILITIES | | |
| Current liabilities | | |
| Accounts payable and accrued liabilities | \$ 330,719 | \$ 719,610 |
| Due to related parties (Note 6) | 35,355 | 4,330 |
| Capital lease obligation - current (Note 5) | 164,368 | 164,368 |
| | 530,442 | 888,308 |
| Capital lease obligation (Note 5) | 261,141 | 289,360 |
| Asset retirement obligation (Note 3) | 24,397 | 22,179 |
| | 815,980 | 1,199,847 |
| SHAREHOLDERS' EQUITY | | |
| Share capital (Note 4) | 7,858,122 | 5,717,692 |
| Contributed surplus (Note 4(f)) | 3,092,418 | 2,152,424 |
| Deficit | (938,547) | (598,847) |
| | 10,011,993 | 7,271,269 |
| | \$ 10,827,973 | \$ 8,471,116 |

Nature of continuance of operations (Note 1)

Commitments (Note 11)

Subsequent events (Note 12)

The accompanying notes are an integral part of the consolidated financial statements.

Approved by the Board:

"Richard Barclay"
Director

"Harvey Brooks"
Director

Hawthorne Gold Corp.

Interim Consolidated Statements of Operations and Deficit

(Unaudited and prepared by management)

| | Three months ended February 29, 2008 | Three months ended February 28, 2007 |
|---|---|---|
| Administrative expenses | | |
| Amortization | \$ 2,594 | \$ 607 |
| Bank charges and interest | 16,814 | 510 |
| Filing fees and transfer agent | 10,400 | 14,530 |
| Investor relations | 108,473 | - |
| Professional fees | 33,123 | 1,541 |
| Rent and office expenses | 55,469 | 12,087 |
| Shareholder information | 7,541 | 2,500 |
| Stock based compensation | 112,118 | - |
| Travel and entertainment | 2,148 | 1,718 |
| Wages and benefits | 30,046 | 10,712 |
| Loss before other income and income taxes | (378,726) | (44,205) |
| Other income | | |
| Interest income | 39,026 | 1,724 |
| Loss before income taxes | (339,700) | (42,481) |
| Future income tax recovery | - | 38,250 |
| Loss and comprehensive loss for the period | (339,700) | (4,231) |
| Deficit, beginning of the period | (598,847) | (2,025) |
| Deficit, end of the period | \$ (938,547) | \$ (6,256) |
| Basic and diluted loss per common share | (0.02) | (0.00) |
| Weighted average number of common shares outstanding | 15,978,819 | 7,223,111 |

The accompanying notes are an integral part of the consolidated financial statements.

Hawthorne Gold Corp.

Interim Consolidated Statements of Cash Flows

(Unaudited and prepared by management)

| | Three months ended February 29, 2008 | Three months ended February 28, 2007 |
|--|---|---|
| Cash provided by (used for) | | |
| Operating activities | | |
| Loss for the period | (339,700) | (4,231) |
| Items not involving cash: | | |
| Amortization | 2,594 | 607 |
| Stock based compensation | 112,118 | - |
| Future income tax recovery | - | (38,250) |
| Net changes in non-cash working capital | | |
| Receivables and other current assets | 167,333 | (23,483) |
| Accounts payable and accrued liabilities | 255,219 | 5,566 |
| Due to related parties | 35,355 | 1,714 |
| Net cash used in operating activities | 232,919 | (58,077) |
| Investing activities | | |
| Plant and equipment | (19,558) | - |
| Mineral properties | (2,944,906) | (28,909) |
| Net cash used in investing activities | (2,964,464) | (28,909) |
| Financing activities | | |
| Shares issued, net of issuance costs | 2,913,342 | 170,000 |
| Loan receivable | (127,908) | - |
| Deferred financing cost | - | (22,500) |
| Repayment of capital lease | (28,219) | - |
| Net cash provided by financing activities | 2,757,215 | 147,500 |
| Increase in cash | 25,670 | 60,514 |
| Cash, beginning of the period | 2,749,637 | 128,429 |
| Cash, end of the period | 2,775,307 | 188,943 |
| Interest paid | 15,901 | - |
| Income taxes paid | - | - |

Supplemental disclosure with respect to cash flows (Note 8).

The accompanying notes are an integral part of the consolidated financial statements.

Hawthorne Gold Corp.

Notes to the Interim Consolidated Financial Statements For the Three Months Ended February 29, 2008 and 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 mineral properties. The Company is listed as a Tier one issuer on the TSX Venture Exchange.

These unaudited interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles following the same accounting policies and methods of application as the most recent annual financial statements dated November 30, 2007. These interim consolidated financial statements do not contain all of the information required by Canadian general accepted accounting principles for annual financial statements and therefore should be read in conjunction with the Company's November 30, 2007 audited annual financial statements.

As at February 29, 2008, 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 obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations as they come due.

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, 0811381 BC Ltd. All significant intercompany transactions and balances have been eliminated.

2. Plant and Equipment

| | Cost | Accumulated Amortization | February 29, 2008 Net Book Value | November 30, 2007 Net Book Value |
|--------------------|-----------|-----------------------------|--|--|
| | \$ | \$ | \$ | \$ |
| Office furniture | 20,450 | 3,097 | 17,353 | 12,184 |
| Computer equipment | 30,469 | 8,117 | 22,352 | 17,726 |
| Vehicles | 135,391 | 28,940 | 106,451 | 115,082 |
| Buildings | 940,255 | 69,344 | 870,911 | 893,243 |
| Site equipment | 112,720 | 16,344 | 96,376 | 101,448 |
| | 1,239,285 | 125,842 | 1,113,443 | 1,139,683 |

Included in buildings at February 29, 2008, was \$507,489 (2007 – \$nil) in capital leases. Amortization during the three months ended February 29, 2008 amounted to \$38,629 (2007 - \$607), which has been reflected in the financial statements as follows:

| Three months ended February 28, | 2008 | 2007 |
|---|--------|------|
| Mineral properties - balance sheet | 36,035 | - |
| Amortization - statement of operations and deficit | 2,594 | 607 |
| Total amortization recognized, credited to accumulated amortization | 38,629 | 607 |

Hawthorne Gold Corp.**Notes to the Interim Consolidated Financial Statements
For the Three Months Ended February 29, 2008 and 2007
(unaudited and prepared by management)**

3. Mineral Properties

| | Frasergold Property | Cassiar Property | Carruthers Property | Total |
|-------------------------------|--------------------------------|-----------------------------|--------------------------------|--------------|
| | \$ | \$ | \$ | \$ |
| Balance, November 30, 2006 | 31,457 | - | 138,391 | 169,848 |
| Acquisition and maintenance | 273,284 | - | 10,000 | 283,284 |
| Amortization | 78,594 | - | - | 78,594 |
| Asset retirement obligation | 22,179 | - | - | 22,179 |
| Camp and expediting | 809,766 | - | - | 809,766 |
| Drilling | 938,641 | - | - | 938,641 |
| Equipment | 171,538 | - | - | 171,538 |
| Geochemical and metallurgical | 109,891 | - | - | 109,891 |
| Geological and geophysics | 686,305 | - | 2,800 | 689,105 |
| Professional and consulting | 72,356 | - | - | 72,356 |
| Stock based compensation | 161,695 | - | - | 161,695 |
| Travel | 82,985 | - | - | 82,985 |
| Vehicle costs | 33,193 | - | - | 33,193 |
| Wages and benefits | 528,016 | - | - | 528,016 |
| Balance, November 30, 2007 | 3,999,900 | - | 151,191 | 4,151,091 |
| Acquisition and maintenance | 28,513 | 1,256,538 | - | 1,285,051 |
| Amortization | 36,035 | - | - | 36,035 |
| Asset retirement obligation | 2,218 | - | - | 2,218 |
| Camp and expediting | 161,481 | 24,660 | - | 186,141 |
| Drilling | 144,556 | - | - | 144,556 |
| Equipment | 53,341 | 2,101 | - | 55,442 |
| Geochemical and metallurgical | 218,735 | - | - | 218,735 |
| Geological and geophysics | 154,824 | 4,376 | - | 159,200 |
| Professional and consulting | 5,400 | 13,500 | - | 18,900 |
| Stock based compensation | 37,664 | 17,300 | - | 54,964 |
| Travel | 6,143 | 5,898 | - | 12,041 |
| Vehicle costs | 159 | - | - | 159 |
| Wages and benefits | 157,687 | 65,723 | - | 223,410 |
| Incurred during the period | 1,006,756 | 1,390,096 | - | 2,396,852 |
| Balance, February 29, 2008 | 5,006,656 | 1,390,096 | 151,191 | 6,547,943 |

Frasergold Property, British Columbia

At February 29, 2008, the Frasergold property is comprised of the following mineral claims:

Eureka Resources Inc.

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 Interim Consolidated Financial Statements****For the Three Months Ended February 29, 2008 and 2007**(unaudited and prepared by management)

| | Cash payments | Minimum work commitments |
|-------------------------------|-------------------|-----------------------------|
| On signing (paid) | \$ 25,000 | \$ - |
| September 30, 2007 (expended) | - | 500,000 |
| October 31, 2007 (paid) | 50,000 | - |
| April 30, 2008 (expended) | - | 1,000,000 |
| October 31, 2008 | 50,000 | - |
| April 30, 2009 (expended) | - | 1,000,000 |
| October 31, 2009 | 50,000 | - |
| April 30, 2010 (expended) | - | 1,000,000 |
| | <u>\$ 175,000</u> | <u>\$ 3,500,000</u> |

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.

Dajin Resources Corp.

In May 2007, the Company entered into an option agreement with Dajin Resources Corp. ("Dajin") to earn up to a 70% interest in certain mineral claims by incurring the following:

| | Cash payments | Minimum work commitments |
|-------------------------|-------------------|-----------------------------|
| On signing (paid) | \$ 100,000 | \$ - |
| May 29, 2008 (expended) | - | 150,000 |
| May 29, 2009 | - | 150,000 |
| November 30, 2010 | - | 200,000 |
| | <u>\$ 100,000</u> | <u>\$ 500,000</u> |

On the exercise of the option, Dajin may elect to either remain a 30% working interest partner or, for no additional consideration, convert its 30% working interest into a 2% NSR.

Bourdon Property

In June 2007, the Company entered into an option agreement with a property vendor to earn a 100% interest in a mineral claim by incurring the following:

| | Cash payments | Share payments |
|------------------------------|-------------------|-------------------|
| On signing (paid and issued) | \$ 20,000 | 10,000 |
| May 29, 2008 | 30,000 | 15,000 |
| May 29, 2009 | 40,000 | 20,000 |
| November 30, 2010 | 50,000 | 25,000 |
| | <u>\$ 140,000</u> | <u>\$ 70,000</u> |

Hawthorne Gold Corp.**Notes to the Interim Consolidated Financial Statements****For the Three Months Ended February 29, 2008 and 2007**(unaudited and prepared by management)

In the event the Bourdon property is subject to a positive feasibility study, the Company will issue an additional 150,000 common shares. The property is subject to a two percent (2%) NSR of which fifty percent (50%) may be purchased for the sum of \$1,000,000.

Addie Property

In September 2007, the Company acquired certain mineral claims by issuing 50,000 shares. The property is subject to a two percent (2%) NSR of which fifty percent (50%) may be purchased for the sum of \$1,000,000.

Cassiar Property, British Columbia**Taurus**

Pursuant to an option agreement, the Company can acquire 46 mineral claims near Cassiar, British Columbia from American Bonanza Gold Corp. in consideration of an aggregate \$6 million over two years, consisting of \$1 million by December 22, 2007 (paid), \$2 million by June 22, 2008, \$1.5 million by June 22, 2009 and \$1.5 million by December 22, 2009. A further \$3 million is payable upon completion of a positive feasibility study recommending production, or production, whichever comes first. Pursuant to the agreement, the Company is required to issue 250,000 common shares to Bonanza on or before December 22, 2008.

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) | \$ 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 |
| | <u>\$ 140,000</u> | <u>\$ 1,000,000</u> |

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 the greater of \$1,500,000 or exploration expenditures that are 200% greater than expenditures to date by Cariboo and the Company. If Phelps earned back a 60% interest, the Company's interest would be reduced to 24%. 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% NSR, which can be reduced to 1% by payment of \$1,500,000.

Asset Retirement Obligation

A continuity of the asset retirement obligation relating to the mineral properties is as follows:

Hawthorne Gold Corp.

Notes to the Interim Consolidated Financial Statements For the Three Months Ended February 29, 2008 and 2007 (unaudited and prepared by management)

| | Three months ended February 29, 2008 | | Year ended November 30, 2007 | |
|---|--|--------|------------------------------------|--------|
| Asset retirement obligation - beginning of period | \$ | 22,179 | | - |
| Liabilities incurred | | - | | 22,179 |
| Accretion expense | | 2,218 | | - |
| Asset retirement obligation - ending of period | \$ | 24,397 | \$ | 22,179 |

The total undiscounted amount of estimated cash flows required to settle the obligations is \$57,527, which was adjusted for inflation at the rate of 2% and then discounted at 10%. Certain minimum amounts of asset retirement obligations will occur each year with the significant amounts to be paid on abandonment of the mineral property interests.

4. Share Capital

a) Authorized

Unlimited Class A common shares, without par value

b) Issued

| | Three months ended February 29, 2008 | | Year ended November 30, 2007 | |
|--|---|--------------|---------------------------------|--------------|
| | Shares # | Amount \$ | Shares # | Amount \$ |
| Common shares | | | | |
| Balance, beginning of period | 14,462,875 | 5,717,692 | 6,800,000 | 300,000 |
| Private placements | 1,875,000 | 2,224,857 | 3,964,375 | 3,917,270 |
| Initial Public Offering | - | - | 3,350,000 | 2,010,000 |
| Mineral properties | | | 60,000 | 93,500 |
| Warrants exercised | 6,375 | 6,056 | 4,000 | 3,800 |
| Less: | | | | |
| - Finders' fees | 92,813 | - | 284,500 | (484,301) |
| - Share issue costs | - | (90,483) | - | (71,577) |
| - Tax benefits on renounced to subscribers | - | - | - | (51,000) |
| Balance, end of period | 16,437,063 | 7,858,122 | 14,462,875 | 5,717,692 |

In December 2007, the Company closed a non-brokered private placement for gross proceeds of \$3 million. The private placement consisted of 1,875,000 units priced at \$1.60 per unit. Each unit consists of one common share and one-half warrant. Each whole warrant is exercisable for a period of 18 months from the date of closing, to acquire one common share at \$2.25 per share. The Company paid a finder's fee of 92,813 common shares, equivalent to 5% of the proceeds sourced by eligible finders in respect of certain units placed under the financing. The fair value of warrants was estimated using the Black-Scholes option pricing model (assumptions include a risk free rate of 4%, estimated volatility of 120%, expected life of 1.5 years and expected dividend yield of 0%) and \$775,143 of the proceeds of the financing was credited to contributed surplus.

c) Warrants

The continuity of warrants is as follows:

Hawthorne Gold Corp.**Notes to the Interim Consolidated Financial Statements****For the Three Months Ended February 29, 2008 and 2007**(unaudited and prepared by management)

| | Number of common shares | Weighted average exercise price |
|----------------------------|----------------------------|---------------------------------------|
| Balance, November 30, 2007 | 1,973,188 | \$ 1.56 |
| Issued | 937,500 | 2.25 |
| Exercised | (6,375) | 0.60 |
| Balance, February 29, 2008 | 2,904,313 | \$ 1.91 |

The fair value of the 937,500 warrants issued in connection with the private placement has been estimated at \$775,143 (2007 - \$nil) using the Black-Scholes option pricing model with the following assumptions:

| | 2008 | 2007 |
|---------------------------|-----------|------|
| Risk free interest rate | 4% | - |
| Expected dividend yield | - % | - |
| Stock price volatility | 120% | - |
| Expected life of warrants | 1.5 years | - |
| Fair value of warrants | \$0.83 | - |

d) Options

The Company adopted a rolling stock option plan, whereby 10% of the Company's issued and outstanding share capital may be granted to officers, directors, employees and consultants of the Company.

The continuity of options is as follows:

| | Number of common shares | Weighted average exercise price |
|----------------------------|----------------------------|---------------------------------------|
| Balance, November 30, 2007 | 1,389,000 | \$ 0.86 |
| Cancelled | (41,000) | - |
| Balance, February 29, 2008 | 1,348,000 | \$ 0.84 |

The exercise prices of all share purchase options granted were at the market price at the grant date. Using an option pricing model with the assumptions noted below, the estimated fair value of all options granted during the period ended February 29, 2008, which have been reflected in the financial statement as follows:

| Three months ended February 28, | 2008 | 2007 |
|---|---------|------|
| Mineral properties - balance sheet | 54,964 | - |
| Stock based compensation - statement of operations and deficit | 112,118 | - |
| Total compensation cost recognized, credited to contributed surplus | 167,082 | - |

The fair value of share options used has been estimated using the Black-Scholes option pricing model with the following assumptions:

Hawthorne Gold Corp.**Notes to the Interim Consolidated Financial Statements****For the Three Months Ended February 29, 2008 and 2007**(unaudited and prepared by management)

| Three months ended February 28, | 2008 | 2007 |
|---------------------------------|------------|------|
| Risk free interest rate | 4.25% | - |
| Expected dividend yield | - % | - |
| Stock price volatility | 111% | - |
| Expected life of warrants | 4.71 years | - |
| Fair value of options | \$ 0.64 | - |

e) Shares held in escrow

As at February 29, 2008, there were 3,435,000 common shares (2007 – 4,580,000) of the Company held in escrow. The escrowed shares are released every six months and the length of the agreement is three years.

f) Contributed surplus

| | Three months ended February 29, 2008 | Year ended November 30, 2007 |
|--|--|------------------------------------|
| Balance, beginning of period | \$ 2,152,424 | - |
| Stock based compensation for stock options | 167,082 | 529,193 |
| Stock based compensation for broker warrants | - | 116,901 |
| Stock based compensation for warrants | 775,143 | 1,507,730 |
| Exercised of broker warrants | (2,231) | (1,400) |
| Balance, end of period | \$ 3,092,418 | \$ 2,152,424 |

5. Capital Lease

The Company is committed to a capital lease for its camp facilities as follows:

| | Capital lease |
|------------------------------------|---------------|
| | 2008 |
| | \$ 132,359 |
| | 2009 |
| | 176,479 |
| | 2010 |
| | 198,240 |
| Total lease payments and buyout | 507,078 |
| Less: amount representing interest | (97,470) |
| Present value of minimum payments | 409,608 |

6. Related Party Transactions

- a) During the three months ended February 29, 2008, the Company paid rent of \$12,000 (2007 - \$3,000) to a company with common officers and directors.
- b) Included in accounts payable at February 29, 2008, was \$35,355 (November 30, 2007 - \$4,330) payable to related parties without interest.

7. Loan Receivable

During the three months ended February 29, 2008, the Company loaned \$127,000 to Cusac Gold Mine Ltd. (as described in Note 12) for its operating expenses. The loans are due on April 15, 2008 and bear interest of 8% per annum. At February 29, 2008, interest of \$908 was accrued.

Hawthorne Gold Corp.**Notes to the Interim Consolidated Financial Statements****For the Three Months Ended February 29, 2008 and 2007**

(unaudited and prepared by management)

8. Supplemental Disclosure with Respect to Cash Flows

The significant non-cash transaction for the three months ended February 29, 2008 was the inclusion in accounts payable of \$68,250 (2007 - \$16,201) in mineral property expenditures and \$nil (2007 - \$3,233) in plant and equipment expenditures.

In conjunction with the December 2007 private placement, of the proceeds \$2,970,000, the Company paid a finder's fee of 5%, or \$148,501, by issuing 92,813 common shares of the Company.

9. Financial Instruments

The Company's financial instruments consist of cash and cash equivalents, accounts receivable, prepaid expenses, 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.

10. Segmented Information

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

11. Commitments

The Company is committed to certain cash payments and exploration expenditures as described in Note 3.

12. Subsequent events

On April 15, 2008, the Company completed the statutory plan of arrangement (the "Arrangement") pursuant to which, among other things, the Company acquired all of the outstanding common shares (the "Shareholders") and debentures (the "Debentureholders") of Cusac as more particularly described in the Cusac Information Circular dated February 13, 2008. Cusac became a wholly owned subsidiary of the Company. Under the terms of the Arrangement, Shareholders of Cusac received one (1) common share of the Company in exchange for each nineteen (19) Cusac common shares. In addition, for each two (2) dollars of principal and interest owed to each Cusac Debentureholder, the Company issued one (1) common share. The Company issued approximately 6.05 million common shares to Cusac Shareholders and Debentureholders. Cusac stock options and warrants were also assumed by the Company, using the effective nineteen (19) to one (1) ratio.

On April 25, 2008, the Company closed a brokered private placement of \$12,314,983. The private placement consisted of 3,443,009 units priced at \$1.75 per unit for gross proceeds of \$6,025,266. Each unit consists of one common share and one-half warrant. Each whole warrant is exercisable for a period of two years from closing to acquire one common share at a price of \$2.25 per share. The private placement also consisted of 3,225,496 flow-through common shares priced at \$1.95 per share for gross proceeds of \$6,289,717. The Company paid a cash commission of \$738,898 or 6% of the gross proceeds and issued 400,111 compensation options equal to 6% of the aggregate number of units and flow-through common shares. Each compensation option entitles the holder to purchase one common share at an exercise price of \$1.75 per share for a year from the closing of the private placement.

This discussion and analysis of financial position and results of operations is prepared as at April 27, 2008 and should be read in conjunction with the unaudited financial statements of Hawthorne Gold Corp. (the "Company"), for the three months ended February 29, 2008, 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 Venture Exchange under the symbol "HGC" and on the German exchanges under the symbol WKN A0M55U.

On April 15, 2008, the Company completed the statutory plan of arrangement (the "Arrangement") pursuant to which, among other things, the Company acquired all of the outstanding common shares (the "Shareholders") and debentures (the "Debentureholders") of Cusac Gold Mines Ltd. ("Cusac") as more particularly described in the Cusac Information Circular dated February 13, 2008. Cusac became a wholly owned subsidiary of the Company. Under the terms of the Arrangement, Shareholders of Cusac received one (1) common share of the Company in exchange for each nineteen (19) Cusac common shares. In addition, for each two (2) dollars of principal and interest owed to each Cusac Debentureholder, the Company issued one (1) common share. The Company issued approximately 6.05 million common shares to Cusac Shareholders and Debentureholders. Cusac stock options and warrants were also assumed by the Company, using the effective nineteen (19) to one (1) ratio.

Mineral Property Interests

Hawthorne currently has three significant gold projects located in British Columbia, Canada. Michael Redfean, P.Eng., the Company's Vice President of Operations and a qualified person as defined by National Instrument ("NI") 43-101, has reviewed and approved the technical information contained in this MD&A.

Frasergold, British Columbia

The optioned Frasergold property is located in the historic Quesnel Trough area of central British Columbia and has a long history of continued exploration since the 1970's. Hawthorne's exploration program ended in December 2007 and included surface and underground geological mapping, a property wide airborne geophysics program, eleven 200 kilogram bulk samples, 3,600 meters of confirmatory and exploratory diamond drilling, 211 underground channel samples and the initial phases of an environmental baseline study. The results of the 2007 work program confirms previous work on the property and the potential for a large scale large tonnage open pit scenario. The full extent of the mineralized zones remains to be tested along strike and at depth and the Company plans extensive definition drilling for 2008.

Table Mountain, British Columbia

The wholly-owned Table Mountain gold mine is a high-grade, underground mining operation located in northern British Columbia. The historic Cassiar Gold Belt is a 23 kilometre long greenstone hosted quartz carbonate formation that stretches from Mount McDame in the north to Juniper Mountain in the

Management's Discussion and Analysis

southeast. The historic mining operations and McDame River have produced just over 500,000 ounces of gold from various mills and placer operations.

Numerous small mines processed high-grade ore starting in 1934. This was followed in 1978 by larger-scale underground mining and processing, first as the Erickson gold mine, then the Cusac gold mine. During this period, mine operators opened 13 portals to access Table Mountain's widespread gold mineralization. The operation and support facilities at the Table Mountain gold mine, which shut down in October 2007, consist of a 300-ton-per-day, gravity flotation mill, power plant, assay laboratory and permitted tailings pond.

Gold mineralization at Table Mountain is hosted in a greenstone quartz carbonate gold system that is typical of some of Canada's largest gold camps, including Timmins, Kirkland Lake and Val d'Or. Hawthorne plans to undertake a geological reconnaissance program in 2008 in anticipation of commencement of gold production in 2009.

Taurus, British Columbia

The Taurus project is a large-tonnage, low-grade gold deposit. It is a former producer and has been explored for approximately 25 years. It is an advanced-stage exploration target that hosts a NI 43-101 inferred resource of 1.04 million ounces of gold. This resource, which was confirmed in a June 2007 technical report, consists of 32.4 million tonnes at an average gold grade of 1.0 g/t using a cut-off grade of 0.5 g/t. (refer to NI 43-101 technical report titled, "Technical Report on the Taurus Project – Liard Mining District, B.C.," dated May 15, 2007 and prepared by Kevin Palmer and Andrew Ruijter of Wardrop Engineering Incorporated, filed at www.sedar.com on February 13, 2008).

The project comprises mineral claims the Company owns and claims optioned from a third party and includes the wholly-owned Taurus II property, which was drilled over the last two years. This drilling expanded the mineralization with grade intercepts in a range similar to the known resource of 1.0 g/t gold.

A former high-grade, small underground gold mine, the Taurus deposit was actively operated in the early 1950s and again in the early 1980s. The high-grade areas were eventually abandoned and attention turned to a large low-grade mineralized zone, where approximately 370 holes have been drilled. Hawthorne plans to expand the resource with additional drilling and an airborne geophysical survey. The land package consists of a contiguous 56,300-hectare package on the Cassiar Gold Belt

Results of Operations

Results of Operations for the three months ended February 29, 2008 and 2007

Expenses

Total operating expenses were \$378,726 for the three months ended February 29, 2008, compared to \$44,205 for the comparative three months, for an increase of \$334,521. The Company's expenses increased in all cost categories between the periods as a result of the advancement of Frasersgold and the acquisition of Cusac compared the prior three month period when the Company had just commenced operations.

The Company recorded stock based compensation charges of \$112,118 for the vesting of stock options granted to directors, officers, employees and consultants of the Company during the current three months, as compared with no such charges in the comparative three months when no stock options were

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outstanding. During the three months ended February 29, 2008, the Company incurred \$55,469 in rent and office expenses as compared to \$12,087 in such expense in the comparative three months when the Company was just commencing operations. During the three months ended February 29, 2008, the Company incurred \$108,473 in investor relations expenses in efforts to provide exposure of the Company in the financial community highlighting the acquisition of Cusac and the Frasersgold exploration results compared to no such expense in the previous three months when the Company was still private.

Net Loss

The Company recorded a net loss of \$339,700 for the three months ended February 29, 2008, compared with a net loss of \$4,231 in the prior three months. The net loss for the three months ended February 28, 2007 is net of a future income tax recovery of \$38,250 related to the renouncement of the Company's \$150,000 flow through financing completed in July 2007.

Summary of Quarterly Results

| | Feb 29 | Nov 30 | Aug 31 | May 31 | Feb 28 | Nov 30 | Aug 31 | May 31 |
|---------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | 2008 | 2007 | 2007 | 2007 | 2007 | 2006 | 2006 | 2006 |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Total revenues | - | - | - | - | - | - | - | - |
| Net loss | (339,700) | (278,338) | (213,937) | (100,316) | (4,231) | (439) | (207) | (297) |
| Net loss per share | | | | | | | | |
| - basic and diluted | (0.02) | (0.03) | (0.02) | (0.01) | (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. The Company expects its expenses to increase in the coming quarters as it undertakes its aggressive exploration and development plans.

Liquidity

The Company had cash of \$2,775,307 at February 29, 2008 from \$2,749,637 at November 30, 2007. The Company's working capital was \$2,636,145 as at February 29, 2008, compared to working capital of \$2,292,034 as at November 30, 2007. During the recent quarter end, the Company closed a private placement for gross proceeds of \$3,000,000.

During the three months ended February 29, 2008, the Company used \$2,944,906 of its cash on its mineral properties, including a \$1,000,000 cash payment for the Taurus option, as compared to \$28,909 during the comparative period.

Capital Resources

Subsequent to the three months ended February 29, 2008, the Company closed a brokered private placement of \$12,314,983. The private placement consisted of 3,443,009 units priced at \$1.75 per unit for gross proceeds of \$6,025,266. Each unit consists of one common share and one-half warrant. Each whole warrant is exercisable for a period of two years from closing to acquire one common share at a price of \$2.25 per share. The private placement also consisted of 3,225,496 flow-through common shares priced at \$1.95 per share for gross proceeds of \$6,289,717. The Company paid a cash commission of \$738,898 or 6% of the gross proceeds and issued 400,111 compensation options equal to 6% of the aggregate number of units and flow-through common shares. Each compensation option entitles the holder to purchase one common share at an exercise price of \$1.75 per share for a year from the closing of the private placement.

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To keep the Company's mineral claims in good standing, the Company is required to make cash payments and fulfill work program expenditures. During 2007, the Company entered into a capital lease for the purchase of a permanent camp for the Frasergold project with total commitments of \$507,078 by May 2010.

Transactions with Related Parties

During the three months ended February 29, 2008, the Company paid rent of \$12,000 (2007 - \$3,000) 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 of Securities | Number Of Shares |
|--------------------------|-----------------------|----------------|----------------------|-------------------|
| Common shares | | | | 29,263,868 |
| Share purchase options: | April 25, 2012 | \$0.60 | 1,041,700 | |
| | July 16, 2009 | \$1.60 | 100,000 | |
| | July 22, 2012 | \$1.60 | 78,000 | |
| | October 2, 2009 | \$1.60 | 20,000 | |
| | October 2, 2012 | \$1.60 | 50,000 | |
| | October 29, 2012 | \$2.05 | 50,000 | |
| | February 1, 2010 | \$2.00 | 25,000 | |
| | September 5, 2009 (*) | \$3.04 | 73,684 | |
| | August 25, 2010 (*) | \$5.13 | 5,263 | |
| | November 24, 2008 (*) | \$4.75 | 3,684 | |
| | May 4, 2009 (*) | \$4.18 | 37,368 | |
| | February 21, 2009 (*) | \$4.56 | 52,105 | 1,536,804 |
| Agent warrants: | April 23, 2009 | \$0.60 | 324,625 | |
| | April 17, 2009 | \$1.75 | 382,434 | |
| | April 25, 2009 | \$1.75 | 17,677 | |
| | November 17, 2008 (*) | \$4.37 | 22,431 | |
| Share purchase warrants: | July 12, 2009 | \$1.75 | 1,642,188 | |
| | June 20, 2009 | \$2.25 | 937,500 | |
| | April 17, 2010 | \$2.25 | 1,721,503 | |
| | November 8, 2008 (*) | \$6.65 | 151,868 | |
| | November 17, 2008 (*) | \$6.65 | 15,594 | 5,215,820 |
| | | | | 36,016,492 |

(*) denotes options and warrants assumed under the acquisition of Cusac Gold Mines Ltd.

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

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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.