

**Avventura Resources Ltd. (formerly Horwood Exploration Corp.)**  
**Management's discussion and analysis**  
**For the three months ended December 31, 2024**

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The following Management's Discussion and Analysis ("MD&A") is current as of March 11 2025. This MD&A contains a review and analysis of financial results for Avventura Resources Ltd. (formerly Horwood Exploration Corp.; "Avventura" or "the Company") for the three months ended December 31, 2024.

This MD&A supplements but does not form part of the condensed interim consolidated financial statements of the Company and notes thereto for the three months ended December 31, 2024, and consequently should be read in conjunction with the afore-mentioned condensed interim consolidated financial statements and notes thereto.

All amounts both in the Company's condensed interim consolidated financial statements and this MD&A are expressed in Canadian dollars. The reader is encouraged to review the Company's statutory filings on [www.sedarplus.ca](http://www.sedarplus.ca).

## **FORWARD-LOOKING STATEMENTS**

Although the forward-looking information contained in this MD&A is based upon what management believes to be reasonable assumptions, there can be no assurance that such forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking information. Such forward-looking information is made as of the date of this MD&A and, other than as required by applicable securities laws, the Company assumes no obligation to update or revise such forward-looking information to reflect new events or circumstances.

## **DESCRIPTION OF BUSINESS**

Avventura is a Canadian mining issuer existing under the Canada Business Corporations Act. The Company is principally engaged in the acquisition and exploration of mineral properties.

## **RECENT DEVELOPMENTS**

On November 29, 2024 the Company completed, the acquisition of all the issued and outstanding shares of Avventura Resources (BC) Inc. ("Avventura BC"), in consideration for, the issuance of 13,575,001 common shares of Horwood Exploration Corp. to the shareholders of Avventura BC (the "Acquisition").

In conjunction with the completion of the Acquisition, the following individuals resigned from their positions with the Company: (i) Eric Allard as Chief Executive Officer; (ii) Véronique Laberge as Chief Financial Officer and a director; and (iii) Nicholas Coltura as a director.

The outgoing directors and management were succeeded by the following individuals:

- Anthony Balic, President and Chief Executive Officer
- Mark Lotz, Director, Chief Financial Officer and Corporate Secretary
- John Pallot, Director and Chairman
- John Hiner, Director
- Eric Allard, Director

As a result of the completion of the Acquisition, the former holders of Avventura BC common shares held approximately 52% of the issued and outstanding common shares of the Company and former holders of Horwood Exploration Corp. shares held approximately 48% of the common shares of the Company.

The Company cancelled 6,675,000 Warrants, such that it had 12,511,368 common shares and 2,000,000 warrants outstanding immediately prior to the closing of the Acquisition.

In management's judgement the appropriate value assigned to the shares issued in the transaction was \$0.05 as this price matched the recent share subscriptions that included unrelated third parties

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Avventura warrants outstanding immediately prior to closing of the Acquisition shall entitle the holder thereof to receive, upon exercise on or after the closing date, one half (1/2) of one (1) common share of the Company at an exercise price of \$0.10 per share

The transaction was considered a reverse takeover ("RTO") as the legal acquiree's (Avventura Resources (BC) Inc.) former shareholders are expected to control the consolidated entity after completion of the RTO. Consequently, the financial statements of the Company and this Management's discussion and analysis reflect the position and results of operations of the continuing business, that of the former Avventura Resources (BC) Inc.

In conjunction with the completion of the Acquisition, the Company changed its name to Avventura Resources Ltd.

## **MINERAL PROPERTIES**

The Company's mineral exploration portfolio comprises the following:

	Location	Mining claims	Approximate area in hectares
Kabik Lake Project	Ontario	9 unpatented (114 cells)	2,290
Horwood Property	Ontario	296	6,836

### **Kabik Lake Project**

On March 17, 2022 the Avventura BC entered into a mineral property option agreement to acquire a 100% undivided interest in the Kabik Lake Project (the "Property") situated in the Patricia Mining Division in the Province of Ontario.

Under the agreement, the Company has the option to earn the undivided 100% interest in the Property (subject to the Net Smelter Returns ("NSR") described below) by issuing a total of 200,000 common shares, making cash payments in aggregate amount of \$155,000, and incurring an aggregate of \$500,000 worth of exploration expenditures on the property as follows:

	Common Shares	Cash	Exploration Expenditures
	#	\$	\$
Upon signing the Option agreement ( <i>paid</i> )	-	10,000	-
Upon listing of the Company's Common Shares on a Canadian Stock Exchange (the "Listing")	200,000	15,000	-
On or before the first anniversary of the Listing	-	20,000	100,000
On or before the second anniversary of Listing	-	30,000	100,000
On or before the third anniversary of the Listing	-	-	300,000
	200,000	75,000	500,000

The optionors will retain a 1.5% NSR on the Property. The Company has the right to purchase the first 0.5% of the royalty for \$500,000. Upon such purchase, the Company will have the right of first refusal on the remaining 1% of the NSR.

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**Horwood Property, Ontario, Canada**

On May 4, 2022, the Company signed an option agreement to acquire 100% interest in a property of 35 mining claims, 90 kilometers southwest of Timmins in the Sudbury District of Ontario at a price of \$124,000 and 500,000 common shares of the Company.

	Common		Exploration
	Shares	Cash	Expenditures
	#	\$	\$
Upon signing the Option agreement ( <i>paid</i> )	-	24,000	-
Upon listing of the Company's Common Shares on a Canadian Stock Exchange (the "Listing")	500,000	25,000	-
On or before the first anniversary of the Listing	-	30,000	
On or before the second anniversary of Listing	-	45,000	
	500,000	124,000	-

Property Geology

The Horwood Property lies in the east-centre of the Swayze Greenstone Belt, a mafic-dominated swath of volcanics bounded by TTG-type granitoidal masses. It is mostly underlain by a thick package of mafic flows, autobreccias, pillows and minor variolitic flows, striking broadly northeasterly with dips varying from subvertical to about 40° westerly, around Hardiman Bay Minor ultramafic and intermediate to felsic volcanic phases as well as interflow type sediments are present. Mafic tuff units noted in several drill programs in the area may represent shear deformation. Gabbroic sills and stocks post-date this volcanosedimentary cycle and are intruded into the package, particularly southwest of Horwood Lake and around Stangiff Lake, and with some amount of structural control exhibited by a north-northeast fabric. An elongated biotite granodiorite stock, the Horwood Peninsula Pluton, crosses the northern part of the Property with a northeasterly trend. In places it is internally sheared and carries the north-northeasterly foliation (Wood 2005). Its northern limb is in contact with one of the aforementioned gabbroic stocks. Darke (1995) mentions quartz diorite and dioritic quartz-porphyry units in this area which may represent phases of the HPP or separate sills. Conversely, Dadson (1980) lists "Quartz Diorite (metagabbro)" as a major lithology in the Orofino area hinting that the affinity of different intrusive units requires further study.

## **EXPLORATION PROGRAM**

As of the Effective Date of the Technical Report, the Company has not completed any drilling on the Horwood Property.

### **Sampling Preparation, Analysis and Security**

Eight grab samples were taken during the visit. Brian Newton, P. Geo, and Sahil Alurkar, GIT, both of Minroc, performed the sampling. The Minroc samples were taken in the field using hand tools and sealed inside plastic bags alongside a unique identifying tag and recorded in field notes alongside UTM coordinates taken with a handheld GPS, according to standard best field practices. The samples were stored securely before being delivered by Minroc personnel to ALS Laboratories (ALS) in Sudbury, Ontario for sample preparation. Sample analysis was then completed by ALS Minerals in their North Vancouver geochemical laboratory in British Columbia.

At ALS, the samples were crushed to 70% passing a 2 mm mesh and riffle-split, after which one split is pulverized to 85% passing a 75 µm mesh. The unpulverized split (the reject) were retained while the pulverized split (the pulp) were assayed by "ME-MS61" four-acid digestion with ICP-MS analysis for a suite of 51 elements as well as "PGM-MS23L" gold and platinum group element fire assay on a 30 g sub-sample.

ALS ran a QA/QC regime internally alongside the sample assays, including six Standards (TAZ-20, GPP-03, OREAS 920, EMOG-17, SP 116 and OREAS 681) and four Blanks. All results were reviewed against the published values by Minroc and are considered satisfactory and sufficient for the purposes of this Technical Report. ALS facilities conform to the requirements of the ISO/IEC 17025 Standard (General requirements for the competence of testing and calibration laboratories), and regularly take part in proficiency testing. Further, ALS facilities conform to CAN-P-1579 (Mineral Analysis/Geological Tests) as set out by the Standards Council of Canada. ALS is independent of Horwood Exploration Corp, Minroc and all other interested parties.

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	<b>Kabik Lake Project</b>	<b>Horwood Property</b>	<b>Total</b>
	\$	\$	\$
<i>Acquisition costs</i>			
Balance, September 30, 2023	10,000	-	10,000
Exploration and evaluation assets acquired	-	24,000	24,000
Balance, March 31, 2024	10,000	24,000	34,000
Balance, September 30, 2024 and December 31, 2024	<b>10,000</b>	<b>24,000</b>	<b>34,000</b>
<i>Exploration costs</i>			
Balance, September 30, 2023	138,541	-	<b>2,566</b>
Magnetic Survey	1,563	-	<b>56,677</b>
Geological services	4,963	-	<b>25,173</b>
Balance, September 30, 2024	145,067	-	<b>145,067</b>
Balance, December 31, 2024	145,067	-	<b>145,067</b>
<i>Total mineral property costs</i>			
	<b>Kabik Lake Project</b>	<b>Horwood Property</b>	<b>Total</b>
	\$	\$	\$
Balance, September 30, 2024	155,067	-	<b>155,067</b>
Balance, December 31, 2024	155,067	24,000	<b>179,067</b>

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## **ASSETS**

### *Cash*

Cash on hand at December 31, 2024 was \$13,738 (2023 - \$19,352) The Company's cash position was the result of ongoing operating expenses for corporate administration and exploration expenses which were offset by share issuances.

### *Exploration and evaluation asset*

Exploration and evaluation assets increased to \$179,067 as at December 31, 2024 (2023 - \$150,104) which was detailed by project above. The increase is the result of assets acquired in the reverse take over \$24,000 and \$4,963 in capitalized expenditures.

## **SUMMARY OF QUARTERLY RESULTS**

Below is a summary of the Company's recent quarterly results, prepared under International Financial Reporting Standards:

	December 31, 2024	September 30, 2024	June 30, 2024	March 31, 2024
Net loss	(810,324)	(95,613)	(47,806)	(15,025)
Basic and diluted loss per share	(0.03)	(0.01)	(0.01)	(0.01)

	December 31, 2023	September 30, 2023	June 30, 2023	March 31, 2023
Net loss	(44,796)	(50,251)	(31,420)	(18,394)
Basic and diluted loss per share	(0.01)	(0.01)	(0.01)	(0.01)

## **Financial Performance**

### For the three months period ended December 31, 2024

Net loss for the three-month period ended December 31, 2024 was \$810,324 (2023 – \$21,535). Reverse take-over expense of \$618,128. Professional fees of \$171,454 (2023 - \$Nil) related to accounting fees, audit fees and legal fees related to its reverse take over and continuous disclosure requirements. Management fees decreased to \$11,500 (2023 – \$15,625), due to a result of fee reductions considering working capital deficiencies.

## **Cash Flows**

Net cash used in operating activities during the three months ended December 31, 2024 was \$41,210 (2023 - \$45,435). The decrease in cash utilized during the period was attributable due to cash constraints.

There was no material cash investments during the period. The Company completed a noncash reverse take over, described above.

Net cash raised from financing activities was limited to the subscription receivable of \$20,000 (2023 – \$20,180)

## **Liquidity and Capital Resources**

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Total shareholders' deficit as of December 31, 2024 was \$125,067 as follows:

Balance as of December 31, 2023	\$ 115,606
Subscription receipts	19,838
Shares issued for reverse take over	625,538
Comprehensive loss for the period	(886,049)
Balance as of December 31, 2024	<u>\$ (125,067)</u>

The Company ended the period with cash of \$13,738, a decrease of \$21,110 from the prior year end.

There was a working capital deficit of \$304,134 as at December 31, 2024 (2023 – deficit of \$115,216) which the Company intends to remedy through a subsequent financing.

The Company does not generate cash flows from operations and will need to raise additional funds through the issuance of shares. Although, the Company has been successful in raising funds in the past there can be no assurance that it will be able to raise sufficient funds in the future, in which case it may be unable to meet obligations in the normal course of business. These factors may cast significant doubt regarding the Company's ability to continue as a going concern. Should the Company be unable to discharge liabilities in the normal course of business, the net realizable value of its assets may be materially less than amounts on the statement of financial position.

**Information on Outstanding Securities**

Common shares outstanding	26,086,369
Stock options exercisable	-
Average exercise price of	-
Warrants outstanding	11,650,000
Average exercise price	\$ 0.05

All existing warrants expire on the third anniversary of the listing of the Company's shares on a Canadian exchange.

During the three months ended December 31, 2024, the Company issued the following shares:

On November 29, 2024, the Company and the Avventura BC completed the share exchange. The Avventura BC's former shareholders received 13,575,001 of the Company's common shares and Avventura BC became a wholly owned subsidiary of the Company. On January 20, 2025, the Company and the Issuer agreed to settle \$109,563 of payables for legal services provided to the Company through the issuance of 1,096,630 common shares.

As at December 31, 2023, there were 10,875,001 common shares issued and outstanding.

During the three months ended December 31, 2023, the Company issued 250,000 units comprising one common share and a common share purchase warrant.

**Stock Options**

The Company does not have any outstanding stock options.

**Commitments and Contingencies**

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The Company is committed to certain cash payments, common share issuances and exploration expenditures as described in the Business Overview.

**Related Party Transactions**

Related parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

Key management includes directors and key officers of the Company, including the President, Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO").

Legal fees are incurred with a firm controlled by a family member of the CFO.

The Company incurred the following key management personnel cost from related parties:

	<b>December 31, 2024 \$</b>	<b>December 31, 2023 \$</b>
CFO fees (company controlled by the CFO)	21,625	-
Legal fees	103,836	30,838
Management fees	16,945	8,000

As at December 31, 2023, the Company owed \$173,536 (2023 - \$20,779) to Directors of the Company, management, and companies controlled by related parties which have been recorded in accounts payable.

**Disclosures**

This MD&A supports information disclosed in the Company's condensed interim financial statements. More information regarding the Company's mineral rights and interests can be found under Note 5 of the Company's condensed interim consolidated financial statements for the current reporting period.



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**Commitments**

The Company is required to make the following payments under the terms of its mineral property agreements.

	Cash	Shares by quantity	Exploration Expenditures
Upon Listing	\$35,000	700,000	
First anniversary of the Listing	50,000		100,000
Second anniversary of the Listing	75,000		100,000
Third anniversary of the Listing			300,000
Totals	\$160,000	700,000	500,000

**Critical Accounting Estimates**

The preparation of condensed interim consolidated financial statements in conformity with IFRS accounting standards requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets, liabilities, shareholders' equity, and the disclosure of contingent assets and liabilities as at the date of the condensed interim financial statements, and expenses for the periods reported.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, which could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- The recoverability of receivables, prepayments and deposits that are included in the consolidated statements of financial position.
- The fair value of stock options, warrants and compensation options which requires the estimation of stock price volatility, the expected forfeiture rate and the expected term of the underlying instruments.
- The fair value of restricted share units which requires the estimation of the number of awards likely to vest on grant and at each reporting date up to the vesting date.
- The fair value of the investment for which a quoted market price in an active market is not available.
- The recoverability of deferred tax assets based on the assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions.
- The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay its ongoing operating expenditures and to meet its liabilities for the ensuing year involves significant judgment
- based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. (g) The classification and allocation of expenses as exploration and evaluation expenditures or operating expenses.

**Accounting Policies**

The accounting policies followed by the Company are set out in Note 2 to the accompanying consolidated condensed interim consolidated financial statements for the three months ended December 31, 2024.

### **Risk Factors**

Readers are cautioned that the risk factors discussed above in this MD&A are not exhaustive. Readers should also carefully consider the matters discussed under the heading, "Forward Looking Statements", in this MD&A.

### **Internal Controls Over Financial Reporting ("ICFR")**

There were no changes in the Company's internal control over financial reporting during the period from September 30, 2024 to December 31, 2024 that have materially affected, or are reasonably likely to affect, the Company's internal control over financial reporting.