Redhawk Resources, Inc.

(An Exploration Stage Company)

Interim Consolidated Financial Statements

September 30, 2008

(Canadian Funds)

(Unaudited)

Notice of no Auditor Review of Interim Financial Statements

The accompanying unaudited interim financial statements of the Company have been prepared by, and are the responsibility of, the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with the standards of the Canadian Institute of Chartered Accountants for a review of interim financial statements.

Redhawk Resources, Inc.

Statement 1

(An Exploration Stage Company)

Interim Consolidated Balance Sheets

Canadian Funds
Unaudited

ASSETS		**September 30, 2008**		March 31, 2008 (audited)
Current				
Cash and term deposits	$	**834,592**	$	158,338
Short-term investments *(Note 4)*		**830**		8,866
Accounts receivable and prepaid expense		**67,948**		101,270
		903,370		268,474
Reclamation bond		**17,130**		17,130
Property and equipment *(Note 5)*		**66,893**		72,298
Resources properties *(Note 6)*		**13,723,437**		12,337,838
	$	**14,710,830**	$	12,695,740
LIABILITIES				
Current				
Accounts payable and accrued liabilities	$	**348,799**	$	589,329
Current portion of long term debt *(Note 7)*		**532,000**		513,500
		880,799		1,102,829
Long term debt *(Note 7)*	$	**1,837,789**	$	1,718,876
		2,718,588		2,821,705
SHAREHOLDERS' EQUITY				
Share capital *(Note 8)*		**20,962,427**		19,368,785
Stock options *(Note 10)*		**2,259,906**		2,207,786
Warrants *(Note 9)*		**984,560**		-
Deficit – *Statement 2*		**(12,214,651)**		(11,522,536)
		11,992,242		9,874,035
	$	**14,710,830**	$	12,695,740

Nature of Operations and Going Concern (Note 1)
Commitments (Notes 6 & 13)
Subsequent Events (Note 18)

ON BEHALF OF THE BOARD:

Director: "Darryl J. Yea"

Director: "J. Stephen Barley"

Redhawk Resources, Inc.

Statement 2

(An Exploration Stage Company)

Interim Consolidated Statements of Operations, Comprehensive Loss and Deficit

Canadian Funds
Unaudited

	Three Months ended September 30		Six Months Ended September 30	
	2008	2007	**2008**	2007
Administrative Costs				
Audit and accounting	$ **28,070**	$ 7,787	$ **47,005**	$ 44,845
Amortization	**4,604**	4,584	**9,209**	9,315
Filing fees	**5,290**	3,550	**6,236**	5,600
Insurance	**10,351**	6,541	**21,831**	13,877
Investor relations	**11,751**	31,654	**53,064**	59,623
Legal	**15,504**	35,175	**43,011**	74,977
Management fees and consulting	**38,000**	66,391	**77,000**	262,783
Office and sundry	**6,795**	43,876	**14,789**	56,006
Salaries and benefits	**33,798**	21,572	**86,057**	47,594
Rent	**10,953**	21,641	**24,027**	45,051
Stock based compensation expense *(Note 10(b))*	**80,578**	355,275	**188,657**	525,774
Transfer agent	**1,450**	2,496	**3,153**	21,603
Travel and accommodation	**34,370**	20,822	**38,209**	23,383
Foreign exchange (gain) loss	**103,643**	(105,981)	**80,459**	(147,013)
L0ss before the following	**385,157**	515,383	**692,707**	1,043,418
Other expenses (income)				
Interest income	**(8,883)**	(28,563)	**(14,420)**	(67,821)
Interest expense	**-**		**5,792**	-
Loss for the period	**376,274**	486,820	**684,079**	975,597
Unrealized loss on security held for resale	**8,036**	-	**8,036**	-
Loss and comprehensive loss for the period	**384,310**	486,820	**692,115**	975,597
Deficit – beginning of period	**11,300,341**	9,918,140	**11,522,536**	5,706,147
Distribution of assets *(Note 17)*	**-**	-	**-**	3,723,216
Deficit – end of period	$ **12,214,651**	$ 10,404,960	$ **12,214,651**	$ 10,404,960
Loss per share - basic	$ **0.005**	$ 0.007	$ **0.010**	$ 0.017
Weighted average shares outstanding-basic	**73,910,820**	66,537,135	**72,176,448**	59,235,841

The accompanying notes form an integral part of these financial statements

Redhawk Resources, Inc.

Statement 3

(An Exploration Stage Company)

Interim Consolidated Statements of Cash Flows

Canadian Funds
Unaudited

	Three Months ended September 30 **2008**	2007	Six Months Ended September 30 **2008**	2007
Cash flows from operating activities				
Loss and comprehensive loss for the period	**$ (384,310)**	$ (486,820)	**$ (692,115)**	$ (975,597)
Items not affecting cash				
Amortization	**4,604**	4,584	**9,209**	9,315
Stock based compensation expense *(Note 10(b))*	**80,578**	355,275	**188,657**	525,774
Unrealized loss on security held for resale	**8,036**		**8,036**	-
	(291,092)	(126,961)	**(486,213)**	(440,508)
Changes in non-cash working capital	**(129,995)**	24,123	**(383,891)**	(95,047)
	(421,087)	(102,838)	**(870,104)**	(535,555)
Cash flows from investing activities				
Property, plant and equipment	**-**	-	**(3,804)**	(6,457)
Resource property expenditures	**(147,432)**	(689,664)	**(1,016,040)**	(1,319,203)
Reclamation bond	**-**	-	**-**	(5,490)
Repayment of advances from ReMac Zinc Corp.	**-**	293,250	**-**	-
	(147,432)	(396,414)	**(1,019,844)**	(1,331,150)
Cash flows from investing activities				
Share capital issued for cash, net of issuance costs	**-**	-	**2,566,202**	3,275,280
Share purchase warrants exercised	**-**	153,300	**-**	153,300
Stock options exercised	**-**	78,775	**-**	78,775
	-	232,075	**2,566,202**	3,507,355
Net increase (decrease) in cash	**(568,519)**	(267,177)	**676,254**	1,640,650
Cash – beginning of period	**1,403,111**	3,099,488	**158,338**	1,191,661
Cash – end of period	**$ 834,592**	$ 2,832,311	**$ 834,592**	$ 2,832,311
Supplemental Schedule of Non-Cash Transactions				
Stock-based compensation capitalized in resource properties	**$ 18,839**	$ 41,275	**$ 43,463**	$ 41,275
Shares issued for resource properties	**$ -**	$ -	**$ 12,000**	$ 15,000

The accompanying notes form an integral part of these financial statements

1. Nature of Operations and Going Concern

Redhawk Resources, Inc. (the "Company") and its wholly owned subsidiaries, Redhawk Copper, Inc. and Redhawk Resources (USA), Inc. are engaged principally in the acquisition, exploration and development of resource properties.

The Company's ability to continue operations is contingent on its ability to obtain further financing. These interim consolidated financial statements do not reflect the adjustments to the carrying value of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary were going concern assumptions inappropriate. Such adjustments could be material.

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles applicable to a going-concern, which contemplates the realization of assets and the satisfaction of liabilities and commitments in the normal course of business. The Company for the six month period ended September 30, 2008 incurred a loss of $692,115, had working capital of $22,571 and an accumulated shareholders' deficit of $12,214,651.

Management is endeavouring to secure the necessary financing; however, there is no assurance that management will be successful in achieving this objective. In management's opinion, the working capital position is adequate to maintain ongoing corporate activities for the current fiscal year, exclusive of any exploration expenditures. A longer term perspective beyond the current fiscal year would indicate there is doubt about the Company to continue as a going concern.

2. Significant Accounting Policies

These interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles and follow the same accounting policies and methods consistent with those used in the preparation of the most recent annual audited consolidated financial statements except as noted below. The interim consolidated financial statements do not include all information and note disclosures required by Canadian GAAP for annual financial statements, and therefore should be read in conjunction with the Company's audited consolidated financial statements for the year ended March 31, 2008.

Changes in Accounting Policies

Effective April 1, 2008, the Company adopted the following new accounting standards issued by the Canadian Institute of Chartered Accountants ("CICA"):

Section 3862, "Financial Instruments – Disclosures". This section describes the required disclosure to evaluate the significance of financial instruments for the entity's financial position and performance as well as the nature and extent of risks arising from financial instruments to which the entity is exposed and how the entity manages those risks. *(See note 3)*

Section 3863, "Financial Instruments – Presentation". This section establishes standards for presentation of financial instruments and non-financial derivatives. These sections detail the presentation of standards described in Section 3861, "Financial Instruments – Disclosure and presentation". *(See note 3)*

Section 1535, "Capital Disclosures". This section establishes standards for disclosing information about an entity's capital and how it is managed. It describes the disclosure of the entity's objectives, policies and processes for managing capital as well as summary quantitative data on the elements included in the management of capital. The section seeks to determine if the entity has complied with capital requirements and if not, the consequences of such non-compliance. *(See Note 16)*

Section 1400, "General Standards on Financial Statement Presentation", has been amended to include requirements to assess and disclose a company's ability to continue as a going concern. The adoption of this standard did not have an effect on the Company for the six months ended September, 2008.

2. Significant Accounting Policies - *continued*

International Financial Reporting Standards (IFRS)

In 2006, the Canadian Accounting Standards Board ("AcSB") published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008 the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada's own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended December 31, 2010. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

3. Fair Value of Financial Instruments

The Company's financial instruments consist of cash and cash equivalents, short term investments, accounts receivable, reclamation bond, and accounts payable and accrued liabilities, and long term debt. It is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from the financial instruments other than it relates to the long term debt described in note 7, which is repayable in US dollars. The carrying value of these financial instruments approximates their fair value.

4. Short Term Investments

At September 30, 2008 the quoted market value of the security was $830. The decrease in fair value of $8,036 has been recorded as an unrealized loss.

5. Property and Equipment

	September 30, 2008			March 31, 2008		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Furniture and equipment	$ 66,336	26,627	39,709	$ 62,532	22,214	$ 40,318
Computer equipment	35,307	20,907	14,400	35,307	18,367	16,940
Software	33,848	21,064	12,784	33,848	18,808	15,040
	$ 135,491	68,598	66,893	$ 131,687	59,389	$ 72,298

6. Resource Properties

	Six Months Ended September 30, 2008	Year Ended March 31, 2008
Alien, Nevada, USA (a)		
Acquisition	$ -	$ 24,710
Deferred exploration	-	31,693
Deferred property maintenance	24,924	-
	24,924	56,403
Ramona, Nevada, USA (b)		
Acquisition	$ 42,039	$ 42,003
Deferred exploration	-	344
Deferred property maintenance	5,011	-
	47,050	42.347
Copper Creek, Arizona, USA (c, d and e)		
Acquisition	$ 54,957	$ 2,478,586
Deferred exploration	816,210	3,639,429
Deferred general and administration	134,219	-
Deferred property development	230,402	-
Deferred property maintenance	34,374	-
Deferred exploration - stock based compensation *(Note 10(b))*	43,463	
	1,313,625	6,118,015
Redbird, Kootney Land District, B.C. (f)		
Spin off of subsidiary	$ -	$ (2,361,270)
Reeves, Kootney Land District, B.C. (f)		
Spin off of subsidiary	$ -	$ (522,393)
Total deferred costs for the period and year	1,385,599	3,333,102
Balance – beginning of period and year	12,337,838	9,004,736
Balance – end of period and year	$ 13,723,437	$ 12,337,838
Balance comprised of:		
Alien, Nevada, USA	$ 791,612	$ 766,688
Ramona, Nevada, USA	234,429	187,379
Copper Creek, Arizona, USA	12,697,396	11,383,771
Balance – end of period and year	$ 13,723,437	$ 12,337,838

6. Resource Properties - *continued*

a) **Alien Agreement**
On October 3, 2003, the Company optioned to acquire a 100% interest, subject to a net smelter royalty of up to 3%, in a long-term mineral lease of 16 unpatented mining claims located in Nye County, Nevada, known as the Alien Gold project. Advance royalty payments are required to be paid annually during the lease term along with the issuance of 500,000 common shares of the Company over the first six years of the lease term. To date 200,000 shares have been issued with the remaining 300,000 shares to be issued on or before December 1, 2008. The Company paid advance royalty payments of US$70,000 during the first six years of the lease term and is required to make advance royalty payments of US$30,000 in December of each year of the lease term through to 2014. Thereafter, the Company is required to make a series of escalating minimum advance royalty payments on an annual basis. *(See Note 18(a))*

b) **Ramona Agreement**
In May 2004, the Company optioned to purchase the Ramona Gold project in Nevada from a third party. The Company can acquire 100% interest in the property by paying US$770,000 in advance royalty payments over 16 years (US$105,000 paid), by issuing to the third party a total of 100,000 (100,000 issued) shares of the Company in years two to five, and by paying up to a 4% net smelter royalty from commercial production. The Company has the right to reduce the 4% net smelter royalty to 2% at any time by paying the third party US$1,200,000.

c) **Copper Creek Agreement**
In November 2005, the Company acquired the Copper Creek property in Arizona for a cash payment on closing of $1.6 million and annual advance royalty payments of $125,000 per year while the Company retains an interest in the property. Upon commercial production, the Company is required to pay a 2.25% royalty payment until a total of $25,000,000, in combined advance royalty and royalty payments have been made to AMT International Mining Corporation and AMT (USA) Inc. (collectively “AMT”). *(See Note 18(b))*
In accordance with the purchase and sale agreement with AMT the property is subject to a 3% Net Return Royalty granted by AMT to BHP Copper, Inc. by a Royalty Deed and Agreement dated July 30, 1998 with pre-determined reductions if the Comex price of copper is at or below $1.20 per pound.

d) **D & G Mining Agreement**
In November 2005, the Company entered into a lease to purchase agreement with a third party for additional property within the Copper Creek boundaries. The Company paid US$80,000 at the end of years one and two and is required to pay US$100,000 in November 2008 and annually thereafter until the end of year fifteen. The Company has the option to purchase the property for US$1,600,000 with the purchase price increasing by US$200,000 per year until year 15. All yearly lease payments made prior to exercising the option to purchase will be applied as credits toward the purchase price in the year the Company exercises its property purchase option. *(See Note 18(c))*

e) **Freeport-McMoRan Agreement**
In April 2007 the Company entered into a purchase agreement with Freeport-McMoRan Copper & Gold Inc. (“Freeport” previously Phelps Dodge Corporation”) to acquire additional mining claims within the Copper Creek boundaries. The purchase price for the property was US $3,200,000, payable by a deposit of US $500,000 (paid), and delivery of a promissory note for US $2.7 million. The property is subject to a 1% net smelter return royalty in favour of Freeport. (*See Note 7 & 18(d)*).

f) **Kootenay Land District Agreements**

All of the properties in the Kootenay Land District were owned by the Company’s wholly owned subsidiary ReMac Zinc Corp. (“ReMac”). On June 4, 2007, the Company completed a plan of arrangement and disposed of these properties *(Note 17).*

7. Long Term Debt

	September 30, 2008		March 31, 2008	
	USD	CAD	USD	CAD
Long term debt	$ 2,227,246	$ 2,369,789	$ 2,173,686	$ 2,232,376
Less: current portion	(500,000)	(532,000)	(500,000)	(513,500)
Long term portion	$ 1,727,246	$ 1,837,789	$ 1,673,686	$ 1,718,876

In conjunction with the Company's acquisition of mining claims in the Copper Creek District from Freeport, the Company entered into a promissory note in the amount of US$2,072,129. The promissory note is repayable over 12 years and bears interest at 5% per annum. *(See Note 18(d))*

The payment schedule in USD as indentified within the promissory note agreement is as follows:

Date	Principal
October 2008	$ 344,590
April 2010	370,435
April 2011	132,145
April 2012	138,752
April 2013	145,690
Balance due beyond 5 years	940,517
	2,072,129
Accrued interest	155,117
Total debt	$ 2,227,246

8. Share Capital

Details are as follows:

Authorized: Unlimited common shares without par value

	Number	Amount
Balance - March 31, 2008	68,152,820	$ 19,368,785
Shares issued for cash	5,733,000	2,579,850
Share issue costs	-	(13,648)
Shares issued for property *(Note 12(d))*	25,000	12,000
Fair value of share purchase warrants *(Note 9)*	-	(984,560)
Balance - September 30, 2008	73,910,820	20,962,427

On May 26, 2008 the Company completed a non-brokered private placement for 5,733,000 units at a price of $0.45 per unit for gross proceeds of $2,579,850. Each unit consists of one common share and one common share purchase warrant, each warrant entitling the holder to acquire one additional common share until May 26, 2010 at a price of $0.65 per share.

9. Warrants

A summary of the Company's share purchase warrants at September 30, 2008 is presented below:

	Number		Amount
Balance - March 31, 2008	-	$	-
Fair value of share purchase warrants *(Note 8)*	5,733,000		984,560
Balance – September 30, 2008	5,733,000	$	984,560

During the period ending September 30, 2008 the Company issued 5,733,000 warrants, *(see note 8)*. These warrants have been valued at $984,560 based upon the Black Scholes model which utilized the following assumptions: Expected dividend yield of nil, expected stock price volatility of 84.44 %, risk free interest rate of 3.34%, expected life of warrants of 2 years. The share purchase warrants expire May 26, 2010.

10. Stock Options

		Amount
Balance - March 31, 2008	$	2,027,786
Fair value of stock options vested during the period		232,120
Balance – September 30, 2008	$	2,259,906

a) The following table summarizes information about the issued and outstanding stock options accounted for under the shareholders' equity as at September 30, 2008:

Number Outstanding March 31, 2008	Granted	Exercised	Cancelled and Expired	Number Outstanding September 30, 2008	Exercise Price Per Share	Expiry Date
400,000	-	-	-	400,000	$ 0.30	January 19, 2009
420,000	-	-	-	420,000	$ 0.16	July 8, 2010
1,000,000	-	-	-	1,000,000	$ 0.60	February 27,2011
435,000	-	-	-	435,000	$0.60	August 1, 2011
250,000	-	-	-	250,000	$0.48	March 1, 2009
250,000	-	-	-	250,000	$0.65	February 22, 2012
250,000	-	-	-	250,000	$0.66	May 3, 2012
1,000,000	-	-	-	1,000,000	$0.60	July 5, 2012
150,000	-	-	-	150,000	$0.60	November 1, 2012
1,550,000	-	-	-	1,550,000	$0.60	December 10, 2012
5,705,000	-	-	-	5,705,000	$ 0.16-$0.66	January 19, 2009 – December 10, 2012

b) The fair value of stock options used to calculate compensation for employees and consultants is estimated using the Black-Scholes Option Pricing Model. Since the options were granted under a graded vesting schedule, $ 232,120 (2007 - $170,499) of the fair value has been recorded in the accounts of the Company during the period with $188,657 recognized on the consolidated statement of operations and comprehensive loss, $43,463 capitalized to resource properties. This value is estimated at the date of the grant with the following weighted average assumptions:

10. Stock Options- *continued*

	September 2008	March 2008
Average risk-free interest rate	3.40%	4.19%
Expected dividend yield	-	-
Expected stock price volatility	81.29%	90.75%
Average expected option life in years	5	5

Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options.

11. Income Taxes

The Company has accumulated non-capital losses for income tax purposes of approximately $3,540,000 as at March 31, 2008 that may be used to reduce future taxable income. The Company will use approximately $1,240,000 of the non-capital losses on the spin off of ReMac Zinc Development Corp. (formerly ReMac Zinc Corp.) to ReMac Zinc Corp. (formerly OMC Capital Corporation) upon filing of the March 31, 2008 corporate tax return. These losses expire as follows:

2013	$	142,900
2014		1,279,300
2025		83,000
2026		77,000
2027		320,000
2028		397,800
	$	2,300,000

Future income tax assets and liabilities are calculated on an annual basis, as more fully described in Note 11(b) to the March 31, 2008 audited financial statements.

12. Related Party Transactions

Except as disclosed elsewhere in these financial statements related party transactions incurred during the six month period ended September 30, 2008 are as follows**:**

a) Consulting fees totalling $17,000 for services provided by the Chief Financial Officer of the Company. The balance owing at September 30, 2008 is $2,000.
b) Management and corporate advisory fees totalling $60,000 were accrued to a Company controlled by two directors of the Company. The balance owing at September 30, 2008 is $90,000 with no specific terms or conditions.
c) Consulting fees totalling $84,809 (USD $83,250) were paid to the President and director of the Company. The balance owing at September 30, 2008 is 16,520 (USD $15,525).
d) An option payment for the Ramona property in the amount of $15,020 (USD $15,000) and 12,500 shares were paid to the President and director of the Company.
e) Salaries, rent and office supplies totalling $56,606 was charged to a company with common management.

The above transactions, occurring in the normal course of operations, are measured at the exchange amount, which is the consideration established and agreed to by the related parties on normal commercial terms.

13. Commitment

On August 1, 2007 the Company entered into a property lease agreement for the rental of office space for a term of five years with no renewal option. The future minimum lease obligations are as follows:
(See Note 18(e))

2009	$	22,273
2010		44,546
2011		45,127
2012		45,180
2013		15,060
	$	172,186

14. Segmented Information

The Company has one operating segment, which is the exploration and development of mineral properties. The Company's principal operations were carried out in Canada and the USA. All of the investment income is earned in Canada. Details are as follows:

	September 2008	March 2008
Assets by geographic area		
USA	$ 12,547,253	$ 11,279,039
Canada	2,163,577	1,416,701
	$ 14,710,830	$ 12,695,740

	Three Months Ended		Six Months Ended	
	September, 2008	September, 2007	September, 2008	September, 2007
Net loss (income) by geographic area				
USA	$ 2,453	$ (76,955)	$ 4,337	$ (108,147)
Canada	381,857	563,775	687,778	1,083,744
	$ 384,310	486,820	$ 692,115	$ 975,597

15. Comparative Periods

Certain of the comparative figures have been reclassified to conform to the current period presentation.

16. Capital Disclosures

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its resource properties and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

In the management of capital, the Company considers the items included in shareholders' equity to be capital as well as cash.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the Company' assets. In order to maintain or adjust the capital structure, the Company may attempt to issue new shares or debt instruments, acquire or dispose of assets, or to bring in joint venture partners.

16. Capital Disclosures- *continued*

In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions.

17. Spin off of ReMac Zinc Project to ReMac Zinc Corp.

On June 4, 2007, the shareholders of the Company approved a plan of arrangement involving ReMac Zinc Corp. (formerly OMC Capital Corporation), the Company and ReMac Zinc Development Corp., (formerly ReMac Zinc Corp.) a wholly owned subsidiary of the Company.

This transaction is more fully described in Note 17 to the March 31, 2008 audited financial statements.

18. Subsequent Events

(a) Alien Agreement - Subsequent to September 30 the Company and the parties to the Alien Agreement have agreed to amend the terms to allow for a one year deferment of all monies currently due and shares to be issued.

(b) Copper Creek Agreement– Subsequent to September 30 the Company, AMT International Mining Corporation and AMT (USA) Inc. have entered into an amending agreement to defer the $125,000 advance royalty payment due November 2, 2008 as follows:

$36,250 due and paid November 26, 2008
$ 31,250 due February 28, 2009
$ 31,250 due May 31, 2009
$ 31,250 due July 31, 2009

In consideration for the deferral the Company entered into a forbearance agreement where the Company agreed not to pursue any legal claims or defences previously raised by the Company and reaffirmed the validity of the underlying agreement.

(c) D&G Mining Agreement – Subsequent to September 30 the Company and D&G Mining Company have entered into an amending agreement whereby the US$100,000 due November 2008 would be deferred as follows:

$40,000 due and paid November 16, 2008
$ 20,000 due February 16, 2009
$20,000 due May 16, 2009
$20,000 due August 16, 2009

(d) Freeport-McMoRan Agreement – Subsequent to September 30 an agreement has been reached between the parties to reduce the US$500,000 promissory note payment due October 1, 2008 to US$125,000 and the US$500,000 promissory note payment due April 1, 2010 to US$375,000. The US$ 500,000 which was deferred has been added as payments over a two and one-half period at the end of the existing promissory note payment period. The agreement remains subject to the completion of acceptable due diligence by Freeport-McMoRan.

(e) Lease Agreement – On November 1, 2008 the Company assigned the balance of the term of the Vancouver office lease agreement to an unrelated third party with industry standard terms and conditions. The assignment remains subject to the Landlords' consent.