

Redhawk Resources, Inc.
Condensed Consolidated Interim Financial Statements
Six Month Period Ended September 30, 2013
(Unaudited – prepared by Management)
(Presented in Canadian Dollars)

Unaudited Interim Financial Statements

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the interim unaudited condensed consolidated interim financial statements for the period ended September 30, 2013.

Redhawk Resources, Inc.
Condensed consolidated interim statements of financial position
(Presented in Canadian dollars - unaudited)

	Notes	September 30, 2013	March 31, 2013
ASSETS			
Current assets			
Cash and cash equivalents		\$ 67,108	\$ 72,691
Short-term investments		960,529	2,843,286
Receivables and prepaid expenses	4	201,739	179,672
		1,229,376	3,095,649
Non-current assets			
Reclamation deposits		34,345	43,012
Property and equipment		284,286	291,488
Exploration and evaluation assets	5	36,757,511	35,285,950
		37,076,142	35,620,450
TOTAL ASSETS		\$ 38,305,518	\$ 38,716,099
LIABILITIES			
Current liabilities			
Trade payables and accrued liabilities	6	\$ 250,204	\$ 331,253
Current portion of long-term debt	7	332,311	327,699
		582,515	658,952
Non-Current liabilities			
Long-term debt	7	2,395,755	2,378,320
TOTAL LIABILITIES		2,978,270	3,037,272
SHAREHOLDERS' EQUITY			
Share capital	8	47,328,484	47,235,334
Reserves	8	10,456,766	10,289,288
Accumulated other comprehensive income	8	206,631	(225,898)
Deficit		(22,664,633)	(21,619,897)
TOTAL SHAREHOLDERS' EQUITY		35,327,248	35,678,827
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		\$ 38,305,518	\$ 38,716,099

ON BEHALF OF THE BOARD:

Director: "Darryl J. Yea"

Director: "J. Stephen Barley"

See accompanying notes to the condensed consolidated interim financial statements

Redhawk Resources, Inc.
Condensed consolidated interim statements of loss and comprehensive loss
(Presented in Canadian dollars - unaudited)

	Three month period ended		Six month period ended	
	September 30,		September 30,	
	2013	2012	2013	2012
Expenses				
Director fees	\$ 33,122	\$ 33,742	\$ 67,207	\$ 53,117
Filing fees	11,004	13,613	34,199	50,972
Insurance	10,298	8,262	19,448	16,524
Investor relations	53,190	20,461	198,060	76,159
Management and consulting fees	211,928	185,651	366,881	293,818
Office and sundry	16,588	19,151	36,301	41,226
Professional fees	40,365	30,132	99,269	67,357
Rent	6,783	3,664	12,852	9,697
Salaries	20,645	-	41,659	-
Share-based compensation	25,072	268,960	81,907	575,984
Transfer agents	3,887	3,210	4,830	5,128
Travel and accommodations	14,929	14,571	35,444	28,526
	(447,811)	(601,417)	(998,057)	(1,218,508)
Interest income	4,139	16,794	11,598	36,763
Interest expense	(30,898)	(21,202)	(61,263)	(40,976)
Foreign exchange gain (loss)	(3,479)	6,320	2,986	1,248
Net loss for period	\$ (478,049)	\$ (599,505)	\$ (1,044,736)	\$ (1,221,473)
Other comprehensive income				
Exchange differences on translating foreign operations	(682,607)	(1,036,004)	432,529	(471,992)
Total other comprehensive income (loss)	\$ (1,160,656)	\$ (1,635,509)	\$ (612,207)	\$ (1,693,465)
Loss per share – basic and diluted	\$ (0.00)	\$ (0.00)	\$ (0.01)	\$ (0.01)
Weighted average number of common shares outstanding	147,081,038	146,727,397	147,006,885	145,857,350

See accompanying notes to the condensed consolidated interim financial statements

Redhawk Resources, Inc.
Condensed consolidated interim statements of changes in equity
(Presented in Canadian dollars - unaudited)

	Share capital		Reserves	Accumulated other comprehensive income	Deficit	Total
	Number of shares	Amount				
Balance at March 31, 2012	142,249,609	\$ 44,533,596	\$ 9,714,980	\$ (749,285)	\$ (19,414,967)	\$34,084,324
Share issued for cash - warrants exercised	3,796,429	1,898,214	-	-	-	1,898,214
Transfer of value on exercise of warrants exercised	-	521,395	(521,395)	-	-	-
Share issued for cash - options exercised	755,000	178,650	-	-	-	178,650
Transfer of option value on exercise of stock options	-	90,349	(90,349)	-	-	-
Share-based compensation	-	-	762,372	-	-	762,372
Currency translation adjustment	-	-	-	(471,992)	-	(471,992)
Loss for the period	-	-	-	-	(1,221,473)	(1,221,473)
Balance at September 30, 2012	146,801,038	\$ 47,222,204	\$ 9,865,608	\$ (1,221,277)	\$ (20,636,440)	\$35,230,095
Balance at March 31, 2013	146,851,038	\$ 47,235,334	\$10,289,288	\$ (225,898)	\$ (21,619,897)	\$35,678,827
Share issued for non-cash	230,000	93,150	-	-	-	93,150
Share-based compensation	-	-	167,478	-	-	167,478
Currency translation adjustment	-	-	-	432,529	-	432,529
Loss for the period	-	-	-	-	(1,044,736)	(1,044,736)
Balance at September 30, 2013	147,081,038	\$ 47,328,484	\$10,456,766	\$ 206,631	\$ (22,664,633)	\$35,327,248

See accompanying notes to the condensed consolidated interim financial statements

Redhawk Resources, Inc.
Condensed consolidated interim statements of cash flows
(Presented in Canadian dollars - unaudited)

	Three month period ended September 30,		Six month period ended September 30,	
	2013	2012	2013	2012
Operating activities				
Loss for the period	\$ (478,049)	\$ (599,505)	\$ (1,044,736)	\$ (1,221,473)
Adjustments for non-cash items:				
Depreciation	5,473	5,506	11,160	11,091
Share-based payments	25,072	268,960	81,907	575,984
Share issued for services	-	-	93,150	-
Changes in non-cash working capital items:				
Receivables and prepaid expenses	(66,442)	26,938	(22,066)	206,696
Trade payables and accrued liabilities	52,959	3,509	138,387	(22,464)
Net cash flows used in operating activities	(460,987)	(294,592)	(742,198)	(450,166)
Investing activities				
Expenditures on exploration and evaluation assets	(469,427)	(963,306)	(1,068,478)	(3,164,351)
Reclamation bond	-	-	9,180	-
Term deposits	897,810	1,288,066	1,882,757	1,601,638
Net cash flows used in investing activities	428,383	324,760	823,459	(1,562,713)
Financing activities				
Repayment of long term debt	-	-	(78,885)	-
Proceeds on issuance of common shares	-	178,650	-	2,076,865
Net cash flows received from financing activities	-	178,650	(78,885)	2,076,865
Currency impact on cash and cash equivalents	(16,827)	(114,576)	(7,959)	(91,856)
Increase (decrease) in cash and cash equivalents	(49,431)	94,242	(5,583)	(27,870)
Cash and cash equivalents, beginning	116,539	113,424	72,691	235,536
Cash and cash equivalents, ending	\$ 67,108	\$ 207,666	\$ 67,108	\$ 207,666

See accompanying notes to the condensed consolidated interim financial statements

1. Nature of operations

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 in the U.S.A.

The head office and principal address of the Company is located at World Trade Centre, 999 Canada Place, Suite 654 Vancouver, British Columbia, Canada, V6C 3E1. The Company's registered and records office address is 1066 West Hastings Street, Suite 2600, Vancouver, British Columbia, Canada, V6E 3X1.

2. Statement of compliance

These condensed consolidated interim financial statements are unaudited and have been prepared in accordance with International Financial Reporting Standards ("IFRS") and in accordance with the International Accounting Standards ("IAS") 34, Interim Financial Reporting, as issued by the International Accounting Standard Board ("IASB")

These condensed consolidated interim financial statements of the Company were approved by the Board of Directors on November 14, 2013.

Basis of preparation

These condensed consolidated interim financial statements of the Company have been prepared on the accruals basis and are based on historical costs, modified where applicable. The consolidated financial statements are presented in Canadian dollars unless otherwise noted.

3. Summary of significant accounting policies

These condensed consolidated interim financial statements have been prepared in accordance with the accounting policies described in Note 3 of the Company's Annual Financial Statements as at and for the year ended March 31, 2013. Accordingly, these condensed interim statements for the six month periods ended September 30, 2013 and 2012 should be read together with the Annual Financial Statements as at, and for the year ended, March 31, 2013.

Effective April 1, 2013, the Company adopted the following accounting standards issued by IASB.

IFRS 10 *Consolidated Financial Statements* builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. The Company does not believe the adoption of this standard will have a significant effect on its financial statements.

IFRS 13 *Fair Value Measurement* aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP. The Company does not believe the adoption of this standard will have a significant effect on its financial statements.

Redhawk Resources, Inc.
Notes to the Condensed Consolidated Interim Financial Statements
(Presented in Canadian dollars - unaudited)
For the six month period ended September 30, 2013 and 2012

4. Receivables and prepaid expenses

	September 30, March 31,	
	2013 2013	
Value-added tax receivables	\$ 12,275	\$ 28,606
Prepays	189,464	151,066
	\$ 201,739	\$179,672

5. Exploration and evaluation assets

The following is a description of the Company's exploration and evaluation assets and the related spending commitments:

	Period ended	
	September 30, 2013	
		Copper Creek, Arizona
Property acquisition costs		
Balance, March 31, 2013	\$	8,296,505
Additions		-
Balance, September 30, 2013	\$	8,296,505
Exploration and evaluation costs		
Balance, March 31, 2013	\$	26,989,445
Costs incurred during period:		
Assaying and laboratory		15,887
Drilling		-
Engineering and consulting		620,480
Other		189,415
Permits and fees		84,494
Road development		-
Share-based compensation		85,571
		995,847
Currency translation adjustment		475,714
Balance, September 30, 2013	\$	28,461,006
Total at September 30, 2013	\$	36,757,511

5. Exploration and evaluation assets (cont'd)

a) Copper Creek Agreement

On September 17, 2010 the Company entered into a Royalty Purchase and Sale Agreement (the "Agreement") with AMT (USA) Inc. ("AMT") to buy out the advance royalty and the 2.25% Net Smelter Royalty retained by AMT as part of the original Copper Creek property acquisition for \$1,250,000. The Agreement has now been paid in full.

AMT, under the Notice of Termination of Advance Royalty Interest and Royalty Interest, dated September 17, 2012, has irrevocably and unconditionally released the Company from any and all claims on this property.

b) 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 in both 2006 and 2007 and was required to pay US\$100,000 in November 2008 and annually thereafter until the end of year fifteen. The Company is current with all payments.

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 fifteen. All yearly lease payments made prior to exercising the option to purchase will be applied against the purchase price in the event that the Company exercises its property purchase option.

c) Freeport –McMoRan Agreement

In April 2007, the Company entered into a purchase agreement with Freeport-McMoRan Copper & Gold Inc. ("Freeport") 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 additional mining claims are subject to a 1% Net Smelter Return royalty. (See Note 7)

d) Bell and Morgan Agreements

In December 2012, the Company acquired patented land from two unrelated parties for total consideration of US \$1.2 million payable by deposits of US \$100,000 (paid) and the balance to be paid under the agreements. (See Note 7)

6. Trade payables and accrued liabilities

	September 30, March 31,	
	2013	2013
Trade payables	\$ 202,876	\$257,788
Amounts due to related parties (Note 9)	20,828	27,689
Accrued liabilities	26,500	45,776
	\$ 250,204	\$331,253

Redhawk Resources, Inc.
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For the six month period ended September 30, 2013 and 2012

7. Long-term debt

	September 30, 2013		March 31, 2013	
	USD	CAD	USD	CAD
Long term debt	\$ 2,325,298	\$ 2,395,755	\$ 2,340,866	\$ 2,378,320

- a) In conjunction with the Company's acquisition of mining claims from Freeport, the Company entered into a promissory note. The promissory note is repayable over 12 years and bears interest at 5% per annum. (Note 5c)

The payment schedule as at September 30, 2013 is as follows (USD):

Date	Principal
April 2014	122,538
April 2015	128,664
April 2016	135,098
April 2017	141,853
Balance due beyond 5 years	1,060,471
Total debt	US\$ 1,588,624
Current portion of long term debt	(122,538)
Long term debt	US\$ 1,466,086

- b) In December 2012, the Company acquired patented land from unrelated parties in Pinal County, Arizona under two separate agreements for sale with the following terms of payment: (Note 5d)

i) Bell Agreement:

Date	Principal
December 2013	75,000
June 2014	75,000
December 2014	75,000
June 2015	75,000
December 2015	75,000
December 2016	300,000
	US\$ 675,000
Accrued interest	34,212
Total debt	US\$ 709,212
Current portion of long term debt	(150,000)
Long term debt	US\$ 559,212

In addition, interest will be payable at the rate of 6% compounded semi-annually

7. Long-term debt (cont'd)

ii) Morgan Agreement:

<u>Date</u>	<u>Principal</u>
December 2013	50,000
December 2014	50,000
December 2015	50,000
December 2016	50,000
December 2017	50,000
December 2018	50,000
December 2019	50,000
Total debt	US\$ 350,000
Current portion of long term debt	(50,000)
Long term debt	US\$ 300,000

No interest payable under this agreement

8. Share capital and reserves

Authorized share capital

Unlimited number of common shares without par value.

Issued share capital

At September 30, 2013 there were 147,081,038 issued and fully paid common shares (March 31, 2013 – 146,851,038).

Shares issued during the period

During the six month period ended September 30, 2013 230,000 common shares were issued for a non-cash value of \$93,150.

Stock options

The Company has adopted an incentive stock option plan, which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the TSX requirements, grant to directors, officers, employees and technical consultants of the Company, non-transferable stock options to purchase common shares, provided that the number of common shares reserved for issuance is a fixed total of 27,705,457. Such options will be exercisable for a period of up to 5 years from the date of grant. Subject to the Board of Directors, options vesting schedule is following: 25% on date of grant and 12.5% on each of the three, six, nine, twelve, fifteenth and eighteen month anniversaries of the date of grant.

Redhawk Resources, Inc.
Notes to the Condensed Consolidated Interim Financial Statements
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8. Share capital and reserves (cont'd)

The changes in options during the six month period ended September 30, 2013 and the year ended March 31, 2013 are as follows:

	September 30, 2013		March 31, 2013	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Options outstanding, beginning of period	10,285,000	\$ 0.48	11,040,000	\$ 0.47
Options granted	-	-	1,300,000	0.54
Options exercised	-	-	(805,000)	0.21
Options expired	-	-	(1,250,000)	0.66
Options outstanding, end of period	10,285,000	\$ 0.48	10,285,000	\$ 0.48
Options exercisable, end of period	9,822,500	\$ 0.48	8,603,750	\$ 0.46

The fair value was determined using the Black-Scholes option pricing model using the following weighted average assumptions:

	September 30, 2013	March 31, 2013
Expected life of options	-	5 years
Volatility	-	114.98%
Risk-free interest rate	-	1.22%
Dividend rate	-	0%

Details of options outstanding as at September 30, 2013 are as follows:

Weighted average exercise price	Weighted average contractual life	Number of options outstanding	Number of options exercisable
\$0.17 - \$0.25	0.78	2,850,000	2,850,000
\$0.26 - \$0.50	2.89	2,275,000	2,087,500
\$0.51 - \$0.74	3.42	4,025,000	3,750,000
\$0.75 - \$0.79	2.37	1,135,000	1,135,000
	2.45	10,285,000	9,822,500

During the six month period ended September 30, 2013 and 2012, the Company recorded share-based compensation of \$167,478 (2012 - \$762,372) relating to options vested during the period, of which \$85,571 (2012 - \$186,388) was reflected in the exploration and evaluation assets (Note 5).

8. Share capital and reserves (cont'd)

Reserves

Stock option reserve

The stock option reserve records items recognized as share-based payments until such time that the stock options are exercised, at which time the corresponding amount will be transferred to share capital.

Warrant reserve

The warrant reserve records items recognized as part of a unit financing until such time that the warrants are exercised, at which time the corresponding amount will be transferred to share capital.

9. Related party transactions

Related party balances

The following amounts due to related parties are included in trade payables and accrued liabilities:

	September 30, March 31,	
	2013 2013	
Directors and officers of the Company	\$ 20,828	\$ 27,689

These amounts, which include directors fees and expense reimbursements, are unsecured, non-interest bearing and have no fixed terms of repayment. All amounts were paid subsequent to the period end.

Key management compensation

	Six month period ended	
	September 30,	September 30,
	2013	2012
Management fees ¹	\$ 113,646	\$ 108,398
Consulting	116,550	112,775
Director fees	67,207	53,117
Share-based compensation ¹	130,111	586,514
	\$ 427,514	\$ 860,804

(1) Management fees 2013 - \$113,646 (2012 - \$108,398) and certain share-based payments 2013 - \$51,244 (2012 - \$149,667) are allocated to exploration and evaluation assets as warranted.

(2) Key management is considered to be Executive Chairman, Chief Executive Officer, Chief Financial Officer and Directors.

10. Financial risk management

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

10. Financial risk management (cont'd)

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash and short-term investments held in bank accounts. The majority of cash and short-term deposits are held with major banks in Canada and U.S.A. This credit risk is managed by using major banks that are high credit quality financial institutions as determined by rating agencies.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash and cash equivalents.

Historically, the Company's main source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

Foreign exchange risk

Foreign currency risk is the risk that the fair values or future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the Company's functional currency. The Company does not hedge its exposure to fluctuations in exchange rates.

The Company operates internationally with offices and operations in Canada and US, which gives rise to the risk that its financial instruments may be adversely impacted by exchange rate fluctuations. A portion of the Company's expenses are incurred in US dollars. The company is also exposed to foreign exchange risk in relation to debt held in USD.

A significant change in the currency exchange rate between the US dollar relative to the Canadian dollar could have an effect on the Company's results of operations, financial position or cash flows. The Company has not entered into foreign currency contracts to hedge its risk against foreign currency fluctuations.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to significant interest rate risks.

Capital Management

The Company's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The capital structure of the Company consists of shareholders' equity.

There were no changes in the Company's approach to capital management during the period.

The Company is not subject to any externally imposed capital requirements.

10. Financial risk management (cont'd)

Fair value

The Company's financial instruments consist of cash and cash equivalents, short term investments, reclamation bonds, long term debt and trade payables and accrued liabilities. The fair value of these financial instruments approximates their carrying values.

11. Segmented information

Operating segments

The Company operates in a single reportable operating segment – the acquisition and exploration of mineral properties.

Geographic segments

The Company's non-current assets are located in the following countries:

	As at September 30, 2013		
	Canada	U.S.	Total
Reclamation deposits	\$ -	\$ 34,345	\$ 34,345
Equipment	-	284,286	284,286
Exploration and evaluation assets	-	36,757,511	36,757,511
	\$ -	\$ 37,076,142	\$ 37,076,142

	As at March 31, 2013		
	Canada	U.S.	Total
Reclamation deposits	\$ -	\$ 43,012	\$ 43,012
Equipment	265	291,223	291,488
Exploration and evaluation assets	-	35,285,950	35,285,950
	\$ 265	\$ 35,620,185	\$ 35,620,450

12. Supplemental disclosure with respect to cash flows

During the six month period ended September 30, 2013 and 2012, the Company the following non-cash transactions took place that are not reflected in the statement of cash flows:

	Six month period ended	
	September 30, 2013	September 30, 2012
Exploration and evaluation assets included in trade accounts payable and accrued liabilities	\$76,137	\$40,175
Exploration and evaluation share-based payments	\$85,571	\$186,388

13. Subsequent events

(a) On October 17, 2013 the Company announced the closing of a private placement. The Company issued 10,420,000 common shares at a price of \$0.25 per share for gross proceeds of \$2,605,000. In connection with the private placement the Company issued 420,000 finders warrants and has paid a cash

13. Subsequent events (cont'd)

finders feed to Origin Merchant Securities Inc. Each finders warrant entitles the holder to acquire one common share of the Company at an exercise price of \$0.35 until October 16, 2015.

(b) On November 1, 2013 the Company granted 2,875,000 stock options at a price of \$0.35, with an expiry date of November 1, 2018