Redhawk Resources, Inc.

Condensed Consolidated Interim Financial Statements

Nine Month Period Ended December 31, 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 December 31, 2013.

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

	Notes	December 31, 2013	March 31, 2013
ASSETS			
Current assets			
Cash and cash equivalents		$ 144,934	$ 72,691
Short-term investments		2,046,343	2,843,286
Receivables and prepaid expenses	4	227,216	179,672
		2,418,493	3,095,649
Non-current assets			
Reclamation deposits		35,455	43,012
Property and equipment		287,717	291,488
Exploration and evaluation assets	5	38,915,171	35,285,950
		39,238,343	35,620,450
TOTAL ASSETS		**$ 41,656,836**	**$ 38,716,099**
LIABILITIES			
Current liabilities			
Trade payables and accrued liabilities	6	$ 336,162	$ 331,253
Current portion of long-term debt	7	343,051	327,699
		679,213	658,952
Non-Current liabilities			
Long-term debt	7	2,370,865	2,378,320
TOTAL LIABILIITES		**3,050,078**	**3,037,272**
SHAREHOLDERS' EQUITY			
Share capital	8	49,723,770	47,235,334
Reserves	8	10,794,293	10,289,288
Accumulated other comprehensive income	8	1,280,570	(225,898)
Deficit		(23,191,875)	(21,619,897)
TOTAL SHAREHOLDERS' EQUITY		**38,606,758**	**35,678,827**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**$ 41,656,836**	**$ 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 December 31, 2013	Three month period ended December 31, 2012	Nine month period ended December 31, 2013	Nine month period ended December 31, 2012
Expenses				
Director fees	$ 32,193	$ 32,361	$ 99,400	$ 85,478
Filing fees	20,081	12,659	54,280	63,630
Insurance	5,250	9,150	24,698	25,674
Investor relations	2,402	8,736	200,462	84,896
Management and consulting fees	157,438	198,253	524,319	492,071
Office and sundry	15,333	15,673	51,634	56,897
Professional fees	43,324	41,926	142,593	109,283
Rent	4,706	4,871	17,558	14,569
Salaries	20,475	-	62,134	-
Share-based compensation	167,635	149,381	249,542	725,365
Transfer agents	10,137	393	14,967	5,521
Travel and accommodations	14,060	35,180	49,504	63,706
	(493,034)	(508,583)	(1,491,091)	(1,727,090)
Interest income	6,454	43,103	18,052	79,866
Interest expense	(30,221)	(21,017)	(91,484)	(61,994)
Foreign exchange gain (loss)	(10,441)	1,488	(7,455)	2,736
Net loss for period	**$ (527,242)**	**$ (485,009)**	**$ (1,571,978)**	**$ (1,706,482)**
Other comprehensive income				
Exchange differences on translating foreign operations	848,041	360,172	1,506,468	(111,820)
Total other comprehensive income (loss)	**$ 320,799**	**$ (124,837)**	**$ (65,510)**	**$ (1,818,302)**
Loss per share – basic and diluted	**$ (0.00)**	**$ (0.00)**	**$ (0.01)**	**$ (0.01)**
Weighted average number of common shares outstanding	**155,688,864**	**146,816,255**	**149,911,402**	**146,178,147**

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								
	Number of shares		Amount	Reserves		Accumulated other comprehensive income		Deficit	Total
Balance at March 31, 2012	142,249,609	$	44,533,596	$ 9,714,980	$	(749,285)	$	(19,414,967)	$34,084,324
Share issued for cash - warrants exercised	3,796,429		1,898,214	-		-		-	1,898,214
Transfer of value on exercise of warrants exercised	-		521,395	(521,395)		-		-	-
Share issued for cash - options exercised	805,000		187,150	-		-		-	187,150
Transfer of option value on exercise of stock options			94,979	(94,979)		-		-	-
Share-based compensation	-		-	973,504		-		-	973,504
Currency translation adjustment	-		-	-		(111,820)		-	(111,820)
Loss for the period	-		-	-		-		(1,706,482)	(1,706,482)
Balance at December 31, 2012	**146,851,038**	**$**	**47,235,334**	**$10,072,110**	**$**	**(861,105)**	**$**	**(21,121,449)**	**$35,324,890**
Balance at March 31, 2013	**146,851,038**	**$**	**47,235,334**	**$10,289,288**	**$**	**(225,898)**	**$**	**(21,619,897)**	**$35,678,827**
Shares issued for cash - private placement	10,420,000		2,605,000	-		-		-	2,605,000
Share issue costs			(209,714)						(209,714)
Fair value of warrants			-	35,226		-		-	35,226
Share issued for non-cash	230,000		93,150	-		-		-	93,150
Share-based compensation	-		-	469,779		-		-	469,779
Currency translation adjustment	-		-	-		1,506,468		-	1,506,468
Loss for the period	-		-	-		-		(1,571,978)	(1,571,978)
Balance at December 31, 2013	**157,501,038**	**$**	**49,723,770**	**$10,794,293**	**$**	**1,280,570**	**$**	**(23,191,875)**	**$38,606,758**

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 December 31, 2013	Three month period ended December 31, 2012	Nine month period ended December 31, 2013	Nine month period ended December 31, 2012
Operating activities				
Loss for the period	$ (527,242)	$ (485,009)	$ (1,571,978)	$ (1,706,482)
Adjustments for non-cash items:				
Depreciation	5,827	10,965	16,987	16,550
Share-based payments	167,635	149,382	249,542	725,365
Share issued for services	-	-	93,150	-
Changes in non-cash working capital items:				
Receivables and prepaid expenses	(25,478)	(15,229)	(47,544)	191,466
Trade payables and accrued liabilities	(77,549)	415,668	93,444	26,986
Net cash flows used in operating activities	(456,807)	75,777	(1,166,399)	(746,115)
Investing activities				
Expenditures on exploration and evaluation assets	(751,704)	(1,390,011)	(1,820,183)	(4,187,665)
Reclamation bond	-	-	9,180	-
Term deposits	(1,085,814)	1,205,000	796,943	2,806,638
Net cash flows used in investing activities	(1,837,518)	(185,011)	(1,014,060)	(1,381,027)
Financing activities				
Repayment of long term debt	(132,950)	-	(212,720)	-
Proceeds on issuance of common shares	2,430,511	8,500	2,430,511	2,085,365
Net cash flows received from financing activities	2,297,561	8,500	2,217,791	2,085,365
Currency impact on cash and cash equivalents	74,590	44,119	34,911	(42,708)
Increase (decrease) in cash and cash equivalents	77,826	(56,615)	72,243	(84,485)
Cash and cash equivalents, beginning	67,108	207,666	72,691	235,536
Cash and cash equivalents, ending	**$ 144,934**	**$ 151,051**	**$ 144,934**	**$ 151,051**

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 February 14, 2014.

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 nine month periods ended December 31, 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.

(Presented in Canadian dollars - unaudited)

4. Receivables and prepaid expenses

		December 31, 2013	March 31, 2013
Value-added tax receivables	$	20,820	$ 28,606
Prepaids		206,396	151,066
	$	227,216	$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 December 31, 2013
		Copper Creek, Arizona
Property acquisition costs		
Balance, March 31, 2013	$	8,296,505
Additions		105,913
Balance, December 31, 2013	$	8,402,418
Exploration and evaluation costs		
Balance, March 31, 2013	$	26,989,445
Costs incurred during period:		
Assaying and laboratory		18,453
Drilling		328,591
Engineering and consulting		904,968
Other		319,858
Permits and fees		126,087
Road development		21,618
Share-based compensation		220,237
		1,939,812
Currency translation adjustment		1,583,496
Balance, December 31, 2013	$	30,512,753
Total at December 31, 2013	$	38,915,171

(Presented in Canadian dollars - unaudited)

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

		December 31, 2013	March 31, 2013
Trade payables	$	275,429	$257,788
Amounts due to related parties (Note 9)		22,483	27,689
Accrued liabilities		38,250	45,776
	$	336,162	$331,253

(Presented in Canadian dollars - unaudited)

7. Long-term debt

	December 31, 2013		March 31, 2013	
	USD	**CAD**	USD	CAD
Long term debt	$ **2,229,094**	$ **2,370,865**	$ 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 December 31, 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		1,080,267
Total debt	US$	1,608,420
Current portion of long term debt		(122,538)
Long term debt	US$	1,485,882

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
June 2014		75,000
December 2014		75,000
June 2015		75,000
December 2015		75,000
December 2016		300,000
	US$	600,000
Accrued interest		43,212
Total debt	US$	643,212
Current portion of long term debt		(150,000)
Long term debt	US$	493,212

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

(Presented in Canadian dollars - unaudited)

7. Long-term debt (cont'd)

ii) Morgan Agreement:

Date		Principal
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$	300,000
Current portion of long term debt		(50,000)
Long term debt	US$	250,000

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 December 31, 2013 there were 157,501,038 issued and fully paid common shares (March 31, 2013 – 146,851,038).

Shares issued during the period

During the nine month period ended December 31, 2013 230,000 common shares were issued for a non-cash value of $93,150.

On October 17, 2013, the Company closed 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 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.

(Presented in Canadian dollars - unaudited)

8. Share capital and reserves (cont'd)

Warrants

The following table summarizes information about the issued and outstanding warrants as at December 31, 2013 and March 31, 2013:

	December 31, 2013		March 31, 2013	
	Number of warrants	**Weighted average exercise price**	**Number of warrants**	**Weighted average exercise price**
Warrants outstanding, beginning of period	-	$ -	20,938,532	$ 0.82
Warrants issued	420,000	0.35	-	-
Warrants exercised	-	-	(3,796,429)	0.50
Warrants expired	-	-	(17,142,103)	0.94
Warrants outstanding, end of period	420,000	$ 0.35	-	$ -

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.

The changes in options during the nine month period ended December 31, 2013 and the year ended March 31, 2013 are as follows:

	December 31, 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	2,875,000	0.35	1,300,000	0.54
Options exercised	-	-	(805,000)	0.21
Options expired	-	-	(1,250,000)	0.66
Options outstanding, end of period	13,160,000	$ 0.45	10,285,000	$ 0.48
Options exercisable, end of period	10,703,750	$ 0.47	8,603,750	$ 0.46

(Presented in Canadian dollars - unaudited)

8. Share capital and reserves (cont'd)

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

	December 31, 2013	March 31, 2013
Expected life of options	5 years	5 years
Volatility	110.54%	114.98%
Risk-free interest rate	1.53%	1.22%
Dividend rate	0%	0%

Details of options outstanding as at December 31, 2013 are as follows:

Weighted average exercise price	Weighted average contractual life	Number of options outstanding	Number of options exercisable
\$0.17 - \$0.25	0.53	2,850,000	2,850,000
\$0.26 - \$0.50	3.87	5,150,000	2,900,000
\$0.51 - \$0.74	3.17	4,025,000	3,818,750
\$0.75 - \$0.79	2.12	1,135,000	1,135,000
	2.78	13,160,000	10,703,750

During the nine month period ended December, 2013 and 2012, the Company recorded share-based compensation of \$469,779 (2012 - \$973,504) relating to options vested during the period, of which \$220,237 (2012 - \$248,139) was reflected in the exploration and evaluation assets (Note 5).

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.

(Presented in Canadian dollars - unaudited)

9. Related party transactions

Related party balances

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

		December 31, 2013	March 31, 2013
Directors and officers of the Company	$	22,483	$ 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

		Nine month period ended		
		December 31 2013		December 31 2012
Management fees [1]	$	171,477	$	162,597
Consulting		174,825		173,050
Director fees		99,401		85,478
Share-based compensation [1]		303,395		758,913
	$	749,098	$	1,180,038

(1) Management fees 2013 - $171,477 (2012 - $162,597) and certain share-based payments 2013 - $108,743 (2012 - $196,327) 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:

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

10. Financial risk management (cont'd)

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.

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.

(Presented in Canadian dollars - unaudited)

11. Segmented information (cont'd)

Geographic segments

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

	As at December 31, 2013		
	Canada	**U.S.**	**Total**
Reclamation deposits	$ -	$ 35,455	$ 35,455
Equipment	-	287,717	287,717
Exploration and evaluation assets	-	38,915,171	38,915,171
	$ -	$ 39,238,343	$ 39,238,343

	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 nine month period ended December 31, 2013 and 2012, the Company the following non-cash transactions took place that are not reflected in the statement of cash flows:

	Nine month period ended	
	December 31, 2013	**December 31, 2012**
Exploration and evaluation assets included in trade accounts payable and accrued liabilities	$239,644	$165,041
Exploration and evaluation share-based payments	$220,237	$248,139

13. Subsequent events

There are no material events from December 31, 2013 to the date these financial statements were approved by the Board of Directors.