Redhawk Resources, Inc.

(An Exploration Stage Company)

Consolidated Financial Statements

Years ended March 31, 2008 and 2007

(Canadian Funds)

PRICEWATERHOUSECOOPERS

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AUDITORS' REPORT

To the Shareholders of Redhawk Resources, Inc.

We have audited the balance sheets of **Redhawk Resources, Inc.** (the "Company") as at March 31, 2008 and 2007 and the statements of loss, comprehensive loss and deficit and cash flows for each of the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2008 and 2007 and the results of its operations and its cash flows for each of the years then ended in accordance with Canadian generally accepted accounting principles.

Signed PricewaterhouseCoopers

Chartered Accountants
Vancouver, British Columbia
July 29, 2008

Redhawk Resources, Inc.

Statement 1

(An Exploration Stage Company)

Consolidated Balance Sheets

As at March 31

Canadian Funds

ASSETS	2008	2007
Current		
Cash and cash equivalents	$ 158,338	$ 1,191,661
Short-term investments	8,866	8,866
Accounts receivable and prepaid expenses	101,270	164,739
Current assets of the discontinued operations *(Note 17)*	-	3,042,354
	268,474	4,407,620
Reclamation bond	17,130	11,640
Property and equipment *(Note 4)*	72,298	78,287
Resource properties *(Note 5)*	12,337,838	6,121,073
Long-term assets of the discontinued operation *(Note 17)*	-	2,883,663
	$ 12,695,740	$ 13,502,283

LIABILITIES		
Current		
Accounts payable and accrued liabilities	$ 589,329	$ 554,304
Current portion of long term debt *(Note 6)*	513,500	-
Current liabilities of the discontinued operations *(Note 17)*	-	234,071
	1,102,829	788,375
Long term debt *(Note 6)*	1,718,876	-
	2,821,705	788,375
SHAREHOLDERS' EQUITY		
Share capital *(Note 7)*	19,368,785	15,362,587
Flow through warrants of former subsidiary *(Note 8)*	-	1,760,666
Stock options *(Note 9)*	2,027,786	1,296,802
Deficit – *Statement 2*	(11,522,536)	(5,706,147)
	9,874,035	12,713,908
	$ 12,695,740	$ 13,502,283

Nature of Operations and Going Concern (Note 1)
Commitments (Notes 5 & 13)
Subsequent Events (Note 15)

ON BEHALF OF THE BOARD:

Director: "Darryl J. Yea"

Director: "J. Stephen Barley"

The accompanying notes form an integral part of these financial statements

Redhawk Resources, Inc.

Statement 2

(An Exploration Stage Company)

Consolidated Statements of Operations, Comprehensive Loss and Deficit
For the Years Ended March 31

Canadian Funds

		2008		2007
Administrative Costs				
Accounting and audit	$	162,553	$	171,986
Amortization		21,804		22,842
Filing fees		16,987		47,049
Insurance		35,908		31,456
Investor relations		210,096		156,815
Legal		112,421		211,069
Management fees and consulting		396,728		483,937
Office and sundry		49,217		71,954
Office services		138,182		69,156
Rent		102,918		92,790
Stock based compensation expense *(Note 9 (b))*		841,722		708,682
Transfer agent		39,768		27,020
Travel and accommodation		38,248		44,578
Foreign exchange gain		(39,179)		-
Loss before the following		2,127,373		2,139,334
Other Expenses (Income)				
Interest income		(83,693)		(94,210)
Financing costs		62,460		-
Resource property cost recovery		(12,967)		-
Loss on disposal of property and equipment		-		5,018
Loss before taxes and discontinued operations		2,093,173		2,050,142
Current income tax expense *(Note 11(b))*		423,636		-
Future income tax recovery *(Note 11(b))*		(423,636)		-
Loss before discontinued operations		2,093,173		2,050,142
Net income from discontinued operations		-		(858,709)
Loss and comprehensive loss for the year		2,093,173		1,191,433
Deficit - beginning of year		5,706,147		4,514,714
Distribution of assets *(Note 17)*		3,723,216		-
Deficit - end of year	$	11,522,536	$	5,706,147
Loss per share from continuing operations– basic and diluted	$	(0.031)	$	(0.041)
Income per share from the discontinued operations – basic and diluted		-		0.017
Total loss per share – basic and diluted		(0.031)		(0.024)
Weighted average shares outstanding - basic		65,797,642		50,551,090
Weighted average shares outstanding - diluted		66,867,642		50,551,090

Redhawk Resources, Inc.

Statement 3

(An Exploration Stage Company)

Consolidated Statements of Cash Flows
For the Years Ended March 31

Canadian Funds

		2008		2007
Cash flows from operating activities from continuing operations				
Loss and comprehensive loss for the year	$	(2,093,173)	$	(1,191,433)
Items not affecting cash				
Amortization		21,804		22,842
Stock-based compensation expense *(Note 9(b))*		841,722		708,682
Loss on disposal of property and equipment		-		5,018
Future income tax recovery *(Note 11(b))*		(566,836)		(1,009,952)
Current tax payable		566,836		-
		(1,229,647)		(1,464,843)
Changes in non-cash working capital		306,558		(579,570)
		(923,089)		(2,044,413)
Cash flows from operating activities from the discontinued operations		-		(2,381,675)
Cash flows from investing activities from continuing operations				
Purchase of reclamation bond		(5,490)		-
Property and equipment		(15,815)		(25,870)
Resource property expenditures		(3,845,759)		(188,922)
		(3,867,064)		(214,792)
Cash flows from investing activities from discontinued operations		-		(2,.883,663)
Cash flows from financing activities from continuing operations				
Share capital issued for cash net of issuance costs		-		2,434,751
Flow through warrants *(Note 8)*		-		3,000,000
Financing costs		-		(229,382)
Share purchase warrants exercised *(Note 7)*		3,515,100		-
Issuance cost on share purchase warrants exercised		(86,520)		-
Stock options exercised *(Note 7)*		328,250		-
		3,756,830		5,205,369
Net decrease in cash		(1,033,323)		(2,319,174)
Cash and cash equivalents - beginning of year		1,191,661		3,510,835
Cash and cash equivalents - end of year	$	158,338	$	1,191,661

Supplemental Schedule of Non-Cash Transactions				
Shares issued for resource properties	$	15,000	$	38,000
Stock based compensation expense capitalized in resource properties	$	123,630	$	66,998

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, and has not yet determined whether its resource properties contained mineral reserves that are economically recoverable. The Company's continuing operations and the underlying value and recoverability of the amounts shown for resource properties are entirely dependent upon the existence of economically recoverable mineral reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its resource properties and on future profitable production or proceeds from the disposition of the resource properties.

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 year ended March 31, 2008 incurred a loss of $2,093,173, had a working capital deficit of $834,355 and an accumulated shareholders' deficit of $11,552,536 at year end.

The Company's current financial position and forecast cash flow requirements for the next year to meet its resource property requirements and corporate requirements indicated that there is significant doubt about the ability of the Company to continue as a going concern.

The Company's ability to continue operations is contingent on its ability to obtain financing. Management is endeavoring to secure the necessary financing *(note 15)*; however, there is no assurance that management will be successful in achieving this objective.

These 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 the going concern assumptions inappropriate. Such adjustments could be material.

2. Significant Accounting Policies

These year end consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles.

a) Principles of Consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. All inter-company transactions and balances have been eliminated.

b) Resource Properties

The Company is in the process of exploring its resource properties and has not yet determined whether these properties contain ore reserves that are economically recoverable, the properties are moved into production, or sold.

Mineral exploration and development costs, including indirect costs relating to the exploration program's field office, are capitalized on an individual prospect basis until such time impaired or abandoned. Costs for a producing prospect are amortized on a unit-of-production method based on the estimated life of the ore reserves, while those costs for the prospects abandoned are written off.

The recoverability of the amounts capitalized for the undeveloped mineral properties is dependent upon the determination of economically recoverable ore reserves, confirmation of the Company's interest in the underlying mineral claims, the ability to obtain the necessary financing to complete their development, and future profitable production or proceeds from the disposition thereof.

2. Significant Accounting Policies - *continued*

Title to resource properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history.

c) Property Option Payments

From time to time, the Company may acquire or dispose of properties pursuant to the terms of option agreements. Due to the fact that options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded. Option payments are recorded as resource property costs or recoveries when the payments are made or received. The Company does not accrue the estimated costs of maintaining its interests in good standing.

d) Income (Loss) per Share

Basic income (loss) per share is computed by dividing income available to common shareholders by the weighted average number of shares outstanding during the period. The computation of diluted income (loss) per share assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on income (loss) per share. The dilutive effect of convertible securities is reflected in diluted income (loss) per share by application of the "if converted" method. The dilutive effect of outstanding options and warrants and their equivalents is reflected in diluted income (loss) per share by application of the treasury stock method.

e) Management's Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reported periods. Actual results could differ from those estimates.

f) Short-term Investments

Short-term investments are recorded at fair market value with the corresponding unrealized gain or loss recorded in other comprehensive income (loss) until sold or considered impaired at which time it is recorded in net income (loss).

g) Future Income Taxes

The asset and liability method is used for determining future income taxes. Under the asset and liability method, the change in the net future tax asset or liability is included in income. The income tax effects of temporary differences in the time when income and expenses are recognized in accordance with Company accounting practices and the time they are recognized for income tax purposes are reflected as future income tax assets or liabilities. Future income tax assets and liabilities are measured using substantively enacted statutory rates that are expected to apply to taxable income in the years in which temporary differences are expected to be recovered or settled.

h) Stock-Based Compensation

All stock-based awards made to employees and non-employees are measured and recognized using a fair value based method. For employees, the fair value of the options is measured at the date of the grant. For non-employees, the fair value of the options is measured on the earlier of the date at which the counterparty performance is complete or the date the performance commitment is reached or the date at which the equity instruments are granted if they are fully vested and non-forfeitable. For employees and non-employees, the fair value of the options is accrued and charged to operations, with the offsetting credit to contributed surplus, on a straight-line basis over the vesting period. If and when the stock options are ultimately exercised, the applicable amounts of contributed surplus are transferred to share capital.

i) Share Capital

Share capital issued for non-monetary consideration is recorded at an amount based on fair market value.

2. Significant Accounting Policies – *continued*

j) Property and Equipment

The Company provides for amortization of its office equipment on a 20% declining balance and its computer equipment and software on a 30% declining balance basis.

k) Cash and Cash Equivalents

For purposes of reporting cash flows, the Company considers cash and cash equivalents to include amounts held in banks and highly liquid debt investments with remaining maturities at point of purchase of three months or less. The Company places its cash and cash investments with institutions of high credit worthiness. At times, such investments may be in excess of federal insurance limits.

l) Asset Retirement Obligations

The Company's mineral exploration and development activities are subject to various laws and regulations regarding protection of the environment. As a result the Company incurs expenses from time to time to discharge its obligations under these laws and regulations. Certain of these expenses meet the definition of an asset and other expenses do not meet this definition. The assets are capitalized and the other costs are expensed as incurred.

When estimating the costs that are expected to be incurred, there are many factors to be considered such as the extended period over which the costs are to be incurred, the discount factors, and significant judgments and estimates. As such the fair value of the retirement obligations could change materially from year to year. In addition, changes in laws and regulations could cause significant changes in the expected costs and the related fair value. Management has determined that there was no asset retirement obligation at the current year end.

m) Foreign Currency Translation

The monetary assets and liabilities of the Company that are denominated in foreign currencies are translated at the rate of exchange at the balance sheet date and non-monetary items are translated at historical rates. Revenues and expenses are translated at the average exchange rate for the period. Exchange gains and loses arising on translation are included in the statement of operations.

n) Flow-Through Shares

Canadian Income Tax Legislation permits an enterprise to issue securities referred to as flow-through shares, whereby the investor can claim the tax deductions arising from the renunciation of the related resource expenditures. When resource expenditures are renounced to the investors and the Company has reasonable assurance that the expenditures will be completed, future income tax liabilities are recognized (renounced expenditures multiplied by the effective tax rate) thereby reducing share capital. If a company has sufficient unused tax losses and deductions ("losses") to offset all or part of the future income tax liabilities and no future income tax assets have been previously recognized on such losses, a portion of such unrecognized losses (losses multiplied by the effective corporate tax rate) is recorded through earnings up to the amount of the future income tax liability that was previously recognized on the renounced expenditures.

o) New Accounting Policy – Financial Instruments.

Effective April 1, 2007, the Company adopted the following new accounting standards issued by the Canadian Institute of Chartered Accountants ("CICA").

Section 3855, Financial Instruments – Recognition and Measurement and Section 3861, Financial Instruments –Disclosure and Presentation, prescribe the criteria for recognition and presentation of financial instruments on the balance sheet and the measurement of financial instruments according to prescribed classifications. These sections also address how financial instruments are measured subsequent to initial recognition and how the gains and losses are recognized.

2. Significant Accounting Policies – *continued*

The Company is required to designate its financial instruments into one of the following five categories: held-for-trading: available-for –sale: held-to-maturity: loans and receivables: and other financial liabilities. All financial instruments are to be initially measured at fair value. Financial instruments classified as held-for-trading or available-for-sale are subsequently measured at fair value with any change in fair value recorded in net earnings and other comprehensive income, respectively. All other financial instruments are subsequently measured at amortized cost.

All derivative financial instruments, including derivative features embedded in financial instruments or other contracts but which are not considered closely related to the host financial instrument or contract, are generally classified as held-for-trading and, therefore, must be measured at fair value with changes in fair value recorded in net earnings. However, if a derivative financial instrument is designated as a hedging item in a qualifying cash flow hedging relationship, the effective portion of changes in fair value is recorded immediately in comprehensive income. Any change in fair value relating to the ineffective portion is recorded immediately in net earnings.

The Company has designated its financial instruments as follows;

- Cash, cash equivalents, short-term investments and reclamation bonds are classified as "Available-for-Sale". Due to their short-term nature, their carrying value equals their fair value;

- Other receivables and advances are classified as "Loans and Receivables". These financial assets are recorded at values that approximate their amortized cost using the effective interest method; and

- Accounts payable and accrued liabilities and long term debt are classified as "Other Financial Liabilities". These financial liabilities are recorded at values that approximate their amortized cost using the effective interest method.

Under Section 3855, embedded derivatives are required to be separated from the host contract and accounted for as a derivative financial instrument if the embedded derivative and host contract are not closely related, and the combined contract is not held-for-trading or designated at fair value. The change did not have any impact on the Company as it does not have any embedded derivatives.

The adoption of Section 3855 had no impact on the opening equity or balance sheet of the Company.

Section 1530, Comprehensive Income is the change in the Company's net assets that result from transactions, events and circumstances from sources other than the Company's shareholders and includes items that would not normally be included in net earnings such as unrealized gains or losses on available-for –sale investments. Other comprehensive income includes the holding gains and losses from available-for-sales securities, which are not included in net income (loss) until realized. The adoption of Section 1530 had no impact on the opening equity or balance sheet of the Company.

p) Future Accounting Changes

The CICA published the following new sections that will apply to interim and annual financial statements relating to fiscal year beginning on or after October 1, 2007:

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.

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".

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

2. Significant Accounting Policies – *continued*

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 noncompliance.

q) 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. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from the financial instruments. The carrying value of these financial instruments approximates their fair value due to their short-term maturity or capacity of prompt liquidation.

4. Property and Equipment

	March 31, 2008			March 31, 2007		
	Cost	Accumulated Amortization	**Net Book Value**	Cost	Accumulated Amortization	Net Book Value
Furniture and equipment	$ 62,532	22,214	**$ 40,318**	$ 59,230	13,000	$ 46,230
Computer equipment	35,307	18,367	**16,940**	22,794	11,107	11,687
Software	33,848	18,808	**15,040**	33,848	13,478	20,370
	$ 131,687	59,389	**$ 72,298**	$ 115,872	37,585	$ 78,287

5. Resource Properties

	March 31, 2007 Balance	Acquisition	Deferred Exploration	Spin off of Subsidiary	March 31, 2008 Balance
Alien, Nevada, USA (a)	710,285	24,710	31,693	-	766,688
Ramona Nevada, USA (b)	145,032	42,003	344	-	187,379
Copper Creek, Arizona, USA (c, d and e)	5,265,756	2,478,586	3,639,429	-	11,383,771
Redbird, Kootenay Land District, B.C. (f)	2,361,270	-	-	(2,361,270)	-
Reeves, Kootenay Land District, B.C. (f)	522,393	-	-	(522,393)	-
	9, 004,736	2,545,299	3,671,466	(2,883,663)	12,337,838

	March 31, 2006 Balance	Acquisition	Deferred Exploration	March 31, 2007 Balance
Alien, Nevada, USA (a)	631,100	49,019	30,166	710,285
Ramona Nevada, USA (b)	111,074	28,146	5,812	145,032
Copper Creek, Arizona, USA (c, d and e)	2,375,263	836,664	2,053,829	5,265,756
Redbird, Kootenay Land District, B.C. (f)	2,029,044	-	332,226	2,361,270
Reeves, Kootenay Land District, B.C. (f)	400,084	117,570	4,739	522,393
Total Resource Properties	5,546,565	1,031,399	2,426,772	9,004,736
Resource properties of the discontinued operations (f)	-	-	-	2,883,663
	-	-	-	6,121,073

a) **Alien Agreement**
On October 3, 2003, the Company optioned to acquire a 100% interest in a long-term mineral lease in 16 unpatented mining claims located in Nye County, Nevada, known as the Alien Gold project, subject to a net smelter royalty of up to 3%. In consideration, over an initial six-year period, the Company will make advance royalty payments of US$100,000 (2008-US$70,000; 2007-$45,000 paid), incur exploration expenditures of US $725,000 (2008-US $502,338; 2007-471,628 incurred) and issue 500,000 shares (2008-200,000; 2007-200,000 issued). Thereafter, the Company shall make a series of minimum advance royalty payments on an annual basis.

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 a 100% interest in the property by spending US$32,000 over two years (2008-US$60,188; 2007-US$59,855 spent), by paying US$770,000 in advance royalty payments over 16 years (2008-US$75,000; 2007-US$50,000 paid), by issuing to the third party a total of 100,000 (2008-75,000; 2007-50,000 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.

5. Resource Properties - *continued*

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).

In accordance with the purchase and sale agreement with AMT International Mining Corporation and AMT (USA) Inc. (collectively "AMT") dated July 29, 2005, the Company was to have acquired the property free and clear of all claims, liens, charges and encumbrances. The property, however, 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. Management is of the opinion that the existence of the BHP Royalty deed is a breach of the representations and warranties provided in the July 2005 purchase agreement and is currently in discussion with the Court-Appointed Receiver of AMT in an attempt to settle the matter.

d) **D & G Mining Agreement**
In November 2005, the Company also entered into a lease to purchase agreement with a third party for an 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.

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 6*).

f) **Kootenay Land District Agreements**
Red Bird Claims: Under a purchase and sales agreement dated April 22, 1993, the Company purchased 100% of the Diem claims for US$30,000 subject to a 2 1/2% net smelter return royalty with a cumulative maximum of US$1,000,000.

Red Bird Extension: On January 31, 1996, the Company acquired a 100% interest in a 32-unit property, adjacent to its Red Bird Claims, for the payment of $15,000 cash, the issuance of 100,000 shares at fair value of $35,000 and the granting of a 2% net smelter return royalty to the vendor. The Company has the right, at any time, to purchase 75% of that net smelter royalty for $1,500,000, which would result in a remaining net smelter royalty of 0.5%.

Reeves Property: Under an agreement dated February 15, 2000, as amended February 27, 2002, the Company has an option to purchase the Reeves property, on or before February 15, 2009, by paying US$2,900,000 on or before February 15, 2007, increasing by US$300,00o each subsequent year. The Company has the option to extend the exercise date annually by paying US$50,000 on or before February 15$^{th.}$ To date, the Company has paid a total of US $395,000 to keep the option in good standing. As part of this agreement Reeves subscribed for a $100,000 private placement of 250,000 common shares of the Company at a price of $0.40 per share.

All three of the above properties in the Kootenay Land District were owned by the Company's wholly owned subsidiary ReMac Zinc Corp. ("ReMac"). Effective June 4, 2007 the Company completed the sale of ReMac to OMC Capital Corporation ("OMC"), a Capital Pool Company. *(See Note 17)*

6. Long Term Debt

		USD		CAD
Long term debt	$	2,173,686	$	2,232,376
Less: current portion		(500,000)		(513,500)
Long term portion	$	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.

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		101,557
Total debt	$	2,173,686

7. Share Capital

Details are as follows:
Authorized: Unlimited common shares without par value

	Number		Amount
Balance, March 31, 2006	47,165,820	$	12,742,021
Shares issued for resource properties	75,000		38,000
Share purchase warrants exercised	6,625,000		2,077,500
Stock options exercised	1,295,000		357,251
Fair value of stock options exercised *(Note 9)*	-		147,815
Balance, March 31, 2007	55,160,820		15,362,587
Shares issued for resource properties	25,000		15,000
Share purchase warrants exercised	11,717,000		3,515,100
Share issue costs	-		(86,520)
Stock options exercised	1,250,000		328,250
Fair value of stock options exercised *(Note 9)*	-		234,368
Balance, March 31, 2008	68,152,820	$	19,368,785

7. Share Capital- *continued*

On June 15, 2007 the Company issued 25,000 shares at a value of $0.60 per share for a property payment as part of the Ramona property agreement.

The Company issued 11,717,000 shares and received $3,515,100 on the exercise of warrants at $0.30, a cash fee of $86,520 was paid in connection with the exercise of the warrants.

During the year 1,250,000 stock options were exercised for proceeds of $328,250. The fair value of the stock options exercised was calculated to be $234,368 and that amount has been transferred to share capital from stock options. *(Note 9)*

8. Flow-Through Warrants of Former Subsidiary

	Number	Amount
Balance, March 31, 2006	-	$ -
Flow-through warrants	4,000,001	3,000,000
Financing costs	-	(229,382)
Flow-through share renunciation	-	(1,009,952)
Balance, March 31, 2007	4,000,001	1,760,666
Spin off of subsidiary	(4,000,001)	(1,760,666)
Balance, March 31, 2008	-	$ -

On June 4, 2007 with the closing of the transaction, *(Note 17)* these flow-through warrants were converted into 4,000,001 post-consolidated shares of ReMac Zinc Corp (formerly OMC Capital Corporation).

9. Stock Options

Balance, March 31, 2006	$ 668,937
Fair value of stock options issued	775,680
Transferred to share capital on options exercised *(Note 7)*	(147,815)
Balance, March 31, 2007	1,296,802
Fair value of stock options issued	965,352
Transferred to share capital on options exercised *(Note 7)*	(234,368)
Balance, March 31, 2008	$ 2,027,786

The Company has established a share purchase option plan whereby the board of directors may, from time to time, grant options to directors, officers, employees or consultants. Options granted must be exercised no later than five years from date of grant or such lesser period as determined by the Company's board of directors. The exercise price of an option is not less than the closing price on the Exchange on the last trading day preceding the grant. Options shall be exercisable ("vested") as to 25% on the date of grant of the Option and 12.5% every quarter thereafter.

9. Stock Options- *continued*

a) A summary of the Company's options at March 31, 2008 and the changes for the year are as follows:

Number Outstanding March 31, 2007	Granted	Exercised	Cancelled and Expired	Number Outstanding March 31, 2008	Exercise Price Per Share	Expiry Date
540,000	-	375,000	165,000	-	$ 0.25	March 5, 2008
925,000	-	525,000	-	400,000	$ 0.30	January 19, 2009
420,000	-	-	-	420,000	$ 0.16	July 8, 2010
350,000	-	350,000	-	-	$ 0.22	July 21, 2010
1,250,000	-	-	250,000	1,000,000	$ 0.60	February 27,2011
1,185,000	-	-	750,000	435,000	$0.60	August 1, 2011
250,000	-	-	-	250,000	$0.48	October 1, 2011
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
5,170,000	2,950,000	1,250,000	1,165,000	5,705,000(1)	$ 0.16-$0.66	January 19, 2009 – December 10, 2012

(1) At March 31, 2008, 3,792,500 of these options are exercisable.

b) The fair value of stock options used to calculate compensation for employees is estimated using the Black-Scholes Option Pricing Model. Since the options were granted under a graded vesting schedule, $ 965,352 (2007 - $775,689) of the fair value has been recorded in the accounts of the Company during the year with $841,722 recognized on the consolidated statement of operations and comprehensive loss and deficit and $123,630 capitalized to resource properties. This value is estimated at the date of the grant with the following weighted average assumptions:

	2008	2007
Average risk-free interest rate	4.19%	4.00%
Expected dividend yield	-	-
Expected stock price volatility	90.75%	96.64%
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.

10. Share Purchase Warrants

Number Outstanding March 31, 2007	Exercised	Expired	Number Outstanding March 31, 2008
11,717,000	11,717,000	-	-
6,000,000	-	6,000,000	-
17,717,000	11,717,000	6,000,000	-

During the year 11,717,000 share purchase warrants exercisable at $0.30 per share were exercised for proceeds of $3,515,100, *(see Note 7)*.

On March 30, 2008 6,000,000 share purchase warrants expired.

11. Income Taxes

a) 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

b) Significant components of the Company's future tax assets and liabilities, after applying enacted corporate income tax rates are as follows:

Future Income Tax Assets		**March 31, 2008**		March 31, 2007
Statutory tax rate *(* Weighted Average - 2008)*		**34.11%**		34.394%
Non-capital losses	**$**	**785,244**	$	1,218,886
Incorporation cost		**-**		320
Equipment		**21,804**		8,741
Renunciation of exploration credit		**-**		(1,009,952)
Exploration and development expenditures		**-**		125,910
		807,048		343,905
Less: Valuation allowances		**(807,048)**		(343,905)
Income tax recovery	**$**	**-**	$	-

** Weighted average is based upon British Columbia combined tax rate of 34.12% and USA combined tax rate of 34%*

12. Related Party Transactions

Except as disclosed elsewhere in these financial statements related party transactions incurred during the year ended March 31, 2008 are as follows:

a) Consulting fees totalling $27,000 (2007- nil) for services provided by the Chief Financial Officer of the Company. The balance owing at March 31, 2008 is nil.
b) Consulting fees totalling $14,000 (2007-$41,500) were paid to a former Chief Financial Officer and director of the Company. The balance owing at March 31, 2008 is nil.
c) Consulting fees totalling $68,000 (2007-$70,000) were paid to a former president and director of the Company. The balance owing at March 31, 2008 is nil.
d) Management and corporate advisory fees totalling $212,400 (2007-120,000) were paid to a Company controlled by two directors of the Company. The balance owing at March 31, 2008 is $30,000 with no specific terms or conditions.
e) Management and consulting fees totalling $33,000 (2007 -$87,633) were paid to a former director of the Company. The balance owing at March 31, 2008 is nil.
f) Consulting fees totalling $147,515 USD (2007-nil) were paid to the president and director of the Company. The balance owing at March 31, 2008 is nil. An option payment for the Ramona property in the amount of $12,500 USD and 12,500 shares were paid to the president and director of the Company.

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

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:

2009	$	44,546
2010		44,546
2011		44,969
2012		45,180
2013		15,060
	$	194,301

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:

	Year Ended March 31			
		2008		2007
Assets by geographic area				
USA	**$**	**11,279,039**	$	5,351,490
Canada		**1,416,701**		8,150,793
	$	**12,695,740**	$	13,502,283

		2008		2007
Net loss by geographic area				
USA	**$**	**117,769**	$	155,497
Canada		**1,975,404**		1,035,936
	$	**2,093,173**	$	1,191,433

15. Subsequent Events

On April 16, 2008, and on May 12, 2008 short term loans of $350,000 and $15,000 respectively were advanced to the Company by directors or parties related to the directors. The promissory notes were interest bearing at 12% per annum and due on demand. The promissory notes and interest were repaid on May 28, 2008.

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 and net 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.

16. Comparative Periods

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

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. Further to this plan of arrangement, the following events occurred:

The Company transferred to ReMac Zinc Development Corp., the ReMac Zinc Project which includes the Red Bird, Red BirdExtension and the Reeves Property (*see Note 5(e)*) for the assigned value of $3,723,216 which was the carrying cost of the ReMac Zinc Project on the books of the Company (*see Note 5*), for consideration of 100 common shares of ReMac Zinc Development Corp.

ReMac Zinc Corp. acquired the Company's subsidiary ReMac Zinc Development Corp. in exchange for the issuance to the Company of 15 million post consolidated shares in the capital of ReMac Zinc Corp. Each shareholder of the Company as at June 4, 2007 received a pro rata portion of the ReMac Zinc Corp. shares as a distribution of assets for the assigned value of $3,723,216.

The Company's flow- through warrants outstanding at June 4, 2007 were converted into 4,000,001 post-consolidated shares of ReMac Zinc Corp. (*see Note 8*).

The assets and liabilities of the discontinued operation shown on the balance sheets are as follows:

	March 31, 2008	March 31, 2007
Current assets	$ -	$ 3,042,354
Resource properties *(Note 5)*	-	2,883,663
Total assets of discontinued operation	$ -	$ 5,926,017
Current liabilities of discontinued operations	$ -	$ 234,071
Net Book Value	$ -	$ 5,691,946