Redhawk Resources, Inc.

Condensed Consolidated Interim Financial Statements

Nine Month Period Ended December 31, 2014 and 2013

(Unaudited – prepared by Management)

(Presented in Canadian Dollars)

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

	Notes	December 31, 2014	March 31, 2014
ASSETS			
Current assets			
Cash and cash equivalents		$ 120,338	$ 151,984
Short-term investments		-	1,091,784
Receivables and prepaid expenses	4	163,199	178,344
		283,537	1,422,112
Non-current assets			
Reclamation deposits		1,160	36,685
Property and equipment		288,702	291,742
Investment in associate	3, 6	22,235,474	-
Exploration and evaluation assets	5	-	41,090,544
		22,525,336	41,418,971
TOTAL ASSETS		**$ 22,808,873**	**$ 42,841,083**
LIABILITIES			
Current liabilities			
Trade payables and accrued liabilities	7	$ 77,495	$ 381,267
Current portion of long-term debt	8	-	354,953
		77,495	736,220
Non-Current liabilities			
Long-term debt – property acquisition	8	-	2,484,334
Long-term debt - notes payable	9	451,288	-
TOTAL LIABILIITES		**528,783**	**3,220,554**
SHAREHOLDERS' EQUITY			
Share capital	10	49,779,279	49,751,933
Contributed surplus	10	11,378,758	10,931,661
Accumulated other comprehensive income (loss)	10	3,992,668	2,471,754
Deficit		(42,870,615)	(23,534,819)
TOTAL SHAREHOLDERS' EQUITY		**22,280,090**	**39,620,529**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**$ 22,808,873**	**$ 42,841,083**

Nature of operations and going concern – Note 1

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 income (loss)
(Presented in Canadian dollars - unaudited)

	Three month period ended December 31, 2014	2013	Nine month period ended December 31, 2014	2013
Expenses				
Director fees	$ 31,876	$ 32,193	$ 96,030	$ 99,400
Filing fees	4,640	20,081	28,971	54,280
Insurance	8,375	5,250	26,750	24,698
Investor relations	2,000	2,402	2,183	200,462
Management and consulting fees	98,781	157,438	287,885	524,319
Office and sundry	10,225	15,333	38,505	51,634
Professional fees	58,995	43,324	247,883	142,593
Project generation	50,401	-	50,401	-
Rent	674	4,706	5,309	17,558
Salaries	20,477	20,475	66,718	62,134
Share-based compensation	60,115	167,635	328,562	249,542
Transfer agents	7,833	10,137	14,707	14,967
Travel and accommodations	182	14,060	13,185	49,504
Total expenses	(354,574)	(493,034)	(1,207,089)	(1,491,091)
Interest income	1,277	6,454	3,488	18,052
Interest expense	6,457	(30,221)	(62,651)	(91,484)
Foreign exchange gain	3,966	(10,441)	501	(7,455)
Management income	70,063	-	70,063	-
Share of net loss of associates (Note 6)	(15,581)	-	(15,581)	-
Impairment (Note 3, 6)	(18,124,527)	-	(18,124,527)	-
Net loss for period	**$ (18,412,919)**	**$ (527,242)**	**$(19,335,796)**	**$ (1,571,978)**
Other comprehensive income				
Items that may be reclassified subsequently to net income				
Exchange differences on translating foreign operations	865,381	848,041	1,520,914	1,506,468
Total comprehensive income (loss)	**$ (17,547,538)**	**$ 320,799**	**$(17,814,882)**	**$ (65,510)**
Loss per share – basic and diluted	**$ (0.12)**	**$ (0.00)**	**$ (0.12)**	**$ (0.01)**
Weighted average number of common shares outstanding	**157,698,138**	**155,688,864**	**157,692,489**	**149,911,402**

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		Contributed surplus	Accumulated other comprehensive income (loss)	Deficit	Total
	Number of shares	Amount				
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 share warrants	-	-	35,226	-	-	35,226
Transfer of value on exercise of warrants exercised	-	-		-	-	-
Shares issued for services	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**
Balance at March 31, 2014	**157,601,038**	**$ 49,751,933**	**$ 10,931,661**	**$ 2,471,754**	**$ (23,534,819)**	**$ 39,620,529**
Shares issued for cash - options exercised	97,100	16,507	-	-	-	16,507
Transfer of option value on exercise of stock options	-	10,839	(10,839)	-	-	-
Share-based compensation	-	-	457,936	-	-	457,936
Currency translation adjustment	-	-	-	1,520,914	-	1,520,914
Loss for the period	-	-	-	-	(19,335,796)	(19,335,796)
Balance at December 31, 2014	**157,698,138**	**$ 49,779,279**	**$ 11,378,758**	**$ 3,992,668**	**$ (42,870,615)**	**$ 22,280,090**

See accompanying notes to the condensed consolidated interim financial statements

(Presented in Canadian dollars - unaudited)

	Nine month period ended December 31, 2014	2013
Operating activities		
Loss for the period	$ (19,335,796)	$(1,571,978)
Adjustments for non-cash items:		
Depreciation	17,944	16,987
Share-based payments	328,562	249,542
Shares issued for services	-	93,150
Impairment	18,124,527	-
Share of net loss of associates	15,581	-
Changes in non-cash working capital items:		
Receivables and prepaid expenses	(51,997)	(47,544)
Trade payables and accrued liabilities	276,890	93,444
Net cash flows used in operating activities	**(624,289)**	**(1,166,399)**
Investing activities		
Expenditures on exploration and evaluation assets	(508,571)	(1,820,183)
Reclamation bond	-	9,180
Short-term investments	1,091,784	796,943
Net cash flows used in investing activities	**583,213**	**(1,014,060)**
Financing activities		
Repayment of long term debt	-	(212,720)
Proceeds on issuance of common shares	16,507	2,430,511
Net cash flows received from financing activities	**16,507**	**2,217,791**
Currency impact on cash and cash equivalents	(7,077)	34,911
Increase (decrease) in cash and cash equivalents	(31,646)	72,243
Cash and cash equivalents, beginning	151,984	72,691
Cash and cash equivalents, ending	**$ 120,338**	**$ 144,934**

Supplemental cash flow information Note 14

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 property 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.

Going concern

These condensed consolidated interim financial statements have been prepared as applicable to a going concern, which assume that the Company will realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

Several adverse conditions cast significant doubt upon the validity of this assumption. Consistent with other entities in the exploration stage, the Company has incurred operating losses since inception, has no source of revenue, is unable to self-finance operations, and has significant cash requirements to meet its overhead and continue its exploration activities. As at December 31, 2014, the Company's working capital was $206,042.

The Company's ability to meet its administrative expenses and complete its planned exploration and development activities is dependent upon management's ability to secure additional financing. While management has been successful in obtaining funding in the past, there can be no assurance that it will be able to do so in the future. If the going concern assumption was not appropriate for these financial statements then adjustments would be necessary to the carrying value of assets and liabilities, the reported expenses and the balance sheet classifications used, and such adjustments would be material.

2. Statement of compliance

These condensed consolidated interim financial statements were authorized for issue on February 16, 2015 by the directors of the Company.

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standards 34, Interim Financial Reporting ("IAS 34") using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). The accounting policies and methods of computation applied by the Company in these condensed consolidated interim financial statements are the same as those applied in the Company's annual financial statements as at and for the year ended March 31, 2014.

The condensed consolidated interim financial statements do not include all of the information and note disclosures required for full annual financial statements and should be read in conjunction with the Company's annual financial statements as at and for the year ended March 31, 2014.

Basis of preparation

The 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 condensed consolidated interim financial statements are presented in Canadian dollars unless otherwise noted.

3. Summary of significant accounting policies

These financial statements reflect the agreement between the Company and Anglo American US Holdings Inc. as of November 25, 2014. The investment in the newly formed Limited Liability Company ("Copper Creek Project LLC", "CCP") is accounted for under IAS 28; the investment is treated as an equity investment. The Company therefore adopted the following policy:

Investments in associates

Associates are all entities over which the group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognized at cost, and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss of the investee after the date of acquisition. The group's investment in associates includes goodwill identified on acquisition, if any.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income is reclassified to profit or loss where appropriate.

The group's share of post-acquisition profit or loss is recognized in the income statement, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount adjacent to share of net loss of associates in the statement of loss.

Profits and losses resulting from upstream and downstream transactions between the group and its associate are recognized in the group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealized losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the group. Dilution gains and losses arising in investments in associates are recognized in the statement of loss.

Critical accounting estimates

At the end of each reporting period the carrying amounts of the Company's assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount is reduced to its recoverable amount and the impairment loss is recognized in the statement of loss for the period.

Recoverability of the carrying amount of the exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective assets.

Significant estimates during the period were related to the assessment of a recoverable amount of an investment in the associate, after initial recognition at cost. The valuation of interest in CCP reflected an implied fair value, which in turn has been based on all of the related financial terms in the Definitive Agreement. The main factor in the assessment relates to a judgment by the Company for a determination of net present value(s) of future payments of Anglo American US Holdings Inc., which imply the fair value of CCP.

Changes in any of the assumptions used in impairment testing could materially affect the result of the analysis.

(Presented in Canadian dollars - unaudited)

Recent accounting standards issued and not yet applied

The following standards, interpretations and amendments, which have not been applied to in these consolidated financial statements, will or may have an effect on the Company's future consolidated financial statements. The Company is in the process of evaluating these new standards.

IFRS 9, *Financial Instruments*, addresses classification and measurement of financial assets. It replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments. Such instruments are either recognized at fair value through profit or loss or at fair value through other comprehensive income, dividends are recognized in profit or loss to the extent they do not clearly represent a return of investment; however, other gains and losses (including impairments) associated with such instruments remain in accumulated comprehensive income indefinitely. This standard is effective January 1, 2018.

IAS 32, *Financial instruments, Presentation*. IAS 32 was amended to clarify the requirements for offsetting financial assets and liabilities. The amendments clarify that the right of offset must be available on the current date and cannot be contingent on a future date. The amendments apply to annual periods beginning on or after January 1, 2014. The change in accounting standard will not have a significant impact on the Company's consolidated financial statements.

IAS 24 - *Related Party Disclosures*. The amendments to IAS 24 clarify that a management entity, or any member of a group of which it is a part, that provides key management services to a reporting entity, or its parent, is a related party of the reporting entity. The amendments also require an entity to disclose amounts incurred for key management personnel services provided by a separate management entity. This replaces the more detailed disclosure by category required for other key management personnel compensation. The amendments will only affect disclosure and are effective for annual periods beginning on or after January 1, 2014. The Company is currently evaluating the impact the final standard is expected to have on its consolidated financial statements.

IFRIC 21 - *Levies*. The IASB issued IFRIC 21 – Levies ("IFRIC 21"), an interpretation of IAS 37 – Provisions, Contingent Liabilities and Contingent Assets ("IAS 37"), on the accounting for levies imposed by governments. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event ("Obligating Event"). IFRIC 21 clarifies that the Obligating Event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. IFRIC 21 is effective for annual periods commencing on or after January 1, 2014. The Company is currently evaluating the impact the final standard is expected to have on its consolidated financial statements.

None of the other new standards, interpretations and amendments, which have not been adopted early, are expected to have a material effect on the Company's future consolidated financial statements.

4. Receivables and prepaid expenses

	December 31, 2014	March 31, 2014
Value-added tax receivables	$ 7,940	$ 7,516
Prepaids	155,259	170,828
	$ 163,199	$ 178,344

(Presented in Canadian dollars - unaudited)

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, 2014
		Copper Creek, Arizona
Property acquisition costs		
Balance, March 31, 2014	$	8,406,093
Additions		1,422
Balance, November 25, 2014	$	8,407,515
Exploration and evaluation costs		
Balance, March 31, 2014	$	32,684,451
Costs incurred during period:		
Assaying and laboratory		13,523
Engineering and consulting		264,538
Other		111,632
Permits and fees		114,958
Road development		2,198
Share-based compensation		129,376
		636,225
Currency translation adjustment		906,990
Balance, November 25, 2014		34,227,666
Total at November 25, 2014 before the transfer		42,635,181
Transfer to Associate (Note 6)		(42,635,181)
Total at December 31, 2014	$	-

(Presented in Canadian dollars - unaudited)

6. Investment in associate – Copper Creek Project LLC

The associate of the Company as at December 31, 2014 is Copper Creek Project LLC ("CCP"), a Limited Liability Corporation incorporated on August 26, 2014 in Delaware, USA.

Nature of investment in the associate:

		Percentage owned	
	Country of incorporation	**December 31, 2014**	**March 31, 2014**
Copper Creek Project LLC	U.S.	40%	N/A

CCP has a primary focus on the development of the Copper Creek copper-molybdenum project in San Manuel Arizona, USA.

Anglo American US Holdings Inc. has a 60% interest in the project through their ownership in CCP. In order to retain its ownership interest they shall contribute funds to CCP by funding in full by each of the corresponding dates, and in an aggregate amount of US$44 million. The effective date is defined as November 25, 2014. Funding is as follows:

Amount	**Funding date**
$3,000,000	on or before the first anniversary of the effective date (subsequently completed)
$4,000,000	on or before the second anniversary of the effective date
$7,000,000	on or before the third anniversary of the effective date
$15,000,000	on or before the fourth anniversary of the effective date
$15,000,000	on or before the fifth anniversary of the effective date

Anglo may earn an additional 20% interest in the project by funding a further US$20 million in expenditures on or before the seventh anniversary of the effective date of the agreement. The Company is the operator of the project for the first three years. After which time Anglo will then be the operator.

By a limited liability agreement dated November 25, 2014 all the property and long term debts related to the properties at Copper Creek owned by Redhawk Copper Inc. were transferred to CCP. Details of assets and liabilities transferred to CPP are disclosed in table below:

	November 25, 2014 (USD)	**November 25, 2014 (CAD)**
Assets transferred:		
Exploration and evaluation assets	37,860,919	42,635,181
Prepaid expenses	59,624	67,143
Reclamation deposits	32,335	36,412
Liablities transferred:		
Long-term debt	(2,636,701)	(2,969,189)
Net assets transferred	**$ 35,316,177**	**$ 39,769,547**

The valuation of the Company's investment in CCP has been calculated in accordance with IFRS. This required significant judgment mainly related to discount rates. This property transaction has been valued and recorded at an amount that is less than the amount previously recorded by the Company. To record the fair value of this transfer, initially recorded at cost, the Company has recorded an impairment of $18,124,527.

Summarized statement of financial position – Copper Creek Project LLC (stated in USD) (unaudited)

		December 31, 2014
Current assets		600,751
Non-current assets		22,299,887
Total Assets	**$**	**22,900,638**
Current liabilities		-
Non-current liabilities		2,271,933
Total Liabilities	**$**	**2,271,933**
Equity - Members		
LLC Members		
Anglo Exploration USA - contributions to date		1,442,735
Redhawk Resources Inc. - contributions to date		19,221,224
Deficit		(35,254)
Total Members equity	**$**	**20,628,705**
Total Equity and liabilities	**$**	**22,900,638**

Summarized statement of loss – Copper Creek Project LLC for the period of November 25, 2014 to December 31, 2014 (stated in USD) (unaudited)

Revenue	$	-
Operating costs		(35,254)
Loss of the associates		**(35,254)**
The Company equity share of net loss of the associate	**$**	**(14,102)**

Carrying amount of the Company's interest in Copper Creek Project LLC (stated in USD)

Carrying amount - November 25, 2014	**$**	**19,221,224**
Dividends from associate		-
Company's share of management fee (Note 11)		(39,591)
Company's share of net loss of associate		(14,102)
Carrying amount - December 31, 2014	**$**	**19,167,531**

(Presented in Canadian dollars - unaudited)

7. Trade payables and accrued liabilities

		December 31, 2014	March 31, 2014
Trade payables	$	12,140	$ 287,148
Amounts due to related parties (Note 10)		18,082	35,339
Accrued liabilities		47,273	58,780
	$	77,495	$ 381,267

8. Long-term debt – property acquisition

	December 31, 2014 USD	December 31, 2014 CAD	March 31, 2014 USD	March 31, 2014 CAD
Current portion of long term debt	$ -	$ -	$ 322,538	$ 354,953
Long term debt	$ -	$ -	$ 2,257,460	$ 2,484,334

Long-term debt related to previous property acquisition was transferred to and assumed by Copper Creek Project LLC under the terms of the Limited Liability Company Agreement dated November 25, 2014, see Note 6.

9. Long term debt – notes payable

		December 31, 2014		March 31, 2014
Amounts due to suppliers	$	99,397	$	-
Amounts due to related parties (Note 10)		351,891		-
	$	451,288	$	-

The Company has indebtedness to a number of officers, directors and advisors. The indebtedness has arisen principally from cash payments being made at less than the accrued and recorded liabilities for services provided. The notes payable are a summary of these obligations, and have the following attributes:

(1) To be paid in full on December 31, 2016;

(2) Non-interest bearing;

(3) The notes may be used as partial or full payment under any future private placement of the Company's common shares. This may be before December 31, 2016. If so used, the amount will then be deemed to be a payment on the principal amount of the note.

(Presented in Canadian dollars - unaudited)

10. Share capital and contributed surplus

Authorized share capital

Unlimited number of common shares without par value.

Issued share capital

At December 31, 2014 there were 157,698,138 issued and fully paid common shares (March 31, 2014 – 157,601,038).

Shares issued during the period

During the nine month period ended December 31, 2014 97,100 stock options were exercised for cash proceeds of $16,507 and 97,100 common shares were issued.

Warrants

In connection with the private placement completed on October 17, 2013, the Company issued 420,000 finders warrants with a fair value of $ 35,226. 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. The finders warrants were fair valued using the Black-Scholes method.

The following table summarizes information about the issued and outstanding warrants during the nine month period ended December 31, 2014 and the year ended March 31, 2014:

	December 31, 2014		March 31, 2014	
	Number of warrants	**Weighted average exercise price**	**Number of warrants**	**Weighted average exercise price**
Warrants outstanding, beginning of period	420,000	$ 0.35	-	$ -
Warrants issued	-	-	420,000	0.35
Warrants exercised	-	-	-	-
Warrants expired	-	-	-	-
Warrants outstanding, end of period	420,000	$ 0.35	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, at 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.

(Presented in Canadian dollars - unaudited)

The changes in options during the nine month period ended December 31, 2014 and the year ended March 31, 2014 are as follows:

	December 31, 2014			March 31, 2014		
	Number of options		Weighted average exercise price	Number of options		Weighted average exercise price
Options outstanding, beginning of period	13,060,000	$	0.45	10,285,000	$	0.48
Options granted	2,100,000		0.25	2,875,000		0.35
Options exercised	(97,100)		0.17	(100,000)		0.17
Options expired	(2,652,900)		0.22	-		-
Options outstanding, end of period	12,410,000	$	0.47	13,060,000	$	0.45
Options exercisable, end of period	11,091,250	$	0.49	11,125,625	$	0.47

During nine month period ended December 31, 2014 total of 2,100,000 (2013 – 2,875,000) stock options were granted with an exercise price of $0.25 and a term of five years. The fair value was determined using the Black-Scholes option pricing model using the following weighted average assumptions:

	December 31, 2014	March 31, 2014
Expected life of options	5 years	5 years
Volatility	89.75%	110.54%
Risk-free interest rate	1.44%	1.53%
Dividend rate	0%	0%

Details of options outstanding as at December 31, 2014 are as follows:

Weighted average exercise price	Weighted average contractual life	Number of options outstanding	Number of options exercisable
$0.25 - $0.25	4.33	2,100,000	1,500,000
$0.26 - $0.50	2.87	5,150,000	4,431,250
$0.51 - $0.74	2.17	4,025,000	4,025,000
$0.75 - $0.79	1.12	1,135,000	1,135,000
	2.73	12,410,000	11,091,250

During the nine month period ended December 31, 2014 and 2013, the Company recorded share-based compensation of $457,936 (2013 - $469,779) relating to options vested during the period, of which $129,376 (2013 - $220,237) was recorded to the exploration and evaluation assets (Note 5).

(Presented in Canadian dollars - unaudited)

Contributed surplus

Stock option

The stock option contributed surplus 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

The warrant contributed surplus 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.

11. Related party transactions

Related party balances

The following amounts due to related parties are included in liabilities:

	December 31, 2014	March 31, 2014
Directors and officers of the Company - trade	18,082	35,339
Directors and officers of the Company - long term	351,891	-
	$ 369,973	$ 35,339

Key management compensation [2]

	Nine month period ended	
	December 31 2014	December 31 2013
Management fees [1]	$ 191,852	$ 171,477
Consulting	175,426	174,825
Director fees	96,030	99,401
Share-based compensation [1]	325,980	303,395
	$ 789,288	$ 749,098

(1) Management fees 2014 - $170,533 (2013 - $171,477) and certain share-based payments 2014 - $76,881 (2013 - $108,742) are allocated to exploration and evaluation assets as warranted.

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

Copper Creek Project LLC

During the nine month period ended December 31, 2014, the Company collected CAD $116,771 (USD $100,656) (2013 - $Nil) from Copper Creek Project LLC, representing payment in full for the 7.5% management fee, of which income of CAD $70,063 (2013-$Nil) was recognized in the Company's financial statements, only to the extent to the Company's unrelated interests in the Copper Creek Project LLC (60%). Remaining amount was eliminated against investment in associate.

12. 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 and reclamation bonds. 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 attempts to ensure 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. The exposure for trade payables and accrued liabilities is considered insignificant.

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. For further information related to liquidity refer to Note 1.

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.

The following is an analysis of Canadian dollar equivalent of financial assets and liabilities that are denominated in US dollars:

	December 31, 2014	March 31, 2014
Cash and cash equivalents	$ 102,110	$ 126,558
Short term investments	-	286,128
Trade payables and accrued liabilities	(21,860)	(269,147)
Current portion of long-term debt	-	(354,953)
Long-term debt	(181,991)	(2,484,334)
	$ (101,741)	$ (2,695,748)

(Presented in Canadian dollars - unaudited)

Based on the above net exposures, as at December 31, 2014, a 10% change in the US dollar to Canadian dollar exchange rate would impact the Company's net loss by $10,174.

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 because the debt agreements note fixed interest rates.

Capital Management

The capital structure of the Company consists of shareholders' equity.

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

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 cash and cash equivalents, short term investments and reclamation bonds approximates their carrying value due to their short term maturity. The fair value of long term debt, trade payables and accrued liabilities may be less than the carrying value as a result of the Company's credit and liquidity risk (Note 1).

13. 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 December 31, 2014		
	Canada	**U.S.**	**Total**
Reclamation deposits	$ -	$ 1,160	$ 1,160
Property and equipment	-	288,702	288,702
Investment in associate (Note 6)		22,235,474	22,235,474
Exploration and evaluation assets	-	-	-
	$ -	$ 22,525,336	$ 22,525,336

	As at March 31, 2014		
	Canada	**U.S.**	**Total**
Reclamation deposits	$ -	$ 36,685	$ 36,685
Property and equipment	-	291,742	291,742
Exploration and evaluation assets	-	41,090,544	41,090,544
	$ -	$ 41,418,971	$ 41,418,971

(Presented in Canadian dollars - unaudited)

14. Supplemental disclosure with respect to cash flows

During the nine month period ended December, 2014 and 2013, the following non-cash transactions took places that are not reflected in the statements of cash flows:

	Nine month period ended	
	December 31, 2014	**December 31, 2013**
Exploration and evaluation assets included in trade accounts payable and accrued liabilities	$ -	$ 239,644
Exploration and evaluation share-based payments	129,376	220,237
Interest income received	3,488	18,052