Redhawk Resources, Inc.

(An Exploration Stage Company)

Consolidated Financial Statements

Years ended March 31, 2007 and 2006

(Canadian Funds)

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

To the Shareholders of Redhawk Resources Inc.:

The accompanying consolidated financial statements of the Company were prepared by management in accordance with accounting principles generally accepted in Canada, and within the framework of the summary of significant accounting policies noted in these consolidated financial statements. Management is responsible for all information in the annual report. All financial and operating data in the annual report is consistent, where appropriate, with that contained in the consolidated financial statements.

A system of internal accounting control is maintained in order to provide reasonable assurance that assets are safeguarded and that transactions are properly recorded and executed in accordance with management's authorization. This system includes established policies and procedures, the selection and training of qualified personnel and an organization providing for appropriate delegation of authority and, where possible, segregation of responsibilities.

The Board 0f Directors discharges its responsibilities for the consolidated financial statements primarily through activities of its Audit Committee composed of three directors, none of whom are members of management. This Committee meets regularly with management to assure that it is performing its responsibility to maintain financial controls and systems and to approve the quarterly unaudited and annual audited consolidated financial statements of the Company. The Audit Committee also meets with the independent auditors to discuss the scope and the results of their audit and audit report prior to submitting the consolidated financial statements to the Board of Directors for approval.

The consolidated financial statements have been audited on behalf of the shareholders by the Company's independent auditors, PricewaterhouseCoopers LLP, in accordance with Canadian generally accepted auditing standards. The auditors' report outlines the scope of their audit and their opinion on the consolidated financial statements.

Frederick Davidson	Bruce Briggs
Chief Financial Officer	President

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Redhawk Resources, Inc.

Statement 1

(An Exploration Stage Company)
Consolidated Balance Sheets
As at March 31
Canadian Funds

ASSETS		2007		2006
Current				
Cash	$	1,191,661	$	3,510,835
Term deposit in trust (Note 6)		3,000,000		-
Short-term investments		8,866		8,866
Accounts receivable and prepaid expenses		207,093		80,441
		4,407,620		3,600,142
Reclamation Bond		11,640		11,640
Property and Equipment *(Note 4, 15)*		78,287		80,277
Resource Properties- *Schedule (Note 3)*		9,004,736		5,546,565
	$	13,502,283	$	9,238,624

LIABILITIES				
Current				
Accounts payable and accrued liabilities	$	788,375	$	342,380

SHAREHOLDERS' EQUITY				
Share Capital *(Note 5)*		15,362,587		12,742,021
Flow through Warrants *(Note 6)*		1,760,666		-
Contributed Surplus *(Note 7)*		1,296,802		668,937
Deficit – *Statement 2*		(5,706,147)		(4,514,714)
		12,713,908		8,896,244
Commitments (Note 11)				
	$	13,502,283	$	9,238,624

ON BEHALF OF THE BOARD:

Director: “Steve Bastable”

Director: “Bruce Briggs”

The accompanying notes form an integral part of these financial statements

Redhawk Resources, Inc.

Statement 2

(An Exploration Stage Company)

Consolidated Statements of Operations and Deficit

For the Years Ended March 31

Canadian Funds

	2007	2006
Administrative Costs		
Accounting and audit	$ 225,124	$ 29,750
Amortization	22,842	12,475
Filing fees	47,049	11,360
Insurance	31,456	20,062
Investor relations	156,815	101,130
Legal	339,275	227,788
Management fees and consulting	485,937	266,581
Office and sundry	71,955	25,058
Office services	69,156	42,116
Rent	92,790	37,516
Stock based compensation expense *(Note 8(b))*	708,682	297,561
Transfer agent	27,020	10,486
Travel and accommodation	44,578	18,928
Loss Before the Following	2,322,679	1,100,811
Other Expenses (Income)		
Interest income	(126,312)	(4,498)
Other taxes	-	312
Loss on disposal of property and equipment	5,018	-
Write down of resources properties	-	7,785
Future income tax recovery *(Note 9)*	(1,009,952)	-
	(1,131,246)	3,599
Loss for the Year	1,191,433	1,104,410
Deficit - Beginning of Year	4,514,714	3,410,304
Deficit - End of Year	$ 5,706,147	$ 4,514,714
Loss per Share – Basic and Diluted	$ 0.02	$ 0.04
Weighted Average Shares Outstanding	50,551,090	30,651,310

The accompanying notes form an integral part of these financial statements

Redhawk Resources, Inc.

Statement 3

(An Exploration Stage Company)

Consolidated Statements of Cash Flows

For the Years Ended March 31

Canadian Funds

Cash Resources Provided by (Used in)		**2007**		2006
Operating Activities				
Loss for the year	**$**	**(1,191,433)**	$	(1,104,410)
Items not affected by cash				
Amortization		**22,842**		12,475
Unrealized foreign exchange loss		**-**		1,874
Stock-based compensation expense		**708,682**		297,561
Loss on disposal of property and equipment		**5,018**		-
Write-off of resource properties		**-**		7,785
Future income tax recovery		**(1,009,952)**		-
Changes in non-cash working capital		**38,755**		226,404
		(1,426,088)		(558,311)
Investing Activities				
Property and equipment		**(25,870)**		(86,910)
Resource property expenditures		**(3,072,585)**		(2,580,217)
		(3,098,455)		(2,667,127)
Financing Activities				
Share capital issued for cash net of issuance costs		**2,434,751**		6,002,550
Flow through warrants		**3,000,000**		-
Financing costs		**(229,382)**		(136,509)
		5,205,369		5,866,041
Net Increase in Cash		**680,826**		2,640,603
Cash Position - Beginning of Year		**3,510,835**		870,232
Cash Position - End of Year	**$**	**4,191,661**	$	3,510,835
Cash position consists of:				
Cash	**$**	**1,191,661**	$	3,508,335
Term deposits in trust		**3,000,000**		2,500
	$	**4,191,661**	$	3,510,835
Supplemental Schedule of Non-Cash Transactions				
Shares issued for financing as finder's fees	**$**	**-**	$	243,000
Shares issued for resource properties	**$**	**38,000**	$	20,000
Stock based compensation expense capitalized in mineral properties	**$**	**66,998**	$	-

The accompanying notes form an integral part of these financial statements

Redhawk Resources, Inc.

Schedule

(An Exploration Stage Company))

Consolidated Schedule of Resource Properties

For the Years Ended March 31

Canadian Funds

		2007		2006
Red Bird, Kootenay Land District, B.C. - *(Note 3 (a)(b))*				
Deferred Expenditures				
Assaying	$	15,480	$	-
Camp and general		331		-
Engineering and consulting		307,980		24,645
Field costs		6,391		15,516
Permit and fees		1,504		1,804
Travel and accommodation		540		-
		332,226		41,965
Reeves, Kootenay Land District, B.C. - *(Note 3 (c))*				
Acquisition costs		117,570		57,495
Deferred Expenditures				
Assaying		3,104		-
Engineering and consulting		675		763
Field costs		960		3,169
		4,739		3,932
		122,309		61,427
Ramona, Nevada, USA - *(Note 3 (e))*				
Acquisition costs		28,146		24,615
Deferred Expenditures				
Engineering and consulting		-		18,230
Field costs		-		6,327
Permit and fees		5,812		-
Vehicle		-		980
		5,812		25,537
		33,958		50,152
Subtotal	$	488,493	$	153,544

The accompanying notes form an integral part of these financial statements

Redhawk Resources, Inc.

(A Development Stage Company)

Consolidated Schedule of Resource Properties

For the Years Ended March 31

Canadian Funds

	2007	2006
Balance forward	**$ 488,493**	$ 153,544
Alien , Nevada, USA - *(Note 3 (d))*		
Acquisition costs	**49,019**	25,600
Deferred Expenditures		
Camp and general	**-**	654
Engineering and consulting	**1,500**	3,150
Field costs	**-**	2,618
Permits and fees	**28,666**	30,466
Vehicles	**-**	1,137
	30,166	38,025
	79,185	63,625
Copper Creek, Arizona, USA *(Note 3 (f))*		
Acquisition costs	**836,664**	1,821,061
Deferred Expenditures		
Assaying and laboratory	**73,291**	13,580
Camp and general	**2,515**	11,950
Drilling	**580,190**	-
Engineering and consulting	**1,187,589**	401,244
Field costs	**76,664**	43,844
Permits and fees	**41,114**	49,739
Stock option compensation	**66,998**	-
Travel and accommodation	**-**	5,868
Vehicles	**25,468**	27,977
	2,053,829	554,202
	2,890,493	2,375,263
Other Properties		
Deferred Expenditures		
Assaying and laboratory	**-**	3,319
Engineering and consulting	**-**	3,139
Field costs	**-**	1,327
	-	7,785
Write-off of resource properties	**-**	(7,785)
	-	-
Deferred Exploration Costs for the Year	**3,458,171**	2,592,432
Balance – Beginning of Year	**5,546,565**	2,954,133
Balance – End of Year	**$ 9,004,736**	$ 5,546,565

The accompanying notes form an integral part of these financial statements

1. Nature of Operations

Redhawk Resources, Inc. (the "Company") engages principally in the acquisition, exploration and development of resource properties. As discussed in the notes to the financial statements, the recovery of the Company's investment in resource properties and the attainment of profitable operations is dependent upon the discovery and development of economic ore reserves and the ability to arrange sufficient financing to bring the ore reserves into production. The ultimate outcome of these matters cannot presently be determined because they are contingent on future events.

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 Redhawk Resources (USA) Inc., located in Nevada, USA, Redhawk Copper, Inc., located in Arizona, USA and ReMac Zinc Corp. located in B.C., Canada. These subsidiaries have been accounted for using the purchase method. All inter-company transactions and balances have been eliminated.

b) Mineral Operations

The Company is in the process of exploring its mineral properties and has not yet determined whether these properties contain ore reserves that are economically recoverable.

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 as an economic ore body is defined or the prospect is 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.

Title to mineral 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.

2. Significant Accounting Policies - *continued*

d) Loss per Share

Loss per share amounts have been calculated and presented in accordance with the recommendations of the Canadian Institute of Chartered Accountants. Basic earnings per share are computed by dividing income available to common shareholders by the weighted average number of shares outstanding during the period. The computation of diluted earnings per share assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on earnings per share. The dilutive effect of convertible securities is reflected in diluted earnings per share by application of the "if converted" method. The dilutive effect of outstanding options and warrants and their equivalents is reflected in diluted earnings 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) Investments

Investments in which the Company has less than a 20% interest and does not have significant influence are recorded at the lower of cost or market value. Investments are written down to market value when the decline in market value is deemed to be other than temporary.

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 practises 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 as income up to the amount of the future income tax liability that was previously recognized on the renounced expenditures.

2. Significant Accounting Policies – *continued*

o) Risk management

The Company is engaged primarily in mineral exploration and manages related industry risk issues directly. The Company is at risk for environmental issues and fluctuations in commodity pricing. Management is not aware of and does not anticipate significant environmental remediation costs or liabilities in respect of its current operations.

The Company is not exposed to significant credit concentration risk. The Company is not exposed to significant interest rate risk.

The Company's functional currency is the Canadian dollar. The Company operates in foreign jurisdictions, giving rise to significant exposure to market risks from changes in foreign currency rates. The financial risk is the risk to the Company's operations that arises from fluctuations in foreign exchange rates and the degree of volatility of these rates. Currently, the Company does not use derivative instruments to reduce its exposure to foreign currency risk.

p) New Accounting Policy – Financial Instruments.

Effective April, 2007 the Company will adopt 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.

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 will designate its financial instruments as follows;

- Cash, cash equivalents, and short-term investments 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 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 Company is currently assessing the impact of this new accounting policy to be adopted effective April 1, 2007.

3. Resource Properties

	2007	2006
Red Bird – Kootenay Land District, B.C.		
Acquisition	$ 90,151	$ 90,151
Exploration and development	2,435,794	2,103,568
Recoveries	(223,151)	(223,151)
	2,302,794	1,970,568
Red Bird Extension – Kootenay Land District, B.C.		
Acquisition	58,476	58,476
Reeves – Kootenay Land District, B.C.		
Acquisition	441,421	323,851
Exploration and development	338,662	333,923
Recoveries	(257,690)	(257,690)
	522,393	400,084
Ramona – Nevada, USA		
Acquisition	73,367	45,221
Exploration and development	71,665	65,853
	145,032	111,074
Alien - Nevada, USA		
Acquisition	109,624	60,605
Exploration and development	600,661	570,495
	710,285	631,100
Copper Creek – Arizona, USA		
Acquisition	2,657,725	1,821,061
Exploration and development	2,608,031	554,202
	5,265,756	2,375,263
	-	-
Total	$ 9,004,736	$ 5,546,565

3. Resource Properties - ***continued***

a) **Red Bird - Kootenay Land District**
The May 25, 1985 mineral lease granting the rights to explore and develop the Diem claims has been superseded by a purchase and sales agreement dated April 22, 1993. Under this Agreement, the Company purchased 100% of the Diem claims for US$30,000 (paid) subject to a 2 1/2% net smelter return royalty with a cumulative maximum of US$1,000,000. *(Note 14)*

b) **Red Bird Extension - Kootenay Land District**
On January 31, 1996, the Company acquired a 100% interest in a 32-unit property, adjacent to its Red Bird property, 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, at any time, can purchase 75% of that net smelter royalty for $1,500,000, which would result in a remaining net smelter royalty of 0.5%. *(Note 14)*

c) **Redhawk-Reeves Agreement – Kootenay Land District**
Under the Reeves agreement, 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 15th. 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.

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

e) **Ramona Agreement**
In May 2004, the Company optioned to purchase the Ramona Gold project in Nevada from a third party. The Company can acquire 100% interest in the property by spending US$32,000 over two years (US$59,855 spent), by paying US$770,000 in advance royalty payments over 16 years (US$50,000 paid), by issuing to the third party a total of 100,000 (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.

f) **Copper Creek Agreement**
In November 2005, the Company closed the acquisition of the Copper Creek property in Arizona by signing a letter agreement with AMT International Mining Corporation, to purchase the property for a total purchase price of $1.6 million (paid) and annual advance royalty payments of $125,000 per year while the Company retains an interest in the property, the first of which has been paid during the year. 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.

g) **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 has paid US$80,000 and will pay a further US$80,000 for years one and two and US$100,000 for years three to fifteen. The Company has the option to purchase the property prior to the first anniversary for US$1,200,000. The purchase price, if not exercised, increases 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.

4. Property and Equipment

	Mar 31, 2007			Mar 31, 2006		
	Cost	Accumulated Amortization	**Net Book Value**	Cost	Accumulated Amortization	Net Book Value
Furniture and equipment	$ 59,230	13,000	**$ 46,230**	$ 36,723	4,756	$ 31,967
Computer equipment	22,794	11,107	**11,687**	25,135	5,596	19,539
Software	33,848	13,478	**20,370**	33,848	5,077	28,771
	$ 115,872	37,585	**$ 78,287**	$ 95,706	15,429	$ 80,277

5. Share Capital

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

	Number	Amount
Balance, March 31, 2005	21,058,820	$ 6,855,980
Shares issued for resource properties	75,000	20,000
Share purchase warrants exercised	1,725,000	727,500
Private placements	23,167,000	5,275,050
Finder's fee	1,140,000	243,000
Share issue costs	-	(379,509)
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	-	147,815
Balance, March 31, 2007	55,160,820	$ 15,362,587

On May 26, 2006 the Company issued 25,000 shares at a value of $0.24 per share for a property payment as part of the Ramona property agreement.

On November 20, 2006 the Company issued 50,000 common shares at a value of $0.64 per share for a property payment as part of the Alien property agreement.

6. Flow-Through Warrants

	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

In December 2006, ReMac Zinc Corp. completed a non-brokered private placement of 4,000,001 flow-through warrants at a price of $0.75 per warrant for total proceeds of $3,000,000 (net $2,770,618) which funds were held in trust as at March 31, 2007 and which were to be used for an exploration program on the ReMac Zinc Project. The funds from this financing were released from trust subsequent to the current year end. Upon closing of the Transaction, *(note 14)* the flow-through warrants were converted into 4,000,001 post-consolidated shares of OMC Capital Corporation.

7. Contributed Surplus

Balance, March 31, 2005	$ 371,376
Fair value of stock options issued	297,561
Balance, March 31, 2006	668,937
Fair value of stock options issued	775,680
Transferred to share capital on options exercised	(147,815)
Balance, March 31, 2007	$ 1,296,802

8. Options and Warrants

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.

a) A summary of the Company's options at March 31, 2007 and the changes for the period are as follows:

Number Outstanding March 31, 2006	Granted	Exercised	Cancelled	Expired	Number Outstanding March 31, 2007	Exercise Price Per Share	Expiry Date
1,220,000	-	680,000	-	-	540,000	$ 0.25	March 5, 2008
1,240,000	-	265,000	-	-	975,000	$ 0.30	January 19, 2009
100,000	-	100,000	-	-	-	$ 0.20	May 12, 2009
50,000	-	-	-	-	50,000	$ 0.25	June 28, 2009
150,000	-	75,000	-	-	75,000	$ 0.35	March 17, 2010
50,000	-	50,000	-	-	-	$ 0.30	April 13, 2010
420,000	-	-	-	-	420,000	$ 0.16	July 8, 2010
425,000	-	75,000	-	-	350,000	$ 0.22	July 21, 2010
1,250,000	-	-	-	-	1,250,000	$ 0.60	February 27,2011
-	1,335,000	50,000	100,000	-	1,185,000	$0.60	August 1, 2011
-	250,000	-	-	-	250,000	$0.48	October 1, 2011
-	250,000	-	-	-	250,000	$0.65	February 22, 2012
4,905,000	1,835,000	1,295,000	100,000	-	5,345,000	$ 0.16-$0.65	March 5, 2008 – February 22, 2012

As at March 31, 2007 4,096,250 options have vested.

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, $775,689 (2006 - $297,561) of the fair value has been recorded in the accounts of the Company during the period. The offsetting entry is to contributed surplus *(Note 6(b))*. This value is estimated at the date of the grant with the following weighted average assumptions:

Number of options granted	1,240,000	100,000	50,000	150,000	50,000
Risk-free interest rate	3.71%	4.14%	4.45%	4.19%	3.30%
Expected dividend yield	NIL	NIL	NIL	NIL	NIL
Expected stock price volatility	108.912%	118.486%	119.745%	113.308%	90.120%
Expected option life in years	5	5	5	5	5

Number of options granted	420,000	425,000	1,250,000	1,335,000	250,000	250,000
Risk-free interest rate	3.35%	3.35%	4.07%	4.01%	4.01%	3.94%
Expected dividend yield	NIL	NIL	NIL	NIL	NIL	NIL
Expected stock price volatility	90.279%	91.50%	92.98%	97.606%	94.060%	94.060%
Expected option life in years	5	5	5	5	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.

8. Options and Warrants – *continued*

c) A summary of the Company's share purchase warrants at March 31, 2007 and the changes for the period are as follows:

Number Outstanding March 31, 2006	Granted	Exercised	Cancelled	Expired	Number Outstanding March 31, 2007	Exercise Price Per Share	Expiry Date
600,000	-	-	-	600,000	-	$ 0.50	July 8, 2006
600,000	-	600,000	-	-	-	$0.45	April 14, 2006
17,742,000	-	6,025,000	-	-	11,717,000	$0.30	Sept 26, 2007
6,000,000	-	-	-	-	6,000,000	$0.85	Mar 30, 2008
24,942,000	-	6,625,000	-	600,000	17,717,000	$ 0.30-$0.85	Sept 26, 2007 – March 30, 2008

9. Income Taxes

a) The Company has accumulated non-capital losses for income tax purposes of approximately $3,543,937 as at March 31, 2007 that may be used to reduce future taxable income. These losses expire as follows:

2009	$	199,618
2010		180,183
2011		430,523
2012		286,762
2013		687,517
2014		1,279,317
2025		83,004
2026		77,106
2027		319,906
	$	3,543,937

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, 2007**		March 31, 2006
Statutory tax rate *(* Weighted Average - 2007)*		**34.394%**		36.0
Non-capital losses	**$**	**1,218,886**	$	755,198
Incorporation cost		**320**		-
Equipment		**8,741**		(18,555)
Renunciation of exploration credit		**(1,009,952)**		-
Exploration and development expenditures		**125,910**		156,905
		343,905		893,548
Less: Valuation allowances		**(343,905)**		(893,548)
Income tax recovery	**$**	**-**	$	-

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

Subsequent to year end (Note 15) the Company will be utilizing approximately $3,124,505 of these tax losses for the capital gain on the sale of ReMac.

9. Income Taxes– *continued*

c) Flow-through securities are securities issued by a company that incurs certain resource expenditures and renounces them for tax purposes thereby allowing the expenditures to flow through to the subscriber who purchased the securities. Subscribers may in turn claim the expenditure as a deduction on their personal or corporate tax returns. The total amount of funds raised through the sale of the Flow-through common shares must be spent on qualified mineral exploration. The proceeds from the Flow-through common shares are restricted in use for certain qualifying Canadian Exploration Expenditures ("CEE") under Canadian Tax Legislation.

Funds raised by the Company through the sale of the flow-through common shares must be spent on qualified mineral exploration. During the year ended March 31, 2007, the Company raised a total of $2,960,001 through the issuance of flow-through securities. The entire amount was renounced, for income tax purposes, to the flow-through investors during the current year.

For the amount that was renounced in current year, the future tax liability amounted to $1,009,952. The Company's tax pool balances exceed this estimated liability. Therefore, the Company has reduced its share capital account and recorded future income tax recovery of $1,009,952. The Company has incurred approximately $3,458,196 of resource related expenditures that may be carried forward indefinitely and used to reduce prescribed taxable income in future years. The potential future tax benefits of these income tax losses, net capital losses and resource related expenditures have not been recognized in the accounts of the Company due to uncertainty surrounding realization of such benefits.

10. Related Party Transactions

Except as disclosed elsewhere in these financial statements related party transactions are as follows:

During the year ended March 31, 2007, fees in the amount of $156,000 (2006- $126,070) were paid to three directors (and one former director) of the Company, which are shown as management fees on the consolidated statement of operations and deficit. During the year ended March 31, 2007 legal fees of $94,658 (2006-$18,957) were paid to a 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.

11. Commitments

On September 1, 2005, the Company entered into a property lease agreement with a third party for US $1,688 per month for a period of two years.

12. 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	
	2007	2006
Assets by geographic area		
USA	$ **5,351,490**	$ 591,690
Canada	**8,150,793**	8,646,934
	$ **13,502,283**	$ 9,238,624

	2007	2006
Net loss by geographic area		
USA	$ **155,497**	$ 74,704
Canada	**1,035,936**	1,029,706
	$ **1,191,433**	$ 1,104,410

13. Comparative Periods

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

14. Sale of ReMac Zinc Project to ReMac Zinc Corp.

The ReMac Zinc project which includes the Red Bird, Red Bird Extension and the Reeves Property (Note 3 a,b,c) was sold by the Company on December 15, 2006 to its wholly owned subsidiary ReMac Zinc Corp. for 100 common shares of ReMac Zinc Corp. The value assigned to the transaction was $ 2,645,990 which was the carrying cost of the ReMac Zinc project on the books of the Company.

The Company entered into a definitive arrangement agreement dated December 15, 2006 with OMC Capital Corporation ("OMC"), a Capital Pool Company whereby OMC planned to acquire ReMac Zinc Corp. ("ReMac"), in exchange for the issuance to the Company of 15 million shares of OMC, which transaction shares would subsequently be distributed to the Company shareholders (the "Transaction"). The Transaction closed subsequent to the Company's year end and the 15 million shares of OMC were distributed to the Company's shareholders.

In December 2006, ReMac completed a non-brokered private placement of 4,000,001 flow-through warrants at a price of $0.75 per warrant for total proceeds of $3,000,000 (net $2,770,618) which funds are available for a 2007 exploration program on the ReMac Zinc Project. Upon closing of the Transaction, the flow-through warrants were converted into 4,000,001 post-consolidated shares of OMC.

15. Subsequent Events

a) The Company entered into a purchase agreement in principal to acquire mining claims in the Copper Creek District, from Phelps Dodge Corporation. The agreement was finalized in April, 2007. The purchase price for the property is US $3,200,000, payable by a deposit of US $500,000 (paid) , and delivery of a promissory note for US $2.7 million which is payable over 12 years. The property is subject to a 1% net smelter return royalty in favour of Phelps Dodge.

b) Effective June 4, 2007 the Transaction *(note 14)* was completed. In exchange for the transfer of all of the issued and outstanding shares of ReMac from the Company to OMC, OMC issued to Redhawk 15,000,000 post-consolidation shares in the capital of OMC ("OMC Shares") which were distributed to the Company's shareholders on a pro rata basis. Each shareholder of the Company as at June 4, 2007 was entitled to receive a shareholders pro rata portion of the OMC shares.

The Condensed Balance Sheet of ReMac as at the date of disposition, on a preliminary basis is as follows;

Condensed Balance Sheet

Current Assets	$	5,347,326
Resource Properties		3,259,996
Total Assets	$	8,607,322
Current Liabilities	$	447,780
Due to Redhawk Resources, Inc.		552,371
Total Liabilities	$	1,000,151
Net Book Value	$	7,607,171

Pursuant to the Amended Arrangement, effective June 4, 2007, ReMac became a wholly-owned subsidiary of OMC and changed its name to "ReMac Zinc Development Corp.", and OMC changed its name to "ReMac Zinc Corp.".

c) Subsequent to the year end the Company;
- Issued 11,206,000 shares and received $3,361,800 on the exercise of warrants at $0.30 and
- Issued 125,000 shares and received $37,500 on the exercise of options at $0.30
- Issued 25,000 shares at a deemed value of $0.56 pursuant to the Ramona property agreement.

d) Subsequent to the year end, ReMac received net proceeds of $2,357,895 on a private placement of 3,691,154 Class B warrants of ReMac. These funds remained with ReMac which was sold (Note 15(b)).