Redhawk Resources, Inc.

Condensed Consolidated Interim Financial Statements

Three month Period Ended June 30, 2014 and 2013

(Unaudited – prepared by Management)

(Presented in Canadian Dollars)

Unaudited Interim Financial Statements

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the interim unaudited condensed consolidated interim financial statements for the period ended June 30, 2014.

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

	Notes	June 30, 2014	March 31, 2014
ASSETS			
Current assets			
Cash and cash equivalents		$ 102,654	$ 151,984
Short-term investments		604,971	1,091,784
Receivables and prepaid expenses	4	127,662	178,344
		835,287	1,422,112
Non-current assets			
Reclamation deposits		35,568	36,685
Property and equipment		277,085	291,742
Exploration and evaluation assets	5	40,213,175	41,090,544
		40,525,828	41,418,971
TOTAL ASSETS		**$ 41,361,115**	**$ 42,841,083**
LIABILITIES			
Current liabilities			
Trade payables and accrued liabilities	6	$ 208,809	$ 381,267
Current portion of long-term debt	7	340,015	354,953
		548,824	736,220
Non-Current liabilities			
Long-term debt	7	2,447,599	2,484,334
TOTAL LIABILIITES		**2,996,423**	**3,220,554**
SHAREHOLDERS' EQUITY			
Share capital	8	49,779,279	49,751,933
Reserves	8	11,236,968	10,931,661
Accumulated other comprehensive income (loss)	8	1,346,913	2,471,754
Deficit		(23,998,468)	(23,534,819)
TOTAL SHAREHOLDERS' EQUITY		**38,364,692**	**39,620,529**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**$ 41,361,115**	**$ 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 June 30, 2014	2013
Expenses		
Director fees	$ 21,654	$ 34,085
Filing fees	13,139	23,195
Insurance	10,500	9,150
Investor relations	75	144,870
Management and consulting fees	91,198	154,953
Office and sundry	13,799	19,713
Professional fees	35,161	58,904
Rent	3,227	6,069
Salaries	20,516	21,014
Share-based compensation	213,680	56,835
Transfer agents	1,142	943
Travel and accommodations	4,477	20,515
Total expenses	(428,568)	(550,246)
Interest income	2,201	7,459
Interest expense	(35,512)	(30,365)
Foreign exchange gain	(1,770)	6,465
Net loss for period	**$ (463,649)**	**$ (566,687)**
Other comprehensive income		
Items that may be reclassified subsequently to net income		
Exchange differences on translating foreign operations	(1,124,841)	1,115,136
Total comprehensive income (loss)	**$ (1,588,490)**	**$ 548,449**
Loss per share – basic and diluted	**$ (0.00)**	**$ (0.00)**
Weighted average number of common shares outstanding	**157,681,065**	**146,931,917**

See accompanying notes to the condensed consolidated interim financial statements

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

	Share capital		Reserves	Accumulated other comprehensive income (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 services	230,000	93,150	-	-	-	93,150
Share-based compensation	-	-	112,332	-	-	112,332
Currency translation adjustment	-	-	-	1,115,136	-	1,115,136
Loss for the period	-	-	-	-	(566,687)	(566,687)
Balance at June 30, 2013	**147,081,038**	**$ 47,328,484**	**$ 10,401,620**	**$ 889,238**	**$ (22,186,584)**	**$ 36,432,758**
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	-	-	316,146	-	-	316,146
Currency translation adjustment	-	-	-	(1,124,841)	-	(1,124,841)
Loss for the period	-	-	-	-	(463,649)	(463,649)
Balance at June 30, 2014	**157,698,138**	**$ 49,779,279**	**$ 11,236,968**	**$ 1,346,913**	**$ (23,998,468)**	**$ 38,364,692**

See accompanying notes to the condensed consolidated interim financial statements

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

	Three month period ended June 30, 2014	2013
Operating activities		
Loss for the period	$ (463,649)	$ (566,687)
Adjustments for non-cash items:		
Depreciation	5,901	5,687
Share-based payments	213,680	56,835
Shares issued for services	-	93,150
Changes in non-cash working capital items:		
Receivables and prepaid expenses	50,685	44,376
Trade payables and accrued liabilities	91,295	86,066
Net cash flows used in operating activities	(102,088)	(280,573)
Investing activities		
Expenditures on exploration and evaluation assets	(388,608)	(599,053)
Reclamation bond	-	9,180
Short-term investments	486,813	984,947
Net cash flows used in investing activities	98,205	395,074
Financing activities		
Repayment of long term debt	-	(78,885)
Proceeds on issuance of common shares	16,507	-
Net cash flows received from financing activities	16,507	(78,885)
Currency impact on cash and cash equivalents	(61,954)	8,232
Increase (decrease) in cash and cash equivalents	(49,330)	43,848
Cash and cash equivalents, beginning	151,984	72,691
Cash and cash equivalents, ending	**$ 102,654**	**$ 116,539**

Supplemental cash flow information Note 12

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 in accordance with International Financial Reporting Standards ("IFRS") 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 June 30, 2014, the Company's working capital was $286,463.

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 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standard Board ("IASB").

These condensed consolidated interim financial statements of the Company were approved by the Board of Directors on August 8, 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.

(Presented in Canadian dollars - unaudited)

3. Summary of significant accounting policies

These condensed consolidated interim financial statements have been prepared in accordance with the accounting policies described in Note 3 of the Company's Annual Financial Statements as at and for the year ended March 31, 2014. Accordingly, these condensed interim statements for the three month periods ended June 30, 2014 and 2013 should be read together with the Annual Financial Statements as at, and for the year ended, March 31, 2014.

Recent accounting standards issued and not yet applied

IFRS 9 Financial Instruments

This is the first part of a new standard on classification and measurement of financial assets that will replace IAS 39, *Financial Instruments: Recognition and Measurement*. IFRS 9 has two measurement categories: amortized cost and fair value. All equity instruments are measured at fair value. A debt instrument is recorded at amortized cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. Otherwise it is measured at fair value with changes in fair value through profit or loss. In addition, this new standard has been updated to include guidance on financial liabilities and derecognition of financial instruments. The extent of the impact of adoption of IFRS9 has not yet been determined.

There are no other IFRS's or IFRIC interpretations that are not yet effective that are expected to have a material impact on the Company.

4. Receivables and prepaid expenses

	June 30 2014	March 31, 2014
Value-added tax receivables	$ 110	$ 7,516
Prepaids	127,552	170,828
	$127,662	$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 June 30, 2014
		Copper Creek, Arizona
Property acquisition costs		
Balance, March 31, 2014	$	8,406,093
Additions		1,308
Balance, June 30, 2014	$	8,407,401
Exploration and evaluation costs		
Balance, March 31, 2014	$	32,684,451
Costs incurred during period:		
Assaying and laboratory		4,758
Engineering and consulting		124,519
Other		31,848
Permits and fees		48,504
Road development		2,022
Share-based compensation		102,466
		314,117
Currency translation adjustment		(1,192,794)
Balance, June 30, 2014	$	31,805,774
Total at June 30, 2014	$	40,213,175

5. Exploration and evaluation assets (cont'd)

a) Copper Creek Agreement

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

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

b) D & G Mining Agreement

In November 2005, the Company entered into a lease-to-purchase agreement with a third party for additional property within the Copper Creek boundaries. The Company paid US$80,000 in both 2006 and 2007 and was required to pay US$100,000 in November 2008 and annually thereafter until the end of year fifteen. The Company is current with all payments.

The Company has the option to purchase the property for US$1,600,000 with the purchase price increasing by US$200,000 per year until year fifteen (2024). All yearly lease payments made prior to exercising the option to purchase will be applied against the purchase price in the event that the Company exercises its property purchase option.

c) Freeport –McMoRan Agreement

In April 2007, the Company entered into a purchase agreement with Freeport-McMoRan Copper & Gold Inc. ("Freeport") to acquire additional mining claims within the Copper Creek boundaries. The purchase price for the property was US $3,200,000, payable by a deposit of US $500,000 (paid), and delivery of a promissory note for US $2.7 million (See Note 7). The additional mining claims are subject to a 1% Net Smelter Return royalty. On March 11, 2014 Freeport and the Company amended to agreement. The $200,000 payment due on April 1, 2014 has been deferred to April 1, 2024.

d) Bell and Morgan Agreements

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

(Presented in Canadian dollars - unaudited)

6. Trade payables and accrued liabilities

	June 30 2014	March 31, 2014
Trade payables	$ 49,507	$287,148
Amounts due to related parties (Note 9)	101,932	35,339
Accrued liabilities	57,370	58,780
	$208,809	$381,267

7. Long-term debt

	June 30, 2014		March 31, 2014	
	USD	**CAD**	USD	CAD
Current portion of long term debt	$ **318,665**	$ **340,015**	$ 322,538	$ 354,953
Long term debt	$ **2,293,907**	$ **2,447,599**	$ 2,257,460	$ 2,484,334

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

The payment schedule as at June 30, 2014 is as follows (USD):

Date		Principal
April 2015		128,664
April 2016		135,098
April 2017		141,853
Balance due beyond 5 years		1,242,731
Total debt	US$	1,648,346
Current portion of long term debt		(118,665)
Long term debt	US$	1,529,681

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

(Presented in Canadian dollars - unaudited)

7. Long-term debt (cont'd)

i) Bell Agreement:

Date		Principal
December 2014		75,000
June 2015		75,000
December 2015		75,000
June 2016		75,000
December 2016		300,000
	US$	600,000
Accrued interest		64,226
Total debt	US$	664,226
Current portion of long term debt		(150,000)
Long term debt	US$	514,226

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

The Company signed an amendment to the Bell agreement to defer the $75,000 USD payment to June 17, 2016 from June 17, 2014.

ii) Morgan Agreement:

Date		Principal
December 2014		50,000
December 2015		50,000
December 2016		50,000
December 2017		50,000
December 2018		50,000
December 2019		50,000
Total debt	US$	300,000
Current portion of long term debt		(50,000)
Long term debt	US$	250,000

No interest payable under this agreement

8. Share capital and reserves

Authorized share capital

Unlimited number of common shares without par value.

Issued share capital

At June 30, 2014 there were 157,698,138 issued and fully paid common shares (March 31, 2014 – 157,601,038).

(Presented in Canadian dollars - unaudited)

8. Share capital and reserves (cont'd)

Shares issued during the period

During the three month period ended June 30, 2014 97,100 stock options were exercised for cash proceeds of $16,507 and 97,100 common shares were issued.

Warrants

The following table summarizes information about the issued and outstanding warrants during the three month period ended June 30, 2014 and the year ended March 31, 2014:

	June 30, 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.

The changes in options during the three month period ended June 30, 2014 and the year ended March 31, 2014 are as follows:

	June 30, 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	(1,402,900)	0.21	-	-
Options outstanding, end of period	13,660,000	$ 0.45	13,060,000	$ 0.45
Options exercisable, end of period	11,253,750	$ 0.48	11,125,625	$ 0.47

(Presented in Canadian dollars - unaudited)

8. Share capital and reserves (cont'd)

The weighted average fair value of options granted during the year ended June 30, 2014 of $365.220 (2013 – $Nil) was determined using the Black-Scholes option pricing model with the following weighted average assumptions:

	June 30, 2014	June 30, 2013
Expected life of options	5 years	-
Volatility	89.75%	-
Risk-free interest rate	1.44%	-
Dividend rate	0%	-

Details of options outstanding as at June 30, 2014 are as follows:

Weighted average exercise price	Weighted average contractual life	Number of options outstanding	Number of options exercisable
$0.22 - $0.25	3.17	3,350,000	2,450,000
$0.26 - $0.50	3.37	5,150,000	3,712,500
$0.51 - $0.74	2.67	4,025,000	3,956,250
$0.75 - $0.79	1.62	1,135,000	1,135,000
	2.97	13,660,000	11,253,750

During the three month period ended June 30, 2014 and 2013, the Company recorded share-based compensation of $316,146 (2013 - $112,332) relating to options vested during the period, of which $102,466 (2013 - $55,497) was reflected in the exploration and evaluation assets (Note 5).

Reserves

Stock option reserve

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

Warrant reserve

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

(Presented in Canadian dollars - unaudited)

9. Related party transactions

Related party balances

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

	June 30 2014	March 31, 2014
Directors and officers of the Company	$101,932	$ 35,339

These amounts, which include directors fees and expense reimbursements, are unsecured, non-interest bearing and have no fixed terms of repayment.

Key management compensation

	Three month period ended	
	June 30, 2014	June 30, 2013
Management fees [1]	$ 60,097	$ 57,980
Consulting	58,275	58,275
Director fees	21,654	34,084
Share-based compensation [1]	224,233	87,631
	$ 364,259	$ 237,970

(1) Management fees 2014 - $60,097 (2013 - $57,980) and certain share-based payments 2014 - $62,960 (2013 - $33,255) 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.

10. Financial risk management

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

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash and short-term investments held in bank accounts 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 ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash and cash equivalents. For further information refer to the debt agreements in Note 7. 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.

10. Financial risk management (cont'd)

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

	June 30, 2014	March 31, 2014
Cash and cash equivalents	$ 59,539	$ 126,558
Short term investments	-	286,128
Trade payables and accrued liabilities	(91,257)	(269,147)
Current portion of long-term debt	(340,015)	(354,953)
Long-term debt	(2,447,599)	(2,484,334)
	$ (2,819,332)	$ (2,695,748)

Based on the above net exposures, as at June 30, 2014, a 10% change in the US dollar to Canadian dollar exchange rate would impact the Company's net loss by $281,933.

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

There were no changes in the Company's approach to capital management during the 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 or capacity of prompt liquidation. 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).

11. Segmented information

Operating segments

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

(Presented in Canadian dollars - unaudited)

11. Segmented information (cont'd)

Geographic segments

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

	As at June 30, 2014		
	Canada	U.S.	Total
Reclamation deposits	$ -	$ 35,568	$ 35,568
Property and equipment	-	277,085	277,085
Exploration and evaluation assets	-	40,213,175	40,213,175
	$ -	$ 40,525,828	$ 40,525,828

	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

12. Supplemental disclosure with respect to cash flows

During the three month period ended June 30, 2014 and 2013, the following non-cash transactions took place that are not reflected in the statements of cash flows:

	Three month period ended	
	June 30, 2014	June 30, 2013
Exploration and evaluation assets included in trade accounts payable and accrued liabilities	$250,899	$171,140
Exploration and evaluation share-based payments	$283,425	$55,498
Interest income received	2,201	7,459