

Redhawk Resources, Inc.

(A Development Stage Company)

Interim Consolidated Financial Statements

December 31, 2007 and 2006

Unaudited

Notice of no Auditor Review of Interim Consolidated Financial Statements

The accompanying unaudited interim consolidated financial statements of the Company at December 31, 2007 have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with the standards of the Canadian Institute of Chartered Accountants for a review of interim financial statements.

Redhawk Resources, Inc.

(A Development Stage Company)

Interim Consolidated Balance Sheets As at December 31 and March 31, 2007

Canadian Funds

Unaudited

Statement 1

ASSETS	December 31, 2007	December 31, 2006	March 31, 2007
Current			
Cash and term deposits	\$ 1,912,272	\$ 2,837,387	\$ 1,191,661
Term deposit in trust	-	3,000,000	3,000,000
Short-term investments	8,866	8,666	8,866
Accounts receivable and prepaid expense	168,663	183,919	207,093
	<u>2,089,801</u>	<u>6,029,972</u>	<u>4,407,620</u>
Reclamation Bond	17,130	11,640	11,640
Property and Equipment (Note 4)	79,323	86,401	78,287
Resources Properties – Schedule 1 (Note 3)	10,582,653	7,365,342	9,004,736
	<u>\$ 12,768,907</u>	<u>\$ 13,493,355</u>	<u>\$ 13,502,283</u>
LIABILITIES			
Current			
Accounts payable and accrued liabilities	\$ 315,874	\$ 707,708	\$ 788,375
Current portion of Long Term Debt (Note 5)	500,000	-	-
	<u>815,874</u>	<u>707,708</u>	<u>788,375</u>
Long Term Debt (Note 5)	1,622,784	-	-
	<u>2,438,658</u>	<u>707,708</u>	<u>788,375</u>
SHAREHOLDERS' EQUITY			
Share Capital (Note 6)	19,368,785	14,963,564	15,362,587
Flow through Warrants	-	2,770,618	1,760,666
Contributed Surplus (Note 7)	1,914,875	1,124,601	1,296,802
Deficit – Statement 2	(10,953,411)	(6,072,936)	(5,706,147)
	<u>10,330,249</u>	<u>12,785,847</u>	<u>12,713,908</u>
Commitments (Note 14)			
	<u>\$ 12,768,907</u>	<u>\$ 13,493,555</u>	<u>\$ 13,502,283</u>

ON BEHALF OF THE BOARD:

Director: “Darryl J. Yea”

Director: “Steven C. Bastable”

The accompanying notes form an integral part of these financial statements

Redhawk Resources, Inc.

Statement 2

(A Development Stage Company)

Interim Consolidated Statements of Income (Loss), Comprehensive Income (Loss) and (Deficit) For the Nine Months Ended December 31, 2007 and 2006

Canadian Funds

Unaudited

	Three Months ended December 31		Nine Months Ended December 31	
	2007	2006	2007	2006
Administrative Costs				
Audit and accounting	\$ 43,366	\$ 57,818	\$ 88,211	\$ 103,829
Amortization	5,464	4,999	14,779	14,728
Filing fees	-	500	5,600	39,819
Insurance	10,560	6,971	24,437	22,553
Investor relations	106,673	58,043	166,296	122,337
Legal	33,852	42,122	108,829	184,684
Management fees and consulting	98,400	173,264	361,183	356,437
Office and sundry	18,461	15,939	74,467	52,635
Office salaries and services	21,731	17,653	69,325	48,138
Rent	25,402	21,729	70,453	70,874
Stock based compensation expense (Note 7)	232,879	165,644	758,653	552,207
Transfer agent	9,221	5,808	30,824	13,687
Travel and accommodation	6,237	8,985	29,620	43,955
Foreign exchange (gain) loss	(36,921)	-	(210,676)	-
Loss Before the Following	(575,325)	(579,475)	(1,592,001)	(1,625,883)
Other Income (Expenses)				
Interest income	26,874	22,240	94,695	72,679
Gain on sale of subsidiary (Note 11)	-	-	5,145,042	-
Loss on disposal of capital assets	-	-	-	(5,018)
	26,874	22,240	5,239,737	67,661
Income (Loss) and Comprehensive Income (Loss) for the Period	(548,451)	(557,235)	3,647,736	(1,558,222)
Deficit – Beginning of Period	(10,404,960)	(5,515,701)	(5,706,147)	(4,514,714)
Distribution of Assets (Note 11)	-	-	(8,895,000)	-
Deficit – End of Period	\$ (10,953,411)	\$ (6,072,936)	\$ (10,953,411)	\$ (6,072,936)
Income (Loss) per share-Basic	\$ (0.01)	\$ (0.01)	\$ 0.06	\$ (0.03)
Income (Loss) per Share – Diluted	\$ (0.01)	\$ (0.01)	\$ 0.06	\$ (0.03)
Weighted Average Shares Outstanding-Basic	67,735,787	50,298,542	62,346,346	49,261,729
Shares-Outstanding-Diluted	68,244,850	60,003,780	62,855,409	58,966,967

The accompanying notes form an integral part of these financial statements

Redhawk Resources, Inc.

Statement 3

(A Development Stage Company)

Interim Consolidated Statements of Cash Flows

For the Nine Months Ended December 31, 2007 and 2006

Canadian Funds

Unaudited

Cash Resources Provided by (Used in)	Three Months ended December 31		Nine Months Ended December 31	
	2007	2006	2007	2006
Operating Activities				
Income (Loss) for the period	\$ (548,451)	\$ (557,235)	\$ 3,647,736	\$ (1,558,222)
Items not affected by cash				
Amortization	5,464	4,999	13,726	14,728
Stock-based compensation expense	232,879	165,644	758,653	552,207
Loss on disposal of capital assets	-	-	-	5,018
Gain on sale of subsidiary	-	-	(5,145,042)	-
Changes in non-cash working capital	560,756	249,434	266,114	261,851
	250,648	(137,158)	(457,760)	(724,418)
Investing Activities				
Property, plant and equipment	(9,357)	(24,585)	(15,814)	(25,870)
Resource property expenditures	(918,602)	(829,045)	(4,281,182)	(1,786,777)
Reclamation bond	-	-	(5,490)	-
Repayment from ReMac Zinc Development Corp.	-	-	172,855	-
	(927,959)	(853,630)	(4,129,631)	(1,812,647)
Financing Activities				
Share capital	290,750	1,433,999	3,756,830	2,092,999
Flow-through warrants	-	2,770,618	-	2,770,618
Long term debt	(533,478)	-	1,551,172	-
Disposal of subsidiary	-	-	(3,000,000)	-
	(242,728)	4,204,617	2,308,002	4,863,617
Net Increase (Decrease) in Cash	(920,039)	3,213,829	(2,279,389)	2,326,552
Cash position – Beginning of Period	2,832,311	2,623,558	4,191,661	3,510,835
Cash Position –End of Period	\$ 1,912,272	\$ 5,837,387	\$ 1,912,272	\$ 5,837,387
Non-Cash Financing/Investing Activities				
Long term debt interest accrual capitalized to resource properties	\$ 22,891	\$ -	\$ 71,612	\$ -
Shares issued for resource properties	\$ -	\$ 32,000	\$ 15,000	\$ 38,000
Stock based compensation expense capitalized in resource properties	\$ 93,788	\$ -	\$ 93,788	\$ -

The accompanying notes form an integral part of these financial statements

Redhawk Resources, Inc.

Schedule 1

(A Development Stage Company)

Interim Consolidated Schedule of Resource Properties For the Nine Months Ended December 31, 2007 and 2006

Canadian Funds

Unaudited

	Three months ended December 31		Nine months ended December 31	
	2007	2006	2007	2006
Red Bird, Kootenay Land District, B.C.				
Deferred Expenditures				
Assaying	\$ -	\$ 7,076	\$ -	\$ 7,076
Camp and general	-	-	-	332
Engineering and consulting	-	173,712	-	221,731
Field costs	-	-	-	344
Government fees	-	-	-	500
Permits and fees	-	500	-	1,004
Travel and accommodations	-	-	-	540
	-	181,288	-	231,527
Reeves, Kootenay Land District, B.C.				
Deferred Expenditures				
Assaying	-	-	-	3,104
Engineering and consulting	-	-	-	675
Field costs	-	-	-	960
	-	-	-	4,739
Ramona, Nevada, USA – (Note 3 (a))				
Acquisition costs	-	-	-	28,146
Deferred Expenditures				
Permit and fees	-	-	344	5,755
	-	-	344	5,755
	-	-	344	33,901
Alien, Nevada, USA – (Note 3 (b))				
Acquisition costs	24,710	49,019	24,710	49,019
Deferred Expenditures				
Engineering and consulting	-	-	-	1,500
Government fees	-	-	-	28,609
Permits and fees	-	-	31,693	-
	-	-	31,693	30,109
	24,710	49,019	56,403	79,128
Copper Creek, Arizona, USA – (Note 3 (c))				
Acquisition Costs	225,179	214,296	2,564,998	259,164
Deferred Expenditures				
Assaying	1,577	4,027	18,550	52,364
Camp and general	25	683	776	1,824
Drilling	457,892	146,862	1,021,576	146,862
Engineering and consulting	206,166	232,321	568,814	893,930
Field costs	17,621	17,752	46,333	56,648
Permits and fees	1,148	9,005	29,575	39,848
Stock compensation expense	93,788	-	93,788	-
Vehicles	7,175	5,795	18,420	18,842
	785,392	416,445	1,797,832	1,210,318
	1,010,571	630,741	4,362,830	1,469,482
Deferred Exploration Costs for the Period	1,035,281	861,048	4,461,580	1,818,777
Balance – Beginning of Period	9,547,372	6,504,294	9,004,736	5,546,565
Sale of ReMac Property	-	-	(2,883,663)	-
Balance – End of Period	\$ 10,582,653	\$ 7,365,342	\$ 10,582,653	\$ 7,365,342

The accompanying notes form an integral part of these financial statements

Redhawk Resources, Inc.

(A Development Stage Company)

Notes to Interim Consolidated Financial Statements

December 31, 2007 and 2006

Canadian Funds

Unaudited

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 unaudited interim consolidated financial statements have been prepared by the Company in accordance with Canadian generally accepted accounting principles, using the same accounting policies and methods as per the annual consolidated financial statements for the year ended March 31, 2007 with the additions as set out below. They do not include all the disclosures required by generally accepted accounting principles, and should be read in conjunction with the most recent annual financial statements of the Company.

Adoption of new accounting standards

On April 1, 2007, the Company adopted two new accounting standards issued by the Canadian Institute of Chartered Accountants ("CICA"); Section 3855, "Financial instruments – recognition and measurement", and Section 1530, "Comprehensive income". These standards were adopted on a prospective basis and as such, prior periods have not been restated.

a) Financial instruments – recognition and measurement

CICA Handbook Section 3855 requires that all financial assets, except those classified as held to maturity, must be measured at fair value when they are classified as held for trading; otherwise, they are measured at cost. Investments classified as available for sale are reported at fair market value (or market to market) based on quoted market prices with unrealized gains or losses excluded from earnings and reported as other comprehensive income or loss.

b) Comprehensive income

Under CICA Handbook Section 1530, comprehensive income is the change in the Company's net assets that results from transaction, events and circumstances from sources other than the Company's shareholders and includes items that would not normally be included in the statement of operations such as unrealized gains or losses from available-for-sale investments. Other comprehensive income includes the holding gains and losses from available for sale securities which are not included in net earnings (loss) until realized.

Redhawk Resources, Inc.

(A Development Stage Company)

Notes to Interim Consolidated Financial Statements

December 31, 2007 and 2006

Canadian Funds

Unaudited

3. Resource Properties

	December 31		December 31		March 31
	2007		2006		2007
<hr/>					
Red Bird – Kootenay Land District, B.C.					
Acquisition	\$ -	\$	90,151	\$	90,151
Exploration and development	-		2,335,095		2,435,794
Recoveries	-		(223,151)		(223,151)
	-		2,202,095		2,302,794
<hr/>					
Red Bird Extension – Kootenay Land District, B.C.					
Acquisition			58,476		58,476
<hr/>					
Reeves – Kootenay Land District, B.C.	-				
Acquisition	-		323,851		441,421
Exploration and development			338,662		338,662
Recoveries			(257,690)		(257,690)
	-		404,823		522,393
<hr/>					
Ramona – Nevada, USA					
Acquisition	115,370		77,367		73,367
Exploration and development	72,009		71,608		71,665
	187,379		144,975		145,032
<hr/>					
Alien – Nevada, USA					
Acquisition	134,334		109,624		109,624
Exploration and development	632,354		600,604		600,661
	766,688		710,228		710,285
<hr/>					
Copper Creek – Arizona, USA					
Acquisition	5,222,723		2,080,225		2,657,725
Exploration and development	4,405,863		1,764,520		2,608,031
	9,628,586		3,844,745		5,265,756
<hr/>					
Total	\$ 10,582,653	\$	7,365,342	\$	9,004,736

Redhawk Resources, Inc.

(A Development Stage Company)

Notes to Interim Consolidated Financial Statements

December 31, 2007 and 2006

Canadian Funds

Unaudited

3. Resource Properties - *continued*

a) 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, 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.

b) 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 \$473,570 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.

c) Copper Creek Agreements

In November 2005, the Company closed the acquisition of a working interest in certain properties in Arizona known as the Copper Creek Property under the terms of a letter agreement dated July 29, 2005 with AMT International Mining Corporation (AMT). The purchase price was \$1.6 million and annual advance royalty payments of \$125,000 per year while the Company retains interest in the property. Upon commercial production, the advance royalty payments are replaced by a 2.25% net smelter royalty (NSR) payment until a total of \$25,000,000, in combined advance royalty and NSR payments have been made to AMT.

Certain Property Claims are subject to a 3% Net Return Royalty granted by AMT (USA) Inc. to BHP Copper, Inc. by a Royalty Deed and Agreement dated July 30, 1998 with pre-determined reductions if the Comex price of copper is at or below \$1.20 per pound. Management is currently reviewing the AMT agreement in order to determine whether the BHP royalty is an obligation of AMT rather than an obligation of the Company.

The Company entered into a purchase agreement and acquired mining claims in the Copper Creek District, from Phelps Dodge Corporation. The agreement was finalized in April, 2007. The purchase price for the property was US \$3,200,000, including a deposit of US \$500,000 (paid) and delivery of a promissory note for US \$2,072,128 which is payable over 12 years at 5% interest per annum (total interest payable of \$627,872). The property is subject to a 1% net smelter return royalty in favour of Phelps Dodge.

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 known as the D&G Mining Agreement. 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

	December 31, 2007			March 31, 2007		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Furniture and equipment	\$ 62,531	19,706	\$ 42,825	\$ 59,230	13,000	\$ 46,230
Computer equipment	35,306	15,144	20,162	22,794	11,107	11,687
Software	33,848	17,512	16,336	33,848	13,478	20,370
	\$ 131,685	52,362	\$ 79,323	\$ 115,872	37,585	\$ 78,287

Redhawk Resources, Inc.

(A Development Stage Company)

Notes to Interim Consolidated Financial Statements

December 31, 2007 and 2006

Canadian Funds

Unaudited

5. Long Term Debt

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 was US \$3,200,000, the blended interest and principal price of US\$3,200,000 (reduced by an initial payment of US \$500,000) is payable over 12 years at 5% interest per annum. The property is subject to a 1% net smelter return royalty in favor of Phelps Dodge.

Payments (USD) required under the purchase agreement are as follow:

	Date	Amount
	Dec 2008	\$ 500,000
	Jun 2010	500,000
	Jun 2011	200,000
	Jun 2012	200,000
	Jun 2013	200,000
	Balance due beyond 5 years	1,100,000
		<u>\$ US 2,700,000</u>

6. Share Capital

Details are as follows:

Authorized: Unlimited common shares without par value

	Number	Amount
Balance, March 31, 2006	47,165,820	\$ 12,742,021
Shares issued for resource properties	75,000	38,000
Share purchase warrants exercised	6,625,000	2,077,500
Stock options exercised	1,295,000	357,251
Fair value of stock options exercised	-	147,815
Balance, March 31, 2007	55,160,820	15,362,587
Shares issued for resource properties	25,000	15,000
Share purchase warrants exercised	11,206,000	3,361,800
Share issue costs	-	(86,520)
Balance, June 30, 2007	66,391,820	18,652,867
Share purchase warrants exercised	511,000	153,300
Stock options exercised	125,000	37,500
Fair value of stock options exercised	-	41,275
Balance, September 30, 2007	67,027,820	18,884,942
Stock options exercised	1,125,000	290,750
Fair value of stock options exercised	-	193,093
Balance, December 31, 2007	68,152,820	<u>\$ 19,368,785</u>

(a) During the nine months ended December 31, 2007 the Company issued 11,717,000 common shares and received \$3,515,100 on the exercise of warrants at \$0.30.

(b) During the nine months ended December 31, 2007 the Company issued 1,250,000 shares and received \$328,250 on the exercise of options.

Redhawk Resources, Inc.

(A Development Stage Company)

Notes to Interim Consolidated Financial Statements

December 31, 2007 and 2006

Canadian Funds

Unaudited

7. Contributed Surplus

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
Fair value of stock options issued		170,499
Balance, June 30, 2007		1,467,301
Fair value of stock options issued		355,275
Transferred to share capital on options exercised		(41,275)
Balance, September 30, 2007	\$	1,781,301
Fair value of stock options issued		326,667
Transferred to share capital on options exercised		(193,093)
Balance, December 31, 2007	\$	1,914,875

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 TSX Venture 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 December 31, 2007 and the changes for the period are as follows:

Number Outstanding March 31, 2007	Granted	Exercised	Cancelled	Expired	Number Outstanding December 31, 2007	Exercise Price Per Share	Expiry Date
540,000	-	375,000	50,000	-	115,000	\$ 0.25	March 5, 2008
975,000	-	125,000	50,000	-	400,000	\$ 0.30	January 19, 2009
50,000	-	-	-	-	50,000	\$ 0.25	June 28, 2009
75,000	-	-	75,000	-	-	\$ 0.35	March 17, 2010
420,000	-	-	-	-	420,000	\$ 0.16	July 8, 2010
350,000	-	350,000	-	-	-	\$ 0.22	July 21, 2010
1,250,000	-	-	250,000	-	1,000,000	\$ 0.60	February 27, 2011
1,185,000	-	-	750,000	-	435,000	\$ 0.60	August 1, 2011
250,000	-	-	-	-	250,000	\$ 0.48	October 1, 2011
250,000	-	-	-	-	250,000	\$ 0.65	February 22, 2012
-	250,000	-	-	-	250,000	\$ 0.66	May 3, 2012
-	1,000,000	-	-	-	1,000,000	\$ 0.65	July 5, 2012
-	150,000	-	-	-	150,000	\$ 0.60	November 1, 2012
-	1,550,000	-	-	-	1,550,000	\$ 0.60	December 10, 2012
5,345,000	2,950,000	1,250,000	1,175,000	-	5,870,000	\$ 0.16-\$0.66	March 5, 2008 – December 10, 2012

- i) In May 2007, the Company issued 250,000 stock options to a consultant exercisable at \$0.66 per share for a period of five years.
- ii) On July 5, 2007, the Company issued 1,000,000 stock options to directors, consultants and advisory board members exercisable at \$0.65 per share for a period of five years.
- iii) On November 1, 2007, the company issued 150,000 stock options to an officer at \$0.60 per share for a period of five years.
- iv) On December 10, 2007 the company issued 1,550,000 stock options to officers, employees, and consultants and advisory board members, exercisable at \$0.60 per share for a period of five years.

Redhawk Resources, Inc.

(A Development Stage Company)

Notes to Interim Consolidated Financial Statements

December 31, 2007 and 2006

Canadian Funds

Unaudited

8. Options and Warrants – *continued*

- 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, \$852,441 (2006 - \$552,208) of the fair value has been recorded in the accounts of the Company during the period. The offsetting entry is to contributed surplus (*Note 7*) 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	420,000	425,000	1,250,000
Risk-free interest rate	3.71%	4.14%	4.45%	4.19%	3.30%	3.35%	3.35%	4.07%
Expected dividend yield	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Expected stock price volatility	108.912%	118.486%	119.745%	113.308%	90.120%	90.279%	91.50%	92.98%
Expected option life in years	5	5	5	5	5	5	5	5

Number of options granted	1,335,000	250,000	250,000	250,000	1,000,000	150,000	1,550,000
Risk-free interest rate	4.01%	4.01%	3.94%	4.5%	4.8%	4.15%	3.87%
Expected dividend yield	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Expected stock price volatility	97.606%	94.060%	94.060%	93.647%	96.859%	89.672%	92.65%
Expected option life in years	5	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.

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

Number Outstanding March 31, 2007	Granted	Exercised	Cancelled	Expired	Number Outstanding Dec 31, 2007	Exercise Price Per Share	Expiry Date
11,717,000	-	11,717,000	-	-	-	\$0.30	Sept 26, 2007
6,000,000	-	-	-	-	6,000,000	\$0.85	Mar 30, 2008
17,717,000	-	11,717,000	-	-	6,000,000	-	-

9. Related Party Transactions

For the nine months ended December 31, 2007, management fees in the amount of \$90,000 (2006- \$143,133) were paid to two directors and one former director of the company. Consulting fees in the amount of \$69,000 were paid to a director and a company in which two directors of the Company have an interest.

For the nine months ended December 31, 2007, engineering consulting fees in the amount of \$108,140 USD (2006 \$95,315 USD) were paid to a director of Redhawk Copper, Inc. (a subsidiary of the company).

Redhawk Resources, Inc.

(A Development Stage Company)

Notes to Interim Consolidated Financial Statements

December 31, 2007 and 2006

Canadian Funds

Unaudited

10. Sale of ReMac Zinc Project to ReMac Zinc Development Corp.

The ReMac Zinc Project consisting of the Red Bird, Red Bird Extension and the Reeves Property (Note 3) was transferred by the Company on December 15, 2006 to its wholly-owned subsidiary ReMac Zinc Development Corp. ("RMZD") (formerly ReMac Zinc Corp.) for 100 common shares.

The Company entered into a definitive arrangement agreement dated December 15, 2006 with OMC Capital Corporation ("OMC"), a Capital Pool Company, whereby OMC acquired RMZD, in exchange for the issuance to the Company of 15,000,000 shares of OMC, which transaction shares were distributed to the Company's shareholders (the "Transaction").

11. Sale of ReMac Zinc Development Corp. to OMC Capital Corporation

- a) Effective June 4, 2007, the Transaction (Note 10) was completed. In exchange for the transfer of all of the issued and outstanding shares of RMZD from the Company to OMC, OMC issued to Redhawk 15,000,000 post-consolidated shares in the capital of OMC ("OMC Shares") which were distributed to the Company's shareholders on a pro rata basis. Each registered shareholder of the Company as at June 4, 2007 was entitled to receive such shareholders' pro rata portion of the OMC Shares.

The Condensed Balance Sheet of RMZD as at the date of disposition on June 4, 2007 is as follows:

Condensed Balance Sheet

Current Assets	\$	5,340,634
Resource Properties		3,139,305
Total Assets	\$	<u>8,479,939</u>
Current Liabilities	\$	447,780
Due to Redhawk Resources, Inc		293,250
Total Liabilities	\$	<u>741,030</u>
Net Book Value	\$	<u>7,738,909</u>

Pursuant to the Amended Arrangement, effective June 4, 2007, RMZD 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.".

- b) Gain on sale of subsidiary

Proceeds	\$	8,895,000	i)
Net book value of investment		<u>3,749,958</u>	ii)
Net gain	\$	<u>5,145,042</u>	

- i) 15,000,000 post consolidation shares of ReMac Zinc Corp (formerly OMC Capital Corporation) at a deemed value of \$0.593 per share.
ii) Value of 100 shares issued by RMZD to Redhawk for the purchase of the Redbird, Redbird Extension and Reeves Macdonald properties.
-

Redhawk Resources, Inc.

(A Development Stage Company)

Notes to Interim Consolidated Financial Statements

December 31, 2007 and 2006

Canadian Funds

Unaudited

12. Segmented

	2007		2006	
Assets by geographic area				
USA	\$	10,644,284		4,994,625
Canada		2,124,823		8,498,930
	\$	12,768,907		13,493,555

	Three Months Ended December 31		Nine Months Ended December 31					
	2007	2006	2007	2006				
Net loss (income) by geographic area								
USA	\$	33,633	\$	56,299	\$	(111,703)	\$	138,711
Canada		514,818		500,936		(3,536,033)		1,419,511
	\$	548,451	\$	557,235	\$	(3,647,736)	\$	1,558,222

13. Income Taxes

At the year ended March 31, 2007, there was \$3,543,937 of non-capital losses for income tax purposes. The Company expects to use approximate \$3 million of the non-capital losses on the sale of RMZD to OMC upon filing the March, 2008 corporate tax return of the Company. (Note 11)

14. Commitments

- The Company has signed a five year monthly lease for general office use commencing August 1, 2007 at a rate of \$44,552 per annum for Years 1 to 3 and \$45,180 per annum for Years 4 to 5.
 - The Company has retained a consultant for a period of 6 months at 10,000 Euros per month commencing October 15, 2007. This contract is for the provision of financial advisory services.
 - On September 28, 2007, Ruen Drilling Incorporated was contracted for approximately 14,000 feet to 25,000 feet of drilling services. An initial advance of \$80,000 USD was made on October 29, 2007. Rates negotiated were at normal commercial terms for these services.
 - On October 11, 2007, B.J. Drilling Company Inc. was contracted for approximately 10,000 feet of drilling services. An initial advance of \$25,000 USD was made on October 19, 2007. Rates negotiated were at normal commercial terms for these services
-

15. Subsequent Events

On February, 2008 the company entered into a one year contract with a company for investor relation services for a monthly fee of \$6,500 and 400,000 incentive stock options exercisable at \$0.60 per share. This contract has not yet received regulatory approval.
