Redhawk Resources

MANAGEMENT DISCUSSION AND ANALYSIS

NINE MONTH PERIOD ENDED

DECEMBER 31, 2013

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This discussion and analysis should be read in conjunction with the condensed consolidated interim financial statements and related notes thereto for the nine month period ended December 31, 2013 and 2012 (the "Financial Statements"), which have been prepared in accordance with International Financial Reporting Standards. All amounts in the financial statements and this discussion and analysis are presented in Canadian dollars, unless otherwise indicated. This Management Discussion and Analysis ("MD&A") is dated February 14, 2014 and discloses specified information up to that date.

FORWARD LOOKING INFORMATION

This management discussion and analysis ("MD&A") contains certain forward-looking statements and information relating to Redhawk Resources, Inc. ("Redhawk" or the "Company") that are based on the beliefs of its management as well as assumptions made by and information currently available to the Company. When used in this document, the words "anticipate", "believe", "estimate", "expect" and similar expressions, as they relate to the Company or its management, are intended to identify forward-looking statements. This MD&A contains forward-looking statements relating to, among other things, regulatory compliance, the sufficiency of current working capital, the estimated cost and availability of funding for the continued exploration and development of the Company's exploration properties. Such statements reflect the current views of management with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements.

DESCRIPTION OF BUSINESS

The Company and its wholly-owned subsidiaries, Redhawk Copper, Inc. and Redhawk Resources (USA), Inc., are engaged in the acquisition, exploration and development of resources with a primary focus on the accelerated development of its advanced stage Copper Creek copper-molybdenum project in San Manuel, Arizona.

The Company is listed and trades on the Toronto Stock Exchange ("TSX") under the symbol "RDK"; and the Frankfurt Stock Exchange Open Market under the trading Symbol "QF7". As of December 31, 2013 the Company discontinued trading on the OTCQX.

OVERALL PERFORMANCE AND RESULTS OF OPERATIONS - MINERAL PROPERTIES

To best understand our financial results, it is important to gain an appreciation for the significant events, transactions and activities on mineral properties which occurred during and subsequent to the reporting period, and these are summarized below.

The following comments relate principally to those events, transactions and activities in 2012 and in 2013 up to the date of this document. Previously completed Management Discussion and Analysis documents covering comments for earlier periods have been prepared and filed accordingly on www.sedar.com .

COPPER CREEK

Redhawk's principal property is its approximately thirty-two square mile Copper Creek property located in the southwest porphyry copper belt in the State of Arizona, 75 miles northeast of Tucson and 15 miles northeast of San Manuel, in an area well situated in regard to existing general and copper mining infrastructure. Copper Creek hosts multiple breccia and porphyry copper deposits. Molybdenum is present in varying amounts in both the breccia and porphyry copper deposits and is expected to provide substantial credits to both deposit types. Gold and silver are also present in both deposit types and are expected to provide credits during mining.

The most significant of these deposits identified to date on the Copper Creek property are the porphyry deposit of the Keel and American Eagle plus the Mammoth, Childs-Aldwinkle, Old Reliable, Copper Prince, and Globe breccias. Prior to

Redhawk's acquisition of the property there had been more than 461,575 feet (87 miles) of rotary and diamond drilling, with verifiable data, completed on the property. Since acquiring the Copper Creek property Redhawk has re-organized the historic data; conducted a review and analysis of the breccia's; the Keel zone; and the American Eagle porphyry; developed new geological models; completed an additional 186,086 feet of diamond and rotary drilling as of September 30, 2012 when drilling was ended; completed multiple resource estimates in accordance with CIM guidelines; completed environmental studies and obtained permits to allow for underground access; and commissioned and completed a scoping study (2009) and Preliminary Economic Assessment (PEA) (2013) on the Copper Creek property.

The Company is working with its environmental consultants Westland Resources, Inc. ("Westland") to review the requirements for the additional permits required to allow the commencement of the development decline approved in the Aquifer Protection Permit ("APP"). In addition the Company has completed the field environmental review of the balance of the original 7 square mile Copper Creek property not currently covered by previous permits. This review was focused on the current resource area. These reports are completed and suggestions for additional detailed studies of a few areas are currently being drafted. The Arizona State Lands Rights of Way ("ROW") to allow commercial access to Copper Creek have been obtained. Additional metallurgical work was completed on the 2011-2012 cores with METCON Engineering. Fourteen separate samples from various areas of the deposits, various grade ranges, and different mineralogy's have been tested. Bulk tests and copper/molybdenum separation tests were completed. Grinding and crushing tests have also been completed. Additional geotechnical work including geotechnical logging of all core drilled, four oriented core holes within the resource area, and surface geotechnical mapping has been completed with Call & Nicholas, Inc. ("C&N") in regard to rock quality. C&N is continuing to evaluate the geotechnical data and advise the Company's internal and external mining engineers. Hydrology studies are being completed by Golder Associates, Inc. ("GA") on water sources required for potential production. An application for several test water wells within the existing Arizona State Lands ROW has been submitted to the State of Arizona, was later revised and resubmitted in early 2013. These permits have been approved for early 2014. Independent Mining Consultants ("IMC") was supplied with all the drilling and assay data on a routine basis for a resource update that was completed in early 2012. IMC completed a second resource update in December 2012 that was based upon underground mining methods. IMC completed a resource study in accordance with CIM guidelines on May 9, 2012 and Redhawk issued a news release on the results on May 10, 2012 and a follow up news release on May 18, 2012. A formal resource report was filed on June 25, 2012. IMC completed an additional resource study prepared in accordance with CIM guidelines on December 19, 2012 and Redhawk issued a news release on the results on December 20, 2012. The formal resource report was filed on February 4, 2013.

Redhawk expanded the drill program for 2011/2012 from approximately 60,000 feet to more than 100,000 feet. The program was focused on resource upgrading and expansion in the immediate vicinity of the American Eagle and Keel porphyry which remain open in most directions. The program commenced on a number of previous rotary pre-collared holes. The drilling was completed on drill spacing designed to increase Measured and Indicated resources or add new resources into higher confidence categories. The Company consulted with IMC to determine the best drilling locations to increase the Measured and Indicated resources in the deep porphyry deposits. Drilling was completed in early July 2012. Assay results for the first completed drill holes of the 2011-2012 drill program were disclosed in the news release dated June 1, 2011. Assay results for three previously pre-collared holes completed to total depths with coring as part of the 2011 program were reported in a news release dated September 12, 2011. Results for four additional holes of the 2011 program were disclosed in a news release dated November 29, 2011 and results for additional completed drill holes of the 2011 program were disclosed in a news release dated January 24, 2012. Results for six additional drill holes were disclosed in a news release dated March 14, 2012. Drilling was completed in early July 2012. Several additional drill holes were completed subsequent to the results announced in the news release dated March 14, 2012 and final assay results were announced August 8, 2012. Two rotary holes were also completed on two areas of Arizona State Mineral Prospecting Permit lands to satisfy their full tenure work commitments. Redhawk will continue with discussions with third parties who have expressed an interest in the project.

In December 2012, the Company completed the consolidation of the Copper Creek mining district by entering into agreements to acquire approximately 1.4 square miles of additional patented properties contiguous to Copper Creek. The total acquisition price was $1.2 m USD, and was structured under the terms of two separate agreements for sale. The first agreement was for $800,000, with an initial payment of $50,000 and then payments over the next four years, with interest at the rate of 6%. The second agreement was for $400,000 with an initial payment of $50,000 and then payments over the next seven years, with no interest.

The Company retained KD Engineering to complete a Preliminary Economic Assessment ("PEA") on the Copper Creek project. This PEA was finalized and the results of the study were reported in a news release dated June 25, 2013. A Technical Report completed in accordance with CIM guidelines was filed on www.sedar.com July 25, 2013. An amended Technical Report completed as of October 28, 2013 was filed on www.sedar.com November 1, 2013.

In late November 2013 the Company began a core drilling program to test a new target area approximately one mile (1.6km) northwest of the current main porphyry resource area. The first hole REX-13-078, drilled vertically, was completed to a depth of 5008 feet (1526 m) in late January 2014. Assaying is in progress. A second hole REX-14-079 was started at the end of January 2014. It is located approximately 1800 feet (549m) south-southeast of drill hole REX-13-078 and is being drilled at -80 degrees and a bearing of approximately 330 degrees. The hole is currently drilled to a depth of 1508 feet (460m).

Other Corporate Matters

On May 7, 2013, the Company announced the retaining of CIBC World Markets Inc. as its exclusive financial advisor to assist in exploring various strategic alternatives for the Company to maximize shareholder value, including the possible sale of the Company.

In July 2013, the Company announced Jack H. L. Miller joined the Technical Advisory Board of the Company. Mr. Miller holds a B.A.Sc. and a M.A.Sc. in geological engineering and is a registered professional engineer. Jack has held various site operating and head office leadership roles in multiple base and precious metal operating companies. In these roles, Mr. Miller has been responsible for the entire mine development cycle; starting from exploration, through development and finally to operations. His most recent role, prior to retirement in 2010, was Chief Operating Officer for Quadra FNX Mining Ltd.

Also announced in July was the approval by the Company's board of directors of the adoption of two Board policies. The advance notice policy (the "**Advance Notice Policy**"). The purpose of the Advance Notice Policy is to provide a clear process for the shareholders, directors and management to follow when nominating directors of the Company. Such a policy will ensure that shareholders receive adequate notice of director nominations and sufficient information regarding all director nominees and allow shareholders to register an informed vote after having been afforded reasonable time for appropriate deliberation. The second policy is the majority voting policy (the "**Majority Voting Policy**") regarding director elections. The Majority Voting Policy provides, among other things, that in an "Uncontested Election", if the number of votes withheld from any director is greater than the number of votes for such director, such director will be required to promptly submit an offer to resign to the board. In making a decision to accept or reject a resignation offer, the board of directors will be expected to accept it unless the board determines there are extraordinary circumstances that justify delaying acceptance or rejecting it. For the purposes of the Majority Voting Policy, an "Uncontested Election" means an election of directors at a meeting of the Company's shareholders where the number of nominees for directors is equal to the number of directors to be elected and at which more than 15% of the outstanding common shares of the Company have been voted by shareholders present in person or by proxy at the meeting.

The Advance Notice Policy is in effect as at the date of the July 25, 2013 news release and the Company obtained shareholders' approval to amend the Company's articles to incorporate the provisions of the Advance Notice Policy at the Company's annual general and special meeting of shareholders held on September 26, 2013.

On October 17, 2013 the Company announced the closing of a private placement. The Company issued 10,420,000 common shares at a price of $0.25 per share for gross proceeds of $2,605,000. In connection with the private placement the Company issued 420,000 finders warrants and has paid a cash finders feed to Origin Merchant Securities Inc. Each finders warrant entitles the holder to acquire one common share of the Company at an exercise price of $0.35 until October 16, 2015.

LIQUIDITY AND CAPITAL RESOURCES – FINANCIAL CONDITION OF THE COMPANY

As at December 31, 2013, the Company had current assets of $2,418,493 and current liabilities of $679,213 compared to current assets of $3,095,649 and current liabilities of $658,952 as at March 31, 2013. Working capital is $1,739,280 at December 31, 2013 compared to $2,436,697 at March 31, 2013.

Equity at December 31, 2013 was $38,606,758 compared to $35,678,827 as at March 31, 2013.

On October 17, 2013 the Company closed a private placement for gross cash proceeds of $ 2,605,000.

Management has prepared, and the Board of Directors have reviewed a financial plan for the remainder of the fiscal year ending March 31, 2014. The financial plan covers the expected cash requirements for the corporate activities of drilling and exploration, general corporate matters and contractual obligations.

Results of Operations

	Three month period ended December 31,		Nine month period ended December 31,	
	2013	2012	2013	2012
Expenses				
Director fees	$ 32,193	$ 32,361	$ 99,400	$ 85,478
Filing fees	20,081	12,659	54,280	63,630
Insurance	5,250	9,150	24,698	25,674
Investor relations	2,402	8,736	200,462	84,896
Management and consulting fees	157,438	198,253	524,319	492,071
Office and sundry	15,333	15,673	51,634	56,897
Professional fees	43,324	41,926	142,593	109,283
Rent	4,706	4,871	17,558	14,569
Salaries	20,475	-	62,134	-
Share-based compensation	167,635	149,381	249,542	725,365
Transfer agents	10,137	393	14,967	5,521
Travel and accommodations	14,060	35,180	49,504	63,706
	(493,034)	(508,583)	(1,491,091)	(1,727,090)
Interest income	6,454	43,103	18,052	79,866
Interest expense	(30,221)	(21,017)	(91,484)	(61,994)
Foreign exchange gain (loss)	(10,441)	1,488	(7,455)	2,736
Net loss for period	**$ (527,242)**	**$ (485,009)**	**$ (1,571,978)**	**$ (1,706,482)**

NET LOSS

The net loss for the quarter ended December 31, 2013 was $527,242 compared to $485,009 for the quarter ended December 31, 2012 representing an increase of $43,233.

The net loss for the nine month period ended December 31, 2013 was $1,571,978 compared to a net loss for the nine month period ended December 31, 2012 of $1,706,482.

EXPENSES

For the quarter ended December 31, 2013, total expenses were $493,034 compared to $508,583 recorded during the same period in 2012, representing a decrease of $15,549 or 3%. For the nine month period ended December 31, 2013 total expenses were $1,491,091 compared to $1,727,090 for the nine month period ended December 31, 2012. Included in expenses is a non-cash charge of $249,542 (December 31, 2012 - $725,365) for share-based compensation. Also included is a non-cash charges for shares issued totalling $93,150 (December 31, 2012 - $Nil) included in investor relations expense. After deducting the non-cash adjustment for expenses, expenses totalled $1,148,399 (December 31, 2012 - $1,001,725) representing an increase of $146,674 or 15%. Material variances over the comparable period are discussed below.

Investor relations

For the quarter ended December 31, 2013, investor relations fees were $2,402 compared to $8,736 for the quarter ended December 31, 2012. Investor relations fees were $200,462 for the nine month period ended December, 2013 compared to $84,896 reported over the same time period in 2012. Included in the nine month period ended December 31, 2013 is a non-cash expense of $93,150 for the value of common shares issued to an advisor. These shares were valued at the closing TSX price on May 30, 2013. Expenses include all related travel and accommodation costs. Also included in this category are the fees paid for services provided under investor relations contracts.

Management and consulting

For the quarter ended December 31, 2013, management and consulting fees were $157,438 compared to $198,253 for the quarter ended December 31, 2012. Management and consulting fees were $524,319 for the nine month period ended December 31, 2013 compared to $492,071 reported over the same time period in 2012. Included in this category is the fee paid in 2013 to CIBC World Markets Inc. as strategic financial advisor and services provided under various consulting contracts by the corporate officers and other consultants.

Salaries

For the quarter ended December 31, 2013, salaries were $20,475 compared to $Nil for the quarter ended December 31, 2012. Salaries were $62,134 for the nine month period ended December 31, 2013 compared to $Nil reported over the same time in 2012. This change is a result of a reclassification of an individual from a consultant to an employee.

Share-based payments

For the quarter ended December 31, 2013, share-based payments were $167,635 compared to $149,381 for the quarter ended December 31, 2012. Share-based payments were $249,542 for the nine month period ended December 31, 2013 compared to $725,365 reported over the same time period in 2012. These non-cash expenditures are a function of the implementation of the methodology used for calculating share based payment values, and a direct result of stock options vested.

SUMMARY OF QUARTERLY FINANCIAL INFORMATION

Fiscal quarter ended	Revenues[1]	Net loss – total	Loss from continuing operations – per share [1, 2]	Net comprehensive income/(loss) – total [3]	Net income/ (loss) - per share [2]
		$	$	$	$
December 31, 2013	Nil	(527,242)	(0.00)	320,799	(0.00)
September 30, 2013	Nil	(478,049)	(0.00)	(1,160,656)	(0.01)
June 30, 2013	Nil	(566,687)	(0.00)	548,449	(0.00)
March 31, 2013	Nil	(498,448)	(0.00)	136,759	(0.00)
December 31, 2012	Nil	(485,009)	(0.00)	(124,837)	(0.00)
September 30, 2012	Nil	(599,505)	(0.00)	(1,635,509)	(0.01)
June 30, 2012	Nil	(621,968)	(0.00)	(57,955)	(0.00)
March 31, 2012	Nil	(698,688)	(0.00)	(1,193,892)	(0.01)

(1) Revenues exclude interest income. Fully diluted per share amounts are not scheduled as they would be anti-dilutive.
(2) Loss per share is rounded to the nearest whole cent
(3) Net comprehensive income/(loss) will have differences from quarter to quarter due to the expenses including exchange differences on translating foreign operations.

TRANSACTIONS WITH RELATED PARTIES

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

	December 31, 2013	March 31, 2013
Directors and officers of the Company	$ 22,483	$ 27,689

These amounts, which include directors fees and expense reimbursements, are unsecured, non-interest bearing and have no fixed terms of repayment. All amounts were paid subsequent to the period end.

Key management compensation [2]

	Nine month period ended	
	December 31 2013	December 31 2012
Management fees [1]	$ 171,477	$ 162,597
Consulting	174,825	173,050
Director fees	99,401	85,478
Share-based compensation [1]	303,395	758,913
	$ 749,098	$ 1,180,038

(1) Management fees 2013 - $171,477 (2012 - $162,597) and certain share-based payments 2013 - $108,743 (2012 - $196,327) are allocated to exploration and evaluation assets as warranted.

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

OFF BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

PROPOSED TRANSACTIONS

The Company has no proposed transactions approved by the Board of Directors.

CRITICAL ACCOUNTING ESTIMATES

The Company's significant accounting policies are presented in Note 3 in the notes to the annual financial statements. The preparation of these audited financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the end of the reporting period presented, and reported amounts of expenses during the same period. Actual outcomes could differ from these estimates. The audited financial statements include estimates, which, by their nature, are uncertain. The impact of such estimates may require accounting adjustments based on future occurrences. Any revisions to accounting estimates are recognized in the period in which the estimate is revised and in future periods if the revision affects the future. These estimates are based on historical experience, current and future economic conditions, and other factors, including expectation of future events that are believed to be reasonable under the circumstances.
Significant assumptions about the future and other sources of estimation uncertainty at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made include, but are not limited to, the following:

Impairment analysis

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

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

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

As at December 31, 2013, the Company reviewed the carrying value of its assets and determined that there were no indicators of impairment.

Share–based payments

From time to time, the Company, through its Board of Directors, grants share purchase options to directors, employees, and service providers. The Company uses the Black –Scholes option pricing model to estimate the value for these options .This model requires inputs such as expected volatility, expected life to exercise, and interest rates.

NEW ACCOUNTING STANDARDS

Financial instruments

IFRS 9, Financial Instruments ("IFRS 9") was issued in November 2009 and contained requirements for financial assets. This standard addresses classification and measurement of financial assets and replaces multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: amortized cost and FVTPL. IFRS 9 also replaces the models for measuring equity instruments, and such investments are either recognized at FVTPL or at fair value through other comprehensive income. Where such equity instruments are measured at fair value through other comprehensive income, dividends are recognized in profit or loss to the extent not clearly representing a return of investment; however, other gains and losses (including impairments) associated with such instruments remain in accumulated comprehensive income indefinitely.

Requirements for financial liabilities were added in October 2010 and they largely carried forward existing requirements in IAS 39, Financial Instruments – Recognition and Measurement, except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss would generally be recorded in other comprehensive income.

This standard is required to be applied for accounting periods beginning on or after January 1, 2015, with earlier adoption permitted. The Company has not yet assessed the impact of the standard or determined whether it will adopt the standard early.

Consolidation

IFRS 10 builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. The Company does not believe the adoption of this standard will have a significant effect on its financial statements.

Fair Value Measurement

IFRS 13 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP. The Company does not believe the adoption of this standard will have a significant effect on its financial statements.

FINANCIAL INSTRUMENTS

The Company classifies its financial instruments in the following categories: loans and receivables and other financial liabilities. The classification depends on the purpose for which the financial instruments were acquired. Management determines the classification of its financial instruments at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortized cost.

The Company has classified its cash and cash equivalents, short term investments and reclamation bonds as loans and receivables. Long term debt, trade payables and accrued liabilities are classified as other financial liabilities.

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired.

Other financial liabilities are initially recognized at fair value adjusted for directly attributable transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest rate method.

RISKS RELATED TO THE COMPANY'S BUSINESS

Resource exploration is a speculative business and involves a high degree of risk. There is a probability that the expenditures made by the Company in exploring its properties will not result in discoveries of commercial quantities of minerals. A high level of ongoing expenditures is required to locate and estimate ore reserves, which are the basis to further the development of a property. Capital expenditures to support the commercial production stage are also very substantial.

The following sets out the principal risks faced by the Company.

Exploration risk. There can be no assurance that economic concentrations of minerals will be determined to exist on the Company's property holdings within existing investors' investment horizons or at all. The failure to establish such economic concentrations could have a material adverse outcome on the Company and its securities. The Company's planned programs and budgets for exploration work are subject to revision at any time to take into account results to date. The revision, reduction or curtailment of exploration programs and budgets could have a material adverse outcome on the Company and its securities.

Market risks. The Company's securities trade on public markets and the trading value thereof is determined by the evaluations, perceptions and sentiments of both individual investors and the investment community taken as a whole. Such evaluations, perceptions and sentiments are subject to change, both in short term time horizons and longer term time horizons. An adverse change in investor evaluations, perceptions and sentiments could have a material adverse outcome on the Company and its securities.

Commodity price risks. The Company's exploration projects seek copper, molybdenum, silver and gold in the United States. While each of these minerals have recently been the subject of significant price increases from levels prevalent earlier in the decade, there can be no assurance that such price levels will continue, or that investors' evaluations, perceptions, beliefs and sentiments will continue to favour these target commodities. An adverse change in these commodities' prices, or in investors' beliefs about trends in those prices, could have a material adverse outcome on the Company and its securities.

Financing risks. Exploration and development of mineral deposits is an expensive process, and frequently the greater the level of interim stage success the more expensive it can become. The Company has no producing properties and generates no operating revenues; therefore, for the foreseeable future, it will be dependent upon selling equity in the capital markets to provide financing for its continuing substantial exploration budgets. While the Company has been successful in obtaining financing from the capital markets for its projects in recent years, there can be no assurance that the capital markets will remain favourable in the future, and/or that the Company will be able to raise the financing needed to continue its exploration programs on favourable terms, or at all. Restrictions on the Company's ability to finance could have a material adverse outcome on the Company and its securities.

Share Price Volatility and Price Fluctuations. In recent years, the securities markets in Canada have experienced a high level of price and volume volatility, and the market prices of securities of many companies, particularly junior mineral exploration companies like the Company, have experienced wide fluctuations which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that these price fluctuations and volatility will not continue to occur.

Currency risks. The Company's exploration expenditures are predominately in US dollars and equity raised is predominately in Canadian dollars. 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. The Company is subject to fluctuations in foreign currency at the time payments are due on the US dollar promissory note. Currently, the Company does not use derivative instruments to reduce its exposure to foreign currency risk.

Key personnel risks. The Company's exploration efforts are dependent to a large degree on the skills and experience of certain of its key personnel. The Company does not maintain "key man" insurance policies on these individuals. Should the availability of these persons' skills and experience be in any way reduced or curtailed, this could have a material adverse outcome on the Company and its securities.

Competition. Significant and increasing competition exists for the limited number of mineral property acquisition opportunities available. As a result of this competition, some of which is with large established mining companies with substantial capabilities and greater financial and technical resources than the Company, the Company may be unable to acquire additional attractive mineral properties on terms it considers acceptable.
Foreign Countries and Regulatory Requirements. Currently, the Company's principal properties are located in the United States. Consequently, the Company is subject to certain risks associated with foreign ownership, including currency fluctuations, inflation, and political risk. Both mineral exploration and mining activities and production activities in foreign countries may be affected in varying degrees by political stability and government regulations relating to the mining industry. Any changes in regulations or shifts in political conditions are beyond the control of the Company and may adversely affect its business. Operations may be affected in varying degrees by government regulations with respect to community rights, restrictions on production, price controls, export controls, restriction of earnings, taxation laws, expropriation of property, environmental legislation, water use, labour standards and workplace safety. The Company maintains the majority of its funds in Canada and only forwards sufficient funds to meet current obligations.

Environmental and Other Regulatory Requirements. The current or future operations of the Company, including development activities and commencement of production on its properties, require permits from various governmental authorities and such operations are and will be subject to laws and regulations governing prospecting, development, mining, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, safety and other matters. Companies engaged in the development and operation of mines and related facilities generally experience increased costs, and delays in production and other schedules as a result of the need to comply with applicable laws, regulations and permits. There can be no assurance that approvals and permits required to commence production on its properties will be obtained on a timely basis, or at all. Additional permits and studies, which may include environmental impact studies conducted before permits can be obtained, may be necessary prior to operation of the properties in which the Company has interests and there can be no assurance that the Company will be able to obtain or maintain all necessary permits that may be required to commence construction, development or operation of mining facilities at these properties on terms which enable operations to be conducted at economically justifiable costs.

Failure to comply with applicable laws, regulations, and permitting requirements may result in enforcement actions there under, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations or extraction operations may be required to compensate those suffering loss or damage by reason of such activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in capital expenditures or production costs or reduction in levels of production at producing properties or abandonment or delays in development of new mineral exploration properties.

To the best of the Company's knowledge, it is currently operating in compliance with all applicable environmental regulations.

History of Net Losses; Accumulated Deficit; Lack of Revenue from Operations. The Company has incurred net losses to date. Its deficit as of December 31, 2013 was $23,191,875. The Company has not yet had any revenue from the exploration activities on its properties, nor has the Company yet determined that commercial development is warranted on any of its properties. Even if the Company commences development of certain of its properties, the Company may continue to incur losses. There is no certainty that the Company will produce revenue, operate profitably or provide a return on investment in the future.

Uninsurable risks. The Company and its subsidiaries may become subject to liability for pollution, fire, explosion, against which it cannot insure or against which it may elect not to insure. Such events could result in substantial damage to property and personal injury. The payment of any such liabilities may have a material, adverse effect on the Company's financial position.

OTHER MD&A DISCLOSURE REQUIREMENTS

Information available on SEDAR

As specified by National Instrument 51-102, Redhawk advisers readers of this MD&A that important additional information about the Company is available on the SEDAR website http://www.sedar.com/

Disclosure Controls and Procedures

The Company’s Chief Executive Officer (“CEO”) and Chief Financial Officer (“CFO”) are responsible for the establishing and maintaining the Company’s disclosure controls and procedures (as defined by NI 52-109, Certification of Disclosure in Issuers’ Annual and Interim Filings (“NI 52-109”)). The CEO and CFO, after having caused an evaluation to be performed of the effectiveness of the design and operation of the Company’s disclosure controls and procedures, have concluded that as of December 31, 2013, the Company’s disclosure controls and procedures were adequate and effective to ensure that material information relating to the Company and its consolidated subsidiaries required to be disclosed in the Company’s reports filed or submitted under the NI 52-109 would have been known to them.

Internal Controls Over Financial Reporting

NI 52-109 requires Canadian public companies to submit an annual certificate relating to the design and operating effectiveness of internal control over financial reporting (“ICFR”) ICFR is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian generally accepted accounting principles. Management is responsible for establishing and maintaining ICFR and management, including the CEO and the CFO, have evaluated the design and caused testing of the effectiveness of the ICFR at December 31, 2013. Based on this evaluation, the management, with the participation of the CEO and CFO, has concluded that the design and operating effectiveness of ICFR was effective as of December 31, 2013. The Company has used the Guidance for Smaller Public Companies published by the Committee of Sponsoring Organizations of the Treadway Commission internal control framework to design ICFR.

Due to its inherit limitations, internal control over financial reporting may not prevent or detect misstatements on a timely basis as such systems can only be designed to provide reasonable as opposed to absolute assurance. Also, projections of any evaluation of the effectiveness of ICFR to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Changes in Internal Control over Financial Reporting

NI 52-109 also requires Canadian public companies to disclose any changes in ICFR during the most recent quarter that have materially affected, or are reasonably likely to materially affect, internal control over financial reporting. There has been no change in the Company's internal control over financial reporting that occurred during the period ended December 31, 2013, that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

However, in May 2013, the Committee of Sponsoring Organizations of the Treadway Commission (COSO) released an updated Internal Control – Integrated Framework: 2013. The Company currently uses the COSO 1992 original framework, and will transition to the updated framework during the transition period which extends to December 15, 2014, after which the 1992 framework will be considered superseded by the 2013 framework. Management is currently assessing the impact of this transition and will report any significant changes to the Company's internal controls over financial reporting that may result.

Outstanding Share Data

As at February 14, 2014, the Company had 157,501,038 common shares outstanding. As at the same date there were 420,000 warrants outstanding with an exercise price of $0.35. In addition, 13,160,000 stock options were outstanding at exercise prices from $0.17 to $0.79 per share.

	Number of shares	**Number of options**	Exercise price	Expiry date
Issued and outstanding	157,501,038	1,000,000	$0.17	Apr 6, 2014
		600,000	$0.25	Apr 6, 2014
		1,250,000	$0.22	Nov 10, 2014
		775,000	$0.42	Jul 9, 2015
		1,135,000	$0.79	Feb 11, 2016
		550,000	$0.59	Jul 7, 2016
		250,000	$0.42	Oct 3,2016
		500,000	$0.43	Oct 17, 2016
		2,925,000	$0.60	Feb 17, 2017
		750,000	$0.50	Aug 20, 2017
		350,000	$0.60	Jan 22, 2018
		200,000	$0.60	Feb 15, 2018
		2,875,000	$0.35	Nov 1, 2018
		13,160,000		

Number of warrants	Exercise price	Expiry date
420,000	$0.35	Oct 16, 2015

Vancouver, British Columbia — February 14, 2014

Cautionary Statement

This document contains "forward-looking statements" within the meaning of applicable Canadian securities regulations. All statements other than statements of historical fact herein, including, without limitation, statements regarding exploration plans, and our other future plans and objectives, are forward-looking statements that involve various risks and uncertainties. Such forward-looking statements include, without limitation, (i) estimates of exploration investment and scope of exploration programs, and (ii) estimates of stock-based compensation expense. There can be no assurance that such statements will prove to be accurate, and future events and actual results could differ materially from those anticipated in such statements. Important factors that could cause actual results to differ materially from our expectations are disclosed in the Company's documents filed from time to time via SEDAR with the Canadian regulatory agencies to whose policies we are bound. Forward-looking statements are based on the estimates and opinions of management on the date the statements are made, and we do not undertake any obligation to update forward-looking statements should conditions or our estimates or opinions change. Forward-looking statements are subject to risks, uncertainties and other factors, including risks associated with mineral exploration, price volatility in the mineral commodities we seek, and operational and political risks. Readers are advised not to place undue reliance on forward-looking statements.