REDHAWK RESOURCES, INC.

Management Discussion & Analysis

First quarter ended June 30, 2010

Dated August 25, 2010

This discussion and analysis should be read in conjunction with the audited consolidated financial statements and related notes thereto for the years ended March 31, 2010 and 2009 (the "Financial Statements"), which have been prepared in accordance with Canadian generally accepted accounting principles. All amounts in the financial statements and this discussion and analysis are expressed in Canadian dollars, unless otherwise indicated.

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 trades on the TSX Venture Exchange ("TSXV") under the symbol "RDK" and the Frankfurt Stock Exchange Open Market under the trading Symbol "QF7".

RESULTS OF OPERATIONS - RESOURCE PROPERTIES

Resource property expenditures during the periods ended June 30, 2010 and 2009, and the year ended March 31, 2010 are as set out below.

	3 Month period ended June 30, 2010	3 Month period ended June 30, 2009	Year ended March 31, 2010
Alien, Nevada, USA			
Acquisition	**$ -**	$ 11,500	$ -
Permits and fees	-	-	-
	$ -	$ 11,500	$ -
Ramona, Nevada, USA			
Acquisition	**$ 5,929**	$ -	$ 36,250
Other	-	-	5,935
	$ 5,929	$ -	$ 42,185
Copper Creek, Arizona, USA			
Acquisition	**$ 50,004**	$ 84,786	$ 403,039

Assaying and laboratory	**-**	-	-
Drilling	**-**	-	-
Engineering and consulting	**183,543**	25,817	195,105
Permits and fees	**61,842**	21,126	87,604
Stock based compensation	**3,894**	24,583	36,250
Other	**24,450**	13,885	103,667
	$ 323,733	$ 170,198	$ 825,665
Total deferred exploration cost for the year and period	**$ 329,662**	$ 181,698	$ 867,850
Impairment loss	**(5,929)**	(11,500)	(42,185)
Balance - beginning of year	**14,009,416**	13,183,751	13,183,751
Balance - end of year and period	**$ 14,333,149**	$ 13,353,949	$ 14,009,416

COPPER CREEK

Redhawk's principal property is its seven 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. Both deposit types include historical copper resources. 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 Mammoth, Childs-Aldwinkle, Old Reliable, Copper Prince, and Globe breccias, plus the Keel zone and American Eagle porphyry. Prior to Redhawk's acquisition of the property there had been more than 407,000 feet (77 miles) of rotary and diamond drilling 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 51,000 feet of diamond and reverse circulation drilling; completed new NI 43-101 compliant resource estimates; completed environmental studies and applied for permits to allow for underground access; and commissioned and completed a detailed scoping study on the economic viability of the Copper Creek property.

On September 9, 2008 the results from the two completed drill programs were released in an updated NI 43-101 compliant mineral resources estimate authored by Independent Mining Consultants (IMC). The new estimate increased the total pounds of copper equivalents to 0.652 billion pounds in the combined measured and indicated categories and 2.745 billion pounds in the inferred category representing a significant increase from previous resource estimates which had totalled approximately 2.1 billion pounds of copper equivalents.
This increase is attributable to increased resources in the Keel deposit and two new breccia deposits known as the Globe and the Copper Prince which contributed to additional high grade near surface resources. The increase in the Keel zone does not include gold and silver credits as previous operators did composite assays over intervals conservatively considered too long to be included in the current resource calculations. The full resource report is posted on the Company's website as well as on www.sedar.com.

Redhawk believes that a combination of the higher-grade breccia deposits and the much larger porphyry deposits represented by the Keel and American Eagle deposits offer an opportunity for developing a large long life underground mining operation. Redhawk, through its consultants, completed the ground water monitoring, waste rock characterization studies, environmental and cultural studies required to submit an Aquifer Protection Permit (APP) with the Arizona Department of Environmental Quality being the principal permit required to allow an exploration decline to be driven. That permit application was submitted in October 2007 and approval was received in August 2009.

KD Engineering of Tucson, AZ completed a detailed scoping study report examining the economic viability of underground mining using various extraction techniques for the Copper Creek project with contribution from Redhawk's other consultants, IMC (resources), Milne & Associates (mining costs and engineering), Golder Associates (hydrology and engineering), METCON (metallurgy), and WestLand Resources (permitting and environmental). The study was released in February, 2009.

The Base Case used in the scoping study is to begin production at a rate of 2,500 short tons per day (tpd) from the near surface breccia resources and increase the production rate to 10,000 tpd when the deeper Keel and American Eagle resources are accessed and developed. A two product (copper concentrate and molybdenum concentrate) conventional mill would be built on site beginning at 2,500 tpd and enlarging to 10,000 tpd as the mining rate is increased. Mining is anticipated to be blasthole stope and fill, with potentially some cut and fill, in the breccia deposits and room and pillar/post and pillar with engineered fill in the Keel and American Eagle deposits. Total mine, mill, and development capital costs are estimated at US$389 million. Mine and mill operating costs were also estimated. Mine operating costs, direct and indirect, in the breccia deposits are estimated at $US31.06/short ton to $US35.32/short ton depending upon the particular deposit and mining method and $US18.02/short ton for the bulk deposits mined with the room and pillar/post and pillar method. All mining methods include backfilling costs. Mill operating costs are estimated at $US14.31/short ton at 2,500 short tons per day throughput and $US9.15/short ton at 10,000 short tons per day throughput.

The pre-tax cash flow analysis over a 20 year operating period uses a copper price of $2.25/pound, molybdenum price of $15.00/pound, silver price of $10.00/troy ounce, and gold price of $600/troy ounce. The pre-tax economic analysis results indicate that an IRR of 11.0 percent is achievable. The corresponding pre-tax NPV is US$545.2 million at a zero discount rate, US$175.6 million at a 5 percent discount rate, and $US18.3 million at a 10 percent discount rate. Payback of capital invested is achieved after 9.5 years of operation. The breakeven copper price at a zero percent discount rate is $1.80 per pound. With a discount rate of 7.5 percent, a NPV of zero is produced at a copper price of $2.09 per pound. Sensitivity analysis shows a 10 percent increase in copper price, $2.475 per pound, results in an indicated IRR of 15.4 percent and a NPV of US$195.8 million using a 7.5 percent discount rate. Over the 20 year production life of the study more than 1.3 billion pounds of copper, 26.6 million pounds of molybdenum, and 528,900 troy ounces of silver are produced and recovered. Considerable unmined resources remain after the 20 year production period covered by the study and could be minable depending upon costs and metal prices at that time.

ALIEN AND RAMONA PROJECTS

On May 27, 2009, the Company cancelled its option to acquire a 100% interest in the Alien Gold project.

On June 30, the Company terminated the option to acquire an interest in the Ramona property pursuant to the agreement dated May 2004 and as amended June 15, 2009.

SELECTED QUARTERLY FINANCIAL RESULTS

In $000's except per share amounts, for the last eight fiscal quarters ended:

	June 30, 2010	March 31, 2010	Dec 31, 2009	Sept 30, 2009	June 30, 2009	March 31, 2009	Dec 31, 2008	Sept 30, 2008
Financial results								
Net Revenue	**Nil**	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Net (income) loss for period, excluding	**511**	232	188	(47)	(65)	241	587	384

impairment loss								
Impairment loss	**6**	-	-	31	12	1,036	-	-
Basic and diluted (income) loss per share	**.005**	(0.005)	0.002	(0.000)	(0.001)	0.017	0.008	0.005
Expenditures on Resources properties	**324**	280	182	224	182	242	255	468
Balance sheet data								
Cash and cash equivalents	**32**	109	1,056	291	562	12	329	835
Short- term investments	**4,359**	604	-	-	-	221	1	1
Resource properties	**14,333**	14,009	13,729	13,547	13,354	13,184	13,978	13,723
Total assets	**18,911**	14,820	14,862	13,891	13,974	13,504	14,424	14,711
Long term liabilities	**1,809**	1,921	1,951	1,960	2,094	2,714	2,566	1,838
Shareholders' equity	**16,691**	12,831	12,405	11,299	11,218	10,569	11.475	11,992

		Three month period ended	
		June 30, 2010	June 30, 2009
Expenses			
Audit and accounting	$	**31,451**	22,338
Amortization		**1,119**	1,270
Consulting fee		**128,150**	-
Director fee		**31,312**	-
Filing fees		**6,452**	2,696
Insurance		**4,908**	5,232
Investor relations		**18,273**	17,183
Legal		**14,347**	-
Management and administration fees		**76,699**	57,000
Office and sundry		**4,446**	3,404
Rent		**4,087**	2,100
Stock based compensation expense		**94,858**	120,955
Transfer agent		**3,353**	1,074
Travel and accommodation		**15,514**	-
Operating loss		**434,969**	233,252
Other (Income) Expenses			
Foreign exchange (gain) loss		**76,889**	(214,114)
Interest (income)		**(1,285)**	(4,431)
Loss on write down of equipment		-	8,589
Impairment loss		**5,929**	11,500
Mining exploration tax credit		-	(87,361)
Net (income) loss for the period		**516,502**	(52,565)

The Company reported an operating loss for the three months ended June 30, 2010 of $434,969 compared to $233,252 for the three months ended June 30, 2009. The main reasons for the increase in the operating loss from the previous quarter are payment of director fees, and increase in filing fees, legal fees, travel and accommodation expenses incurred and consulting fees paid relating to the non brokered private placement which closed April 30,

2010. Non-cash expenses for stock based compensation relating to the amortization of stock options will vary depending on the options granted and vested in a given accounting period.

The financial statements are impacted by the recognition of foreign exchange gains and losses which reflects the effect that the foreign currency exchange rate fluctuations from period to period have on the carrying value of foreign assets and liabilities held by the Company. During the quarter ended June 30, 2009 the Company received a mining exploration tax credit of $87,361, there were no mining exploration tax credits received in the current period.

LIQUIDITY AND CAPITAL RESOURCES

The Company's cash and working capital position as at June 30, 2010 compared to March 31, 2010 is as follows:

		June 30, 2010		March 31, 2010
Cash and cash equivalents and short-term investment	$	**4,391,202**	$	713,419
Working capital		**4,125,183**		703,830

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles applicable to a going-concern, which contemplates the realization of assets and the satisfaction of liabilities and commitments in the normal course of business. The Company for the quarter ended June 30, 2010 incurred a loss of $516,502, had working capital of $4,125,183 and an accumulated shareholders' deficit of $14,946,194.

On April 30, 2010 the Company completed a non-brokered private placement for gross proceeds of $4,012,001 and net proceeds of $3,863,758. In addition share purchase warrants and stock options were exercised for proceeds of $480,875. As a result the Company's current financial position and forecast cash flow requirements for the next year are expected to be sufficient to meet its resource property requirements and corporate requirements.

CONTRACTUAL OBLIGATIONS

The Company entered into a purchase agreement to acquire mining claims in the Copper Creek District from Freeport-McMoRan. On October 17, 2008 an amended agreement was executed by the parties to change the amount and timing of the promissory note payments. All the conditions to the amending agreement have been fulfilled. On due April 1, 2011, a $200,000 promissory note payment is due.

Additional property payments are payable in fiscal 2011 to third parties, Cdn$125,000 for advance royalties and US$100,000 for a lease to purchase agreement.

RELATED PARTY TRANSACTIONS

During the three month period ended June 30 2010, the Company incurred:

a) Consulting fees totalling $7,000 (2009- $6,000) for services provided by the Chief Financial Officer of the Company. The balance owing at June 30, 2010 is nil.
b) Consulting fees totalling $37,500 (2009 - $15,000) were paid to a Company controlled by the managing director of the Company. The balance owing at June 30, 2010 is nil.
c) Director fees totalling $31,312 were paid to a director of the Company.
d) Consulting fees totalling US$40,000 (2009- US$15,000) were paid to the president and director of the Company. The balance owing at June 30, 2010 is US$15,000.
e) Rent and office supplies totalling $3,497 (2009- $1,893) was charged to a company with common management. The amount receivable at June 30, 2010 is $3,672, with no specific terms or conditions.

The above transactions, occurring in the normal course of operations, are measured at the exchange amount, which is the consideration established and agreed to by the related parties.

PROPOSED TRANSACTIONS

The Company does not currently have any proposed transactions approved by the Board of Directors.

CRITICAL ACCOUNTING ESTIMATES

The Company is a venture issuer and is not required to provide critical accounting estimates.

CHANGES IN ACCOUNTING POLICIES

Future Accounting Policies

The CICA issued three new accounting standards in January 2009: Section 1582 – Business Combinations, Section 1601 – Consolidated Financial Statements and Section 1602 – Non-Controlling Interests, these sections are harmonized with International Financial Reporting Standards. Section 1582 specifies a number of changes, including: an expanded definition of a business combination, a requirement to measure all business acquisitions at fair value, a requirement to measure non-controlling interests at fair value, and a requirement to recognize acquisition-related costs as expenses. Section 1601 establishes the standards for preparing consolidated financial statements. Section 1602 specifies that non-controlling interests be treated as a separate component of equity, not as a liability or other item outside of equity. These Standards will be applicable to the Company for annual and interim accounting periods beginning on January 1, 2011.

International Financial Reporting Standards ("IFRS")

In 2006, the Canadian Accounting Standards Board ("AcSB") published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008 the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada's own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended March 31, 2010. The Company's material assets are cash and mineral property interests. Under IFRS, there is not expected to be a significant change from the current disclosure and financial reporting of these assets. Exploration expenses will continue to be capitalized and will be subject to ongoing tests for impairment. Future income tax liabilities will have expanded disclosure, and some measurement changes, but the substance of the accounting for the transactions is expected to be similar. Share based payments will also have certain differences in terms of recognition and measurement.

International Financial Reporting Standards ("IFRS") Implementation Plan

The Company has commenced the development of an IFRS implementation plan to prepare for this transition, and is currently in the process of analyzing the key areas where changes to current accounting policies may be required. While an analysis will be required for all current accounting policies, the initial key areas of assessment will include:

- Exploration and development expenditures
- Property and equipment (measurement and valuation);
- Stock-based compensation;
- Accounting for income taxes
- First-time adoption of International Financial Reporting Standards (IFRS 1).

As the analysis of each of the key areas progresses, other elements of the Company's IFRS implementation plan will also be addressed, including: the implication of changes to accounting policies and processes and financial statement note disclosure. The table below summarizes the expected timing of activities related to the Company's transition to IFRS:

Initial analysis of key areas for which changes to accounting policies may be required	Completed
Detailed analysis of all relevant IFRS requirements and identification of areas requiring accounting policy changes or those with accounting policy alternatives	Completed
Assessment of first-time adoption (IFRS 1) requirements and alternatives	Completed
Final determination of changes to accounting policies and choices to be made with respect to first-time adoption alternatives	Completed
Resolution of the accounting policy change implications on the accounting processes	Completed
Quantification of the Financial Statement impact of changes in accounting policies	Throughout 2010

RISKS RELATED TO THE COMPANY'S BUSINESS OVERVIEW

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.

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, Mr. J. Stephen Barley and Mr. Joe Sandberg. 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 June 30, 2010 was $14,946,194. 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.

FINANCIAL INSTRUMENTS

The Company’s financial instruments consist of cash and cash equivalents, short term investments, accounts receivable, reclamation bond, and accounts payable and accrued liabilities, and long term debt. The estimated fair values of cash and cash equivalents, short term investments, accounts receivable, reclamation bond, and accounts payable and accrued liabilities, and long term debt, approximate their respective carrying values. The Company classifies its fair value measurements within a fair value hierarchy, which reflects the significance of the inputs used in making the measurements as defined in CICA Handbook section 3862 – Financial Instruments – Disclosures:

Level 1 - Unadjusted quoted prices at the measurement date for identical assets or liabilities in active markets.

Level 2 - Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3 - Significant unobservable inputs which are supported by little or no market activity.

Management of Financial Risk:

The Company’s financial instruments are exposed to certain financial risks, including credit risk, liquidity risk and market risk (including interest rate, foreign exchange rate and copper price risk).

Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual payment obligations. The Company’s credit risk is primarily attributable to cash and cash equivalents and short term investments which are held in large Canadian financial institution. The carrying value of financial assets recorded in the financial statements, net of any allowances for losses, represents the Company’s maximum exposure to credit risk as at March 31, 2010.

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 manages liquidity risk through the management of its capital structure. As at June 30, 2010, the Company had cash and short-term investment of $4,391,202 (2009 - $563,103) to settle current liabilities of $411,031 (2009 - $661,914).

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, and foreign exchange rates.

(a) 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 has cash balances and fixed interest-bearing debt. The Company believes it has no significant interest rate risk.

(b) Foreign currency risk

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.

LEGAL CLAIMS AND CONTINGENT LIABILITIES

At August 25, 2010, there were no material legal claims or contingent liabilities outstanding.

INVESTOR RELATIONS

Information on Redhawk and its projects, including project photos, detailed technical reports and executive summaries is available on the Company's website at www.redhawkresources.com or by calling J. Stephen Barley, managing director at 604-633-5088.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

OUTSTANDING SHARE DATA

As at August 25, 2010, the Company had 109,373,055 common shares outstanding. As at the same date there were 10,146,430 warrants outstanding of which 4,415,000 are exercisable at $0.23 and expire on December 22, 2011 and 5,731,430 warrants exercisable at$0.50 and expiring on April 30, 2012. In addition 7,435,625 stock options were outstanding at exercise prices ranging from $0.17 to $0.65 per share.

Information Available on SEDAR

Additional information relating to the Company is available on the SEDAR website at www.sedar.com

On behalf of the Board of Directors,

August 25, 2010

"R. Joe Sandberg"
President