



REDHAWK RESOURCES, INC.

Management Discussion & Analysis

March 31, 2011

Dated June 30, 2011

Redhawk Resources, Inc.
Form 51-102F1
Management Discussion and Analysis
For the Year Ended March 31, 2011
Dated as of June 30, 2011

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, 2011 and 2010 (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"; on the OTCQX International under the symbol "RHWKF"; and the Frankfurt Stock Exchange Open Market under the trading Symbol "QF7".

RESULTS OF OPERATIONS - RESOURCE PROPERTIES

Resource property expenditures during the year ended March 31, 2011 as compared to March 31, 2010 are as set out below.

	Year ended March 31, 2011	Year ended March 31, 2010
Ramona, Nevada, USA		
Acquisition	\$ 5,929	\$ 36,250
Other	-	5,935
	\$ 5,929	\$ 42,185
Copper Creek, Arizona, USA		
Acquisition	\$ 743,816	\$ 403,039
Assaying and laboratory	207,063	-
Drilling	1,981,724	-
Engineering and consulting	688,338	195,105
Permits and fees	112,362	87,604
Road development	76,552	-

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Stock based compensation	46,359	36,250
Other	121,554	103,667
	\$ 3,977,768	\$ 825,665
Total deferred exploration cost for the year	\$ 3,983,697	\$ 867,850
Impairment loss	(5,929)	(42,185)
Balance - beginning of year	14,009,416	13,183,751
Balance - end of year	\$ 17,987,184	\$ 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 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 89,088 feet of diamond and rotary drilling as of March 31, 2011; completed new NI 43-101 compliant resource estimates; completed environmental studies and obtained 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 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 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 and subsequently amended in 2010.

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

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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 \$2.75/pound, molybdenum price of \$15.00/pound, silver price of \$12.00/troy ounce, and gold price of \$750/troy ounce. The pre-tax economic analysis results indicate that an IRR of 20.4 percent is achievable. The corresponding pre-tax NPV is US\$539.1 million at a 5 percent discount rate, US\$350.0 million at a 7.5 percent discount rate, and \$US222.7 million at a 10 percent discount rate. Payback of capital invested, is achieved after 6.9 years of operations. The breakeven copper price at a zero percent discount rate is \$1.77 per pound. 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.

In 2010 Redhawk began a six hole drilling program to test new exploration targets in areas with little to no historical drilling and well removed from existing deep resources. The program was designed to test areas with high potential for mineralization to be hosted in mafic rocks (andesitic volcanics and diabase intrusions) that are known to contain grades of mineralization considerably higher than in the main porphyry intrusives in many "porphyry copper" deposits in Arizona, South America, and Asia. As of March 31, 2010 six rotary pre collar drill holes were completed, five of those holes were completed to total depth with core, and the sixth had coring in progress for a total of 22,769 feet. Results of the first two drill holes completed were disclosed in news releases dated October 5, 2010 and January 5, 2011. Results for the other three completed drill holes were disclosed in a news release dated June 1, 2011.

Redhawk has designed a drill program for 2011 of approximately 60,000 feet. The 2010 drilling program is now completed totalling approximately 24,776 feet. The results from this program have shown the large extent of the mineralizing system and the Company intends to continue with the higher grade and larger district exploration effort. A series of drill holes will test areas identified by the initial drill program as well as new targets being developed. The balance of the drilling program will be 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 will commence on a number of previous rotary pre-collared holes as set out on the attached map. Much of the planned drilling is intended to be completed on drill spacing designed to increase Measured or Indicated resources or add new resources into high confidence categories. The Company has consulted with the Company's resources consultant IMC to determine the best drilling locations to increase the Measured and Indicated resources in the deep porphyry deposits. Currently three of the previously rotary pre-collared drill holes have been completed to total depth with core and the fourth is being deepened with core drilling. In addition, a second core drill hole from the site of the last completed hole of the 2010 district exploration program (hole REX-10-046) was drilled to total depth and a third core hole from the site is in progress. Drilling in the 2011 program is currently 11,380 feet in completed holes. Assay results for the first completed drill hole of the 2011 drill program were disclosed in the news release dated June 1, 2011.

The Company is working with its environmental consultants Westland Resources to apply for the additional permits required to allow the commencement of the development decline approved in the APP. Redhawk will move forward with these applications as quickly as possible. In addition the Company intends to also complete the environmental review of the balance of the district not currently covered by previous permits which focused on the current resource area. Most Arizona State Lands Right of Ways to allow commercial access to Copper Creek have been already obtained and the Company has applied for an amendment to one last section for better access for development.

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Redhawk has retained Vancouver based JDS Energy & Mining Inc, to assist in an optimization study to determine the most effective manner in which to develop and operate Copper Creek as a mine. JDS has assisted many other companies in determining methods to achieve maximum project value.

The Company has hired additional employees including two geologists and a senior mining engineer to act as VP of Project Development to add the planning expertise needed to further develop Copper Creek. Redhawk will continue with discussions with third parties who have expressed an interest in the project.

ALIEN AND RAMONA PROJECTS

On May 27, 2009, the Company cancelled its option to acquire a 100% interest in the Alien Gold and wrote off \$800,894 in associated deferred project costs.

On June 30, 2010, 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 and wrote off \$5,929 in 2011 (2010-\$42,185; 2009-\$234,860) in associated deferred project costs.

SELECTED ANNUAL FINANCIAL RESULTS

Fiscal years ended March 31, 2011, 2010 and 2009, in \$000's except per share amounts:

	2011	2010	2009
Financial results			
Total revenue	Nil	Nil	Nil
Net loss for year	1,559	351	2,556
Basic and diluted loss per share	(\$0.013)	(\$0.004)	(\$0.03)
Expenditures on resource properties	3,984	868	1,882
Balance sheet data			
Cash and cash equivalents	1,762	109	12
Short-term investment	17,357	604	221
Resource properties	17,987	14,009	13,184
Total assets	37,426	14,820	13,504
Long term liabilities	1,613	1,921	2,714
Shareholders' equity	35,333	12,831	10,569

SELECTED QUARTERLY FINANCIAL RESULTS

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

	Mar 31, 2011	Dec 31, 2010	Sept 30, 2010	June 30, 2010	March 31, 2010	Dec 31, 2009	Sept 30, 2009	June 30, 2009
Financial results								
Net Revenue	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Net (income) loss for period, excluding impairment loss	443	298	301	511	232	188	(47)	(65)
Impairment loss	-	-	-	6	-	-	31	12
Basic income (loss) per share	(0.003)	(0.003)	(0.003)	(0.005)	0.005	(0.001)	(0.000)	0.001
Expenditures on Resources properties	1,292	1,013	1,355	324	280	182	224	182

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	Three months ended		Twelve months ended	
	March 31,		March 31,	
	2011	2010	2011	2010
Expenses				
Directors fees	\$ 12,900	\$ -	\$ 44,212	\$ -
Filing fees	7,189	1,725	19,014	12,421
Insurance	5,296	4,907	18,405	20,278
Investor relations	29,518	18,465	90,999	85,084
Management and consulting fees	96,296	67,610	454,465	252,860
Office and sundry	8,742	7,377	24,686	17,357
Professional fees	81,212	60,252	192,634	131,957
Rent	7,412	4,160	23,120	10,460
Stock based compensation expense	270,598	102,339	728,583	331,930
Transfer agent	2,866	4,767	10,438	9,060
Travel and accommodation	19,750	22,721	75,911	30,538
	541,779	294,323	1,682,467	901,945
Other items				
Foreign exchange gain	(37,254)	(62,064)	(54,549)	(509,184)
Interest income	(61,298)	(679)	(74,612)	(5,820)
Loss on write down of equipment	-	-	-	8,589
Impairment loss	-	-	5,929	42,185
Mineral exploration tax credit	-	-	-	(87,361)
Net loss for period	\$ 443,227	\$ 231,580	\$ 1,559,235	\$ 350,354

Net Loss

The net loss for the quarter ended March 31, 2011 was \$443,227 compared to \$231,580 for the quarter ended March 31, 2010 representing an increase of \$211,647. Included in the current quarter results is interest income of \$61,298 from surplus funds on hand invested in short term deposits.

The net loss for the year ended March 31, 2011 amounted to \$1,559,235 compared to a net loss for the year ended March 31, 2010 of \$350,354. Included in the year ended March 31, 2011 is interest income of \$74,612 from surplus fund on hand invested in term deposits.

Expenses

For the quarter ended March 31, 2011, total expenses were \$541,779 compared to \$294,323 recorded during the same period in 2010, representing an increase of \$247,456 or 84%. For the year ended March 31, 2011, total expenses were \$1,682,467 compared to \$901,945 for the year ended March 31, 2010. Significant variances that contributed to the increase are discussed below. Included in expenses is a non-cash charge of \$728,583 (March 31, 2010 - \$331,930) for stock-based compensation. After deducting the non-cash adjustment for stock-based compensation expenses, expenses totalled \$953,884 (March 31, 2010 - \$570,015) representing an increase of \$383,869 or 67%. Significant variances are discussed below.

Directors fees

For the quarter ended March 31, 2011, directors fees were \$12,900 compared to \$Nil for the quarter ended March 31, 2010. Directors fees expenses were \$44,212 for the year ended March 31, 2011 compared to \$Nil reported in the same period in 2010. Commencing February 1, 2011, the Company is compensating the independent directors an

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annual fee of \$25,000 to be paid quarterly; also in the year ended March 31, 2011, one director was paid \$30,000 (and CPP costs) for professional services related to various corporate activities.

Management and consulting fees

For the quarter ended March 31, 2011, management and consulting fees were \$96,296 compared to \$67,610 for the quarter ended March 31, 2010. Management and consulting fees expenses were \$454,465 for the year ended March 31, 2011 compared to \$252,860 reported in the same period in 2010. The increase of fees is related to the engagement of C2Partners LLC to assist with matters related to corporate communication and marketing, as well as advisory services for determination of potential mergers and acquisitions.

Professional fees

For the quarter ended March 31, 2011, professional fees were \$81,212 compared to \$60,252 for the quarter ended March 31, 2010. Professional fees were \$192,634 for the year ended March 31, 2011 compared to \$131,957 reported in the same period in 2011. Professional fees include audit and accounting and legal fees.

Rent

For the quarter ended March 31, 2011, rent fees were \$7,412 compared to \$4,160 for the quarter ended March 31, 2010. Rent expenses were \$23,120 for the year ended March 31, 2011 compared to \$10,460 reported in the same period in 2010. In 2010 the corporate office was in temporary sublet offices. The office moved March 2010 to different premises at increased rates.

Stock-based compensation

For the quarter ended March 31, 2011, stock-based compensation was \$270,598 compared to \$102,339 for the quarter ended March 31, 2010. Stock-based compensation expenses was \$728,583 for the year ended March 31, 2011 compared to \$331,930 reported in the same period in 2010. This non-cash expense can have significant variances from time to time dependent upon options issued and assumptions used in the calculations.

Travel and accommodation

For the quarter ended March 31, 2011, travel and accommodation expenses were \$19,750 compared to \$22,721 for the quarter ended March 31, 2010. Travel and accommodation expenses were \$75,911 for the year ended March 31, 2011 compared to \$30,538 reported in the same period in 2010. The corporate office is in Vancouver, British Columbia and travel is required to visit the Copper Creek property in Arizona. Travel also included trips to Toronto, Montreal and New York for financing matters relating to the December 2010 private placement. These travel requirements increased in the current period to date due to the recovery of the market and increased interest by third parties in the Copper Creek asset or investing in the Company.

LIQUIDITY AND CAPITAL RESOURCES

The Company's cash and working capital position as at March 31, 2011 compared to March 31, 2010 is as follows:

	March 31, 2011		March 31, 2010
Cash and cash equivalents and term deposit	\$	19,119,422	\$ 713,419
Working capital		18,918,081	703,830

The substantial increase in cash and working capital is directly related to financings in the fiscal year ended March 31, 2011.

CONTRACTUAL AGREEMENTS

Copper Creek Agreement

On September 17, 2010 the Company entered into a Royalty Purchase and Sale Agreement (the "Agreement") with AMT (USA) Inc. to buy out the advance royalty payment and the 2.25% Net Smelter Royalty retained by AMT as part of the original Copper Creek property acquisition. The Agreement requires a payment of \$350,000 (paid September 20, 2010) and \$900,000 in quarterly payments due as follows:

January 30, 2011	\$ 150,000	(paid)
April 30, 2011	150,000	(paid)
July 30, 2011	150,000	
October 30, 2011	150,000	
January 30, 2012	150,000	
April 30, 2012	150,000	
	<u>\$ 900,000</u>	

The Agreement requires a further \$500,000 payment should the Company enter into a major transaction during the two year period after closing the agreement.

In accordance with the Agreement the property is subject to a 3% Net Return Royalty granted by AMT 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.

D & G Mining Agreement

In November 2005, the Company entered into a lease to purchase agreement with a third party for additional property within the Copper Creek boundaries. The Company paid US\$80,000 at the end of years one and two and was required to pay US\$100,000 in November 2008 and annually thereafter until the end of year fifteen. On November 4, 2009 the Company entered into an amending agreement to defer the November 2009 payment of US\$100,000 as follows: US\$40,000 due and paid November 16, 2009 and US\$60,000 paid January 6 2010.

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

Freeport-McMoRan Agreement

In April 2007 the Company entered into a purchase agreement with Freeport-McMoRan Copper & Gold Inc. ("Freeport") to acquire additional mining claims within the Copper Creek boundaries. The purchase price for the property was US \$3,200,000, payable by a deposit of US \$500,000 (paid), and delivery of a promissory note for US \$2.7 million. The property is subject to a 1% net smelter return royalty in favour of Freeport. As at March 31, 2011, US\$1,663,249 of the promissory note remains outstanding.

RELATED PARTY TRANSACTIONS

Except as disclosed elsewhere in these financial statements, related party transactions incurred during the year ended March 31, 2011 are as follows:

- a) Consulting fees totalling \$28,000 (2010-\$28,000) for services provided by the Chief Financial Officer of the Company. The balance owing at March 31, 2011 is nil.
- b) Consulting fees totalling \$155,000 (2010-\$82,500) were paid to a Company controlled by the managing director of the Company. The balance owing at March 31, 2011 is nil.
- c) Directors fees totalling \$44,212 (2010 – \$Nil) were paid to the directors of the Company. The balance owing at March 31, 2011 was \$12,900 (2010 - \$Nil).
- d) Consulting fees totalling US\$180,000 (2010- US\$82,500) were paid to the president and director of the Company. The balance owing at March 31, 2011 is \$49,500.
- e) Rent and office supplies totalling \$8,588 (2010- \$9,536) was charged to a company with common management. The amount receivable at March 31, 2011 is \$Nil, 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.

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, 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, 2011.

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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 March 31, 2011, the Company had cash and term deposits of \$19,119,422 (2010 - \$713,419) to settle current liabilities of \$479,799 (2010 - \$67,715).

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.

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

International Financial Reporting Standards ("IFRS") Implementation Plan

The Canadian Accounting Standards Board has confirmed that IFRS will replace current Canadian GAAP for publicly accountable enterprises, effective for fiscal years beginning on or after January 1, 2011. Accordingly, the Company will report interim and annual financial statements (with comparatives) in accordance with IFRS beginning with the quarter ended June 30, 2011. 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 further analysis will be required for all current accounting policies, the initial key areas of assessment have included:

- Exploration and development expenditures;
- Property, plant and equipment (measurement and valuation);
- Provisions, including asset retirement obligations;
- Stock-based compensation;
- Accounting for joint ventures;
- Accounting for income taxes; and
- 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; financial statement note disclosures; information technology; internal controls; contractual arrangements; and employee training. The Company expects to be ready for the transition to IFRS

As listed above, a number of accounting areas have been identified where IFRS differs from current Canadian GAAP, which are expected to have an impact on the Company's financial statement. These key

areas are explained below. It would appear that IFRS will require more extensive disclosure and analysis of balances and transactions in the notes to the financial statements, financial reporting systems and controls.

IFRS 1, First-time Adoption of IFRS

IFRS1 provides entities adopting IFRS for the first time with a number of exemptions in certain areas, to the general requirements for full retrospective applications of IFRS. The purpose of these options is to provide relief to companies and simplify the conversion process by not requiring them to recreate information that may not exist or may not have been collected at the inception of the transaction. We have analyzed the various exemptions available and are working towards implementing those most appropriate in our circumstances. These exemptions may include share-based payments and foreign exchange transactions.

Mineral Properties, Exploration and Development Costs

IFRS currently allows exploration and evaluation expenses to be either capitalized or expensed. The Company expects to continue to capitalize its exploration and evaluation expenses.

Impairment of Mineral Properties

Canadian GAAP provides for a two step test with no impairment being required if the undiscounted future expected cash flows relating to an asset are higher than the carrying value of the asset. Under IFRS, the undiscounted cash flows are not considered and an impairment is recorded when the recoverable amount (defined as the higher of the 'value in use' and 'fair value less costs to sell') is below the asset's carrying value.

Write-down to net realizable value can be reversed under IFRS if the conditions of impairment cease to exist. This difference in approach between Canadian GAAP and IFRS could result in potentially significant volatility in future earnings.

Share-Based Payments (Stock-Based Compensation)

Under IFRS, each instalment is to be treated as a separate share option grant with graded-vesting features, forfeitures are to be estimated at the time of grant and revised if actual forfeitures are likely to differ from previous estimates and options granted to parties other than employees are measured on the date the goods or services received. The concept of employees and others providing similar services is a broader concept under IFRS. The Company is currently recording stock-based compensation expenses on a straight line basis over the vesting period and forfeitures as they occur. The transition to IFRS will result in variability in the compensation expenses.

The Company continues to monitor IFRS standards development as issued by the International Accounting Standard Board and the regulators which may affect the timing, nature and disclosure of the Company's adoption of IFRS.

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.

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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. 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

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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 March 31, 2011 was \$15,988,927. 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.

LEGAL CLAIMS AND CONTINGENT LIABILITIES

At June 30, 2011, 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 June 30, 2011, the Company had 138,378,287 common shares outstanding. As at the same date there were 24,490,854 warrants outstanding at exercise prices from \$0.23 to \$1.00 per share. In addition 7,884,000 stock options were outstanding at exercise prices from \$0.17 to \$0.79 per share.

	<u>Number of shares</u>	<u>\$</u>	<u>Number of options</u>	<u>Exercise price</u>	<u>Expiry date</u>
Issued and outstanding:	<u>138,378,287</u>	<u>43,359,421</u>	300,000	\$0.60	Aug 1, 2011
			16,000	\$0.17	Aug 1, 2011
			58,000	\$0.25	Aug 1, 2011
			250,000	\$0.65	Feb 22, 2012
			500,000	\$0.60	Jul 5, 2012
			150,000	\$0.17	Jul 5, 2012
			100,000	\$0.25	Jul 5, 2012
			150,000	\$0.60	Nov 1, 2012
			200,000	\$0.60	Dec 10, 2012
			50,000	\$0.17	Dec 10, 2012
			960,000	\$0.25	Apr 6, 2014
			1,240,000	\$0.17	Apr 6, 2014
			1,350,000	\$0.22	Nov 10, 2014
			825,000	\$0.42	Jul 9, 2015
			1,235,000	\$0.79	Feb 11, 2016
			<u>500,000</u>	<u>\$0.75</u>	Mar 21, 2016
			<u>7,884,000</u>	<u>\$0.43</u>	[weighted avg.]

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,

June 30, 2011

“R. Joe Sandberg”
 President & Chief Executive Officer