



MANAGEMENT DISCUSSION  
AND ANALYSIS

THREE MONTH PERIOD ENDED  
JUNE 30, 2017

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*This discussion and analysis should be read in conjunction with the consolidated financial statements and related notes thereto for the three-month period ended June 30, 2017, and 2016 (the "Financial Statements"), which have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by IASB. 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 August 10, 2017, 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 Copper Creek Project LLC as described below. 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.

### **1. DESCRIPTION OF BUSINESS**

The Company and its wholly-owned subsidiaries, Redhawk Copper, Inc. ("RDK Copper") and Redhawk Resources (USA), Inc., are engaged in the acquisition, exploration and development of mineral resources. The primary focus to date has been on the development of its Copper Creek copper-molybdenum project in San Manuel, Arizona. The Copper Creek project is held in a wholly owned corporation- Copper Creek Project LLC and financial activities are consolidated with the Company.

#### **COPPER CREEK PROJECT**

The twenty nine square mile Copper Creek property is 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. Silver is also present in both deposit types and are expected to provide a credit 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.

Effective November 25, 2014, Anglo American US Holdings Inc. ("Anglo Holdings"), a wholly owned subsidiary of Anglo American Exploration (USA) Inc. ("Anglo Exploration USA") entered into a definitive agreement among RDK Copper and Copper Creek Project LLC ("CCP" a limited liability company pursuant to the laws of Delaware) (the "Definitive Agreement") replacing a binding Letter Agreement with Anglo Exploration USA dated August 11, 2014 (the "Letter Agreement"). The Definitive Agreement provided for exploration and development efforts on the Copper Creek property (the "Project", "Copper Creek Project").

On October 28, 2016, Anglo American US Holdings Inc. ("Anglo") provided the Company with notice of a voluntary withdrawal as a member of Copper Creek Project LLC, effective as of that date.

The substance of this withdrawal is that the entire 60% ownership interest of Anglo in CCP transferred back to the Company. Anglo will no longer have any rights, title, interest or claim in CCP or the assets of same. Reclamation of Bureau of Land Management ("BLM") and private land disturbances was completed in November 2016.

As well, under the terms of the agreement, Anglo remained responsible for ensuring the funding of CCP in order to have CCP discharge property payments due within 90 days from Anglo's notice of withdrawal. Anglo has provided Copper Creek Project LLC with funds toward these obligations including the budgeted amount for the December 31, 2016 audit of Copper Creek Project LLC.

Management fees earned by the Company ceased as of the withdrawal date.

Currently management has no plans to spend further on this project and as such the property was fully impaired at the March 31, 2017.

#### **MINERAL PROJECTS**

The Company is currently reviewing multiple mineral projects for possible involvement. This may include a future acquisition of the Company by an independent party.

#### **Other Matters**

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".

## **2. OVERALL PERFORMANCE AND RESULTS OF OPERATIONS**

Comments relate principally to those events, transactions and activities in 2016 and 2017 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](http://www.sedar.com).

On March 16, 2017, the Company completed a non-brokered private placement of 2,300,000 units at a price of \$.055 per unit, raising gross proceeds of \$126,500. Each unit consists of one common share and one-half of one common share purchase warrant. Each whole warrant is exercisable into one additional share for a period of two years at a price of \$.075 per share.

Based on the current plans at March 31, 2017, the Company determined there were indicators of impairment for the Copper Creek property. The Company retains title however there are no further plans for the Copper Creek property. The total amount recorded as Exploration and Evaluation Assets, representing costs and expenditures on the Copper Creek property, was fully impaired during the year ended March 31, 2017.

### **3. LIQUIDITY AND CAPITAL RESOURCES – FINANCIAL CONDITION OF THE COMPANY**

At June 30, 2017, the Company had current assets of \$95,900 and current liabilities of \$1,790,597 compared to current assets of \$214,508 and current liabilities of \$1,831,522 as at March 31, 2017. Working capital is negative \$ 1,694,697 at June 30, 2017, compared to negative \$1,617,014 at March 31, 2017.

Equity at June 30, 2017, was negative \$3,203,473 compared to negative \$3,134,175 at March 31, 2017

**The Company must immediately raise a minimal level of cash to continue operations as a public company.**

**The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to a going concern, which assume that the Company will realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.**

**Several adverse conditions cast significant doubt upon the validity of this assumption. Consistent with other entities in the exploration stage, the Company has incurred operating losses since inception, is unable to self-finance operations, and has significant cash requirements to meet its overhead.**

**If the going concern assumption was not applicable then adjustments would be necessary to the carrying value of assets and liabilities, the reported expenses and the financial position statement classifications used, and such adjustments would be material.**

### **4. RESULTS OF OPERATIONS**

The information for the three months ended June 30, 2017 and 2016 is based on the condensed consolidated interim financial statements:

	Three month period ended June 30,	
	2017	2016
<b>Expenses</b>		
Filing fees	\$ 13,772	\$ 6,551
Insurance	7,087	4,000
Investor relations	-	554
Management and consulting fees	10,000	70,425
Office and sundry	19,992	10,070
Professional fees	27,739	25,136
Project costs, including interest	42,037	12,101
Rent	232	4,700
Share-based compensation	-	1,363
Transfer agents	4,268	2,066
Travel and accommodations	-	1,273
<b>Total expenses</b>	<b>(125,127)</b>	<b>(138,239)</b>
Interest expense	(8,609)	(6,794)
Foreign exchange gain	6,850	4,666
Management fee income	-	78,025
Mark to market adjustment on US dollar denominated warrants	-	278
<b>Net loss for the period</b>	<b>\$ (126,886)</b>	<b>\$ (62,064)</b>

**EXPENSES**

For the quarter ended June 30, 2017, total expenses were \$125,127 compared to \$138,239 recorded during the same period in 2016, representing a decrease of \$13,112 or 9%.

Material variances over the comparable period are discussed below.

**Management and consulting**

For the quarter ended June 30, 2017, management and consulting fees were \$10,000 compared to \$70,425 for the quarter ended June 30, 2016, a decrease of \$60,425. The decrease is due to management's decision to conserve cash.

**Project costs, including interest**

For the quarter ended June 30, 2017, project generation was \$42,037 compared to \$12,101 for the quarter ended June 30, 2016. Included in this category are costs related to evaluating potential projects for the Company. The Company's accounting policy is to expense such costs until the Company has acquired legal title to the property. The increase in the quarter ending June 30, 2017 is related to the fact that all of the costs associated with the Copper Creek Project LLC, including \$24,674 in interest on long term debt, are recorded as project generation effective April 1, 2017.

**OTHER ITEMS****Management fee income**

For the quarter ended June 30, 2017, management fee income was \$nil compared to \$78,025 for the quarter ended June 30, 2016. Management fee income was earned for managing the Copper Creek Project which was discontinued during the year ended March 31, 2017.

**5. SUMMARY OF QUARTERLY FINANCIAL INFORMATION**

The following Information is derived from unaudited interim consolidated financial statements:

<b>Fiscal quarter ended</b>	<b>Revenues<sup>1</sup></b>	<b>Net loss – total</b>	<b>Loss from continuing operations – per share<sup>1,2</sup></b>	<b>Net comprehensive income/(loss) – total<sup>3</sup></b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
June 30, 2017	Nil	(126,886)	(0.00)	(69,298)
March 31, 2017	Nil	(14,062,915)	(0.09)	(14,334,814)
December 31, 2016	Nil	(341,681)	(0.00)	65,667
September 30, 2016	Nil	(13,117,988)	(0.08)	(12,887,544)
June 30, 2016	Nil	(62,064)	(0.00)	(195,144)
March 31, 2016	Nil	(118,338)	(0.00)	(1,760,137)
December 31, 2015	Nil	(132,010)	(0.00)	818,426
September 30, 2015	Nil	(249,387)	(0.00)	1,396,149

(1) Revenues exclude interest income. Fully diluted per share amounts are not presented 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.

**6. TRANSACTIONS WITH RELATED PARTIES**

The following amounts due to related parties are included in liabilities:

	<b>June 30, 2017</b>	<b>March 31, 2017</b>
Directors and officers of the Company - trade	\$ 351,891	\$ 342,893
Directors and officers of the Company - short term notes payable	441,462	446,807
	<b>\$ 793,353</b>	<b>\$ 789,700</b>

The Company has indebtedness to a number of officers, directors and advisors. The indebtedness has arisen principally from cash payments being made at less than the accrued and recorded liabilities for services provided. The notes payable are a summary of these obligations, and have the following attributes:

- (1) To be paid in full on December 31, 2017;
- (2) Non-interest bearing; and

- (3) The notes may be used as partial or full payment for the acquisition of the Company's common shares. This may be before December 31, 2017. If so used, the amount will then be deemed to be a payment on the principal amount of the note.

#### Key management compensation

	Three month period ended	
	June 30, 2017	June 30, 2016
Management fees	\$ 10,000	\$ 102,259
Share-based compensation	-	1,363
	\$ 10,000	\$ 103,622

Key management is considered to be the Executive Chairman, Chief Executive Officer, Chief Financial Officer and Directors.

#### 7. OFF BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

#### 8. PROPOSED TRANSACTIONS

As of the date of this document, there are no transactions approved by the Board of Directors.

#### 9. CRITICAL ACCOUNTING ESTIMATES

The Company's significant accounting estimates 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 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:

The preparation of the consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements are made in particular with regard to assessment of impairment to the carrying value of the Company's assets.

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.

## **10. NEW ACCOUNTING STANDARDS**

### **Recent Accounting Standards Not Yet Applied**

The following standards, interpretations and amendments, which have not been applied to in these consolidated financial statements, will or may have an effect on the Company's future consolidated financial statements. The Company is in the process of evaluating these new standards.

#### IFRS 9, Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9, Financial Instruments, to replace IAS 39, Financial Instruments: Recognition and Measurement, and ("IAS 39). IFRS 9 introduces a single approach to determine whether a financial asset is measured at fair value through profit and loss, fair value through other comprehensive income, or at amortized cost. Measurement and classification of financial assets is dependent on the entity's business model for managing financial assets and the contractual cash flow characteristics of the financial asset. For financial liabilities, IFRS 9 retains most of the IAS 39 requirements; however, where the fair value option is applied to financial liabilities, the change in fair value resulting from an entity's own credit risk is recorded in other comprehensive income rather than net earnings, unless this creates an accounting mismatch.

In addition, a new expected credit loss model for calculating impairment on financial assets replaces the incurred loss impairment model used in IAS 39. IFRS 9 no longer requires a triggering event to have occurred before credit losses are recognized. An entity is required to recognize expected credit losses when financial instruments are initially recognized and to update the amount of expected credit losses recognized at each reporting date to reflect changes in the credit risk of the financial instruments. In addition, IFRS 9 requires additional disclosure about expected credit losses and credit risk. IFRS 9 also includes a simplified hedge accounting model, aligning hedge accounting more closely with risk management. The Company does not currently apply hedge accounting.

IFRS 9 is effective for years beginning on or after January 1, 2018, with early adoption permitted. The IFRS 9 is effective for years beginning on or after January 1, 2018, with early adoption permitted. The Company is currently evaluating the impact of adopting IFRS 9 on the consolidated financial statements.

#### IFRS 16, Leases

In January 2016, the IASB announced its new leasing standard, IFRS 16. The new standard will eliminate the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. The new standard will, instead, present a single on-balance sheet accounting model that is similar to current finance lease accounting. The new standard will take effect for fiscal years starting on or after January 1, 2019.

The Company expects the new standard to result in some leases that are currently accounted for under the operating lease method being added to the balance sheet. The Company is in the process of determining the extent of the impact of adopting this standard.

## **11. 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, embedded derivatives and accrued liabilities are classified as other financial liabilities.

At each reporting date, the Company assesses whether there is objective evidence that a financial asset 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.

## **12. 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 June 30, 2017, was \$71,571,674. 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.

### **13. OTHER MD&A DISCLOSURE REQUIREMENTS**

#### **Information available on SEDAR**

As specified by National Instrument 51-102, Redhawk advises 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 CEO and the CFO are responsible for establishing and maintaining disclosure controls and procedures. The Company's disclosure controls and procedures are designed to provide reasonable assurance that material information relating to the Company is made known to Management in a timely manner so that information required to be disclosed under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation.

The CEO and the CFO, together with Management, after evaluating the effectiveness of the Company's disclosure controls and procedures at June 30, 2017, have concluded that the Company's disclosure controls and procedures were effective.

#### Internal Controls over Financial Reporting

The CEO and the CFO are responsible for establishing and maintaining internal control over financial reporting. The Company's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements for external purposes in accordance with IFRS.

The CEO and the CFO, together with Management, after evaluating the effectiveness of the Company's internal control over financial reporting as at June 30, 2017, have concluded that the Company's internal control over financial reporting was effective.

The CEO and the CFO, together with Management, have concluded, after conducted an evaluation and to the best of their knowledge that, at June 30, 2017, no change in the Company's internal control over financial reporting occurred that could have materially affected or is reasonable likely to materially affect the Company's internal control over financial reporting.

#### Outstanding Share Data

As at August 10, 2017, the Company had 159,998,138 common shares outstanding. As at the same date there were 1,341,500 warrants outstanding with an exercise price of \$0.055-\$0.075. In addition, 11,425,000 stock options were outstanding at exercise prices from \$0.05 to \$0.35 per share.

	<u>Number of shares</u>	<u>Number of options</u>	<u>Exercise price</u>	<u>Expiry date</u>
<b>Issued and outstanding</b>	159,998,138	200,000	\$0.35	Nov 1, 2018
		<u>11,225,000</u>	\$0.05	Sep 9, 2020
		<u>11,425,000</u>		
		<u>Number of warrants</u>	<u>Exercise price</u>	<u>Expiry date</u>
		191,500	\$0.055	Aug 24, 2017
		<u>1,149,998</u>	\$0.075	Mar 14, 2019
		<u>1,341,498</u>		

Vancouver, British Columbia

August 10, 2017

**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.