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Gold Hawk Resources Inc.

Management's Discussion & Analysis
For the Three Months Ended March 31, 2008 *(unaudited)*

CGK:TSXV

The following Management's Discussion and Analysis ("MD&A") of the financial condition and results of the operations of Gold Hawk Resources Inc. ("Gold Hawk" or "the Company") and its wholly owned subsidiaries constitutes management's review of the factors that affected the Company's financial and operating performance for the three months ended March 31, 2008.

This discussion dated May 30, 2008 should be read in conjunction with the Company's unaudited consolidated Financial Statements and associated Notes for the three months ended March 31, 2008. Please also refer to the cautionary statement of forward-looking information at the end of the MD&A. The Company's unaudited consolidated Financial Statements are prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP") as fully described in Note 2 of the March 31, 2008 unaudited consolidated financial statements and reported in Canadian dollars unless otherwise noted.

Further information regarding the Company and its operations are filed electronically on the System for Electronic Document Analysis and Retrieval (SEDAR) in Canada and can be obtained from www.sedar.com.

OVERVIEW

Gold Hawk is a Canadian based precious and base metals producer with reserves and resources containing gold, silver, lead, zinc and copper. Since the acquisition of the wholly owned Coricancha Mine in Peru in March 2006, the mine and concentrator have been refurbished and commercial production status was achieved on October 1, 2007. The rated capacity of the processing facility is approximately 600 tonnes of ore per day, with potential for expansion to 900 tonnes per day by the end of 2008. The Company, through its subsidiary, Compania Minera San Juan (Peru) S.A., has approximately 600 employees.

The Company also has exploration properties in Peru and Canada (Quebec), and although these properties have been previously written off, management continues to pursue joint venture partners to continue exploration and development of the properties.

Gold Hawk Resources Inc. is listed on the TSX Venture Exchange under the symbol CGK.

FIRST QUARTER 2008 HIGHLIGHTS

Major highlights and developments during the three month period ended March 31, 2008 included:

- Generating first quarter revenue from metal sales of $2.7 million
- Completed the Company's second full quarter of commercial production, with more than 36,000 tonnes of ore processed in the quarter ended March 31, 2008 and production of 1,511 ounces of gold, 81,622 ounces of silver, 804,616 pounds of lead and 885,009 pounds of zinc;
- Improving gold recoveries and production with more than 1,500 ounces of gold produced in the first quarter;
- Increasing throughput in the first quarter with an average of 405 tonnes milled per day;
- Advancing the construction of the Southern Extension tailings handling area; and
- Strengthening the leadership team with the appointment of Victor Rozon as Vice President Projects.

Recent Developments subsequent to March 31, 2008

On May 9, Gold Hawk temporarily suspended operations at its Coricancha Mine in Peru due to natural ground displacement in and around its tailings area. Following an initial assessment performed by a senior engineering and geotechnical consulting firm, the Company was advised that due to the limited monitoring data collected to date, more data will be required to make a decision regarding future actions to be taken. The Company was also advised that based on the available information collected to date, and considering the actions already taken by the Company to control the displacement, it is unlikely that a major failure could occur under current normal conditions.

A civil engineering and geotechnical consulting firm based in Lima, and who is familiar with the property, provided Gold Hawk management with an initial assessment of the probable factors that may have contributed to the ground displacement. The Company took a number of steps to immediately mitigate the situation. As the extent and direction of the movement has not been accurately determined as yet, the precautionary measure of the temporary suspension of operations will continue until a potential remedy is determined.

Subsequent to quarter end, an accounts receivable balance of approximately US$263,200 with a previous off-take customer was settled. The Company signed an agreement to accept a compensating balance of US$130,000 to close off the account. The balance originates from both final settlement of 2007 invoices (US$82,800) and from new sales during the first quarter (US$ $181,200). An allowance of US$133,200 is recorded in these statements to reflect the final settlement.

The Company's cash flow has been adversely affected by the temporary suspension of mine operations at Coricancha and to mitigate this situation, management has initiated a strict cost control program. In spite of these cost control efforts, it is expected that cash on hand at May 30, 2008 will not be sufficient to fund the Company's needs for the next 12 months. While the Company has been successful in raising funds in the past, it is uncertain whether it will be able to raise sufficient funds to finance its operations in the future.

On June 2, 2008, the Company made its US$937,500 scheduled repayment of its current short-term debt.

Management is currently reviewing several funding options including equity and debt financing and is in active discussions with its primary lenders. Specifically, the Company has negotiated a "standstill" agreement with its primary lender that postpones all scheduled payments until October 1, 2008 and expects to complete a new US$2.0 million secured bridge loan with one of its existing lenders shortly. Proceeds of the loan will be used by the Company solely for expenditures related to its Coricancha Mine. The secured bridge loan lender conducted a recent on-site technical due diligence visit to the Coricancha Mine in Peru.

The Company's ability to continue as a going concern is dependent upon its ability to obtain additional debt or equity financing to meet its obligations as they come due, and to successfully achieve profitable operations in the future. If the Company were unable to continue as a going concern, then significant adjustments would be required to the carrying value of assets and liabilities, and to the balance sheet classifications used.

The Company's cash flow has been adversely affected by the temporary suspension of mine operations at the Coricancha Mine and as part of the initial mitigation, management has initiated a strict cost control program. In spite of these cost control efforts, it is expected that cash on hand at May 30, 2008 will not be sufficient to fund the Company's needs for the near-term.

RESERVES AND RESOURCES

The Company released its most recent update of mineral reserve and mineral resource estimates for the Coricancha Mine as at January 31, 2007. The estimates were independently reviewed and verified by Mr. John W. Rozelle, of Gustavson Associates, LLC ("Gustavson") of Boulder Colorado in accordance with National Instrument 43-101 Standards of Disclosure for Mineral Projects ("NI 43-101"). A summary of the results are included in the accompanying table and a copy of the full Technical Report was filed on SEDAR (www.SEDAR.com) on April 20, 2007.

Proven and Probable Reserves		January 31, 2007				
	Tonnes	Au g/t	Ag g/t	Pb %	Zn %	Cu %
Proven	152,657	4.43	166.71	2.94	2.42	0.30
Probable	283,860	5.45	158.38	2.60	2.57	0.31
Total	**436,517**	**5.09**	**161.29**	**2.72**	**2.52**	**0.31**

Measured and Indicated Resources (*)		January 31, 2007				
	Tonnes	Au g/t	Ag g/t	Pb %	Zn %	Cu %
Measured	112,497	6.17	231.97	4.07	3.38	0.41
Indicated	538,733	6.57	193.81	2.98	3.94	0.44
Total	**651,230**	**6.50**	**200.40**	**3.17**	**3.84**	**0.44**

(*) Includes proven and probable reserves but excludes inferred resources.

Inferred Resources (**)		January 31, 2007				
	Tonnes	Au g/t	Ag g/t	Pb %	Zn %	Cu %
Constancia Vein	1,447,438	6.28	185.38	3.61	3.79	0.36
Wellington Vein	744,858	6.94	228.92	2.39	3.94	0.58
Escondida	193,688	4.85	282.11	2.92	3.85	0.43
San José	63,010	3.95	139.03	11.14	0.10	0.10
Colquipallana	170,253	9.49	219.28	3.59	4.10	0.00
Animas	907,405	2.36	457.53	0.30	0.48	0.11
Rocío	384,566	3.67	174.18	2.19	4.94	0.60
Total	**3,911,218**	**5.27**	**261.23**	**2.56**	**3.12**	**0.35**

(**) Mineral resources which are not mineral reserves do not demonstrate economic viability.

REVIEW

Gold Hawk attained a number of significant achievements in the three-month period ended March 31, 2008 and primary among these are the improvements in metal and average metallurgical recoveries for all metals since commercial production at the Coricancha Mine began last October. The Coricancha Mine achieved an average of 405 tonnes per day (tpd) in the first quarter with 36,908 tonnes processed in total. Tonnes of ore milled improved throughout the period, from an average of 387 tonnes per day (tpd) in January, to 402 tpd in February and 427 tpd in March. Mill throughput remained temporarily below capacity because of tailings handling limitations, which will be remedied with the installation of new filter press equipment.

Concentrate produced for the quarter was 781 tonnes and 666 tonnes of zinc and lead concentrate, respectively. Concentrate grades for lead and zinc have been improving since commercial production began as well as compared to fourth quarter 2007 results, with an average zinc concentrate grade of 51.4% and lead concentrate of 54.8% in the first quarter. Average mill head grades for gold and silver also show improvement quarter-over-quarter, with gold improving from 2.66 gms/tonne in the fourth quarter to 3.13 gms/tonne in the first quarter and silver improving from 81.0 gms/tonne to 94.5 gms/tonne.

The results for the three months ended March 31, 2008, which is the second full quarter of operation of the Coricancha Mine (see "Results from Operations" below), were affected by temporary tailings handling limitations initially encountered in the fourth quarter of 2007 and due to the high-moisture output of the existing vacuum filtering equipment. The first of two filter presses to replace the vacuum filtering equipment has been delivered to the processing plant for installation. The Company looks forward to the commissioning of the new filter as once in operation, it is expected that rated production of 600 tpd will be reached. A second filter is on order and will be used as a backup during maintenance and repairs.

The DMS plant under construction will reduce waste rock (dilution) from the run of mine ore before it is processed, leading to higher grade of ore to be milled. The DMS plant construction time line parallels the filter press installation schedule.

The impact on the mine plan of the 2007 equipment delivery delays prior to attaining commercial production resulted in less than planned mine ore grades due to limited access to the higher grade areas of the mine. Rehabilitation work to allow access to higher grade production stopes was undertaken in late first quarter and it is the Company's intention to continue once full operations have resumed.

EXPLORATION

Development of the 3,140 meter level has continued on two levels, the main 3,140 meter level and a sub-level located three meters above the main 3,140 meter level. Mineralogical comparisons between the Constancia Vein in the higher levels of the mine and the 3,140 meter level vein appear to correlate both geologically and physically and thus there is a high probability that the 3,140 meter level vein is in fact the downward extension of the Constancia Vein.

The average vein grade of the 150 meters of development on the 3140 meter level is as follows: 0.55% lead, 3.49%, zinc, 169 grams per tonne silver and 2.31 grams per tonne gold over an average vein width of 0.92 meters. The average grades reported over the 150 meters of development have been taken from channel samples across the vein every 2 meters along strike. Included in the average for the 3,140 meter level are a number of higher grade sections including an 18-meter section grading 0.61% lead, 5.21% zinc, 274 grams per tonne of silver and 2.75 grams per tonne of gold over a 1.02 meter true vein width. Similarly values of 0.25% lead, 5.66% zinc, 232 grams per tonne of silver and 4.91 grams per tonne of gold over a true vein width of 0.70 meters in the sub-level have been encountered over the same 18 meter section.

Results of 41 duplicated samples sent to ALS Chemex Laboratory show a good correlation and fall within an acceptable level of accuracy for the samples analyzed and reported above.

Projecting this vein southward to the property boundary gives approximately an additional 2,000 meters of potential strike length to be developed. With a vertical extent of 320 meters and the strike length of 2,000 meters, there is the potential to significantly increase the total resources in the Constancia Vein between the 3,140 and 3,460 meter levels. In addition, the vein is open at depth below the 3,140 meter level.

Mr. Rodney Lamond, P. Eng. is the Qualified Person as defined by National Instrument 43-101 for technical information contained in this MD&A, and Mr. Lamond has reviewed and approved all technical information contained in the MD&A.

RESULTS FROM OPERATIONS

Commercial production, for accounting purposes commenced October 1, 2007 at which time sales and operating costs were reported on Gold Hawk's income statement. Prior to October 1, 2007, the Company was in the pre-production stage for accounting purposes, and sales and operating costs were capitalized for reporting purposes and not included in operating results.

For the three-month period ended March 31, 2008, the results from operations reflect the second full quarter of commercial production at the Coricancha Mine. For this three-month period ended March 31, 2008 and December 31, 2007, the mine production is summarized as follows:

	Mar 31, 2008	Dec 31, 2007
Ore processed/tonnes milled	36,908	35,207
Average tonnes milled per day	405	382
Average gold grade (grams/tonne)	3.13	2.66
Gold recovery (%)	41	21
Gold ounces produced	1,511	647
Average silver grade (grams/tonne)	95	81
Silver recovery (%)	79	77
Silver ounces produced	81,622	70,676
Pounds of lead produced	804,616	561,076
Pounds of zinc produced	885,009	814,828

Subsequent to the end of the first quarter and prior to the temporary suspension of crushing and milling operations, there have been further improvements in the operating rate, metal recoveries, concentrate grades and production.

For the three-month period ended March 31, 2008, revenues from the sale of gold and silver dore, and from lead and zinc concentrates, totaled $2,703,855 (Q1, 2007 $Nil) for the period, and direct operating costs totaled $5,246,362 (Q1, 2007 $Nil). Direct operating costs include non-cash expenses of depreciation and depletion of $1,075,529 (Q1, 2007 $Nil) and accretion of asset retirement obligation of $258,510 (Q1, 2007 $Nil).

Transportation costs to move wet tailings as well as dike maintenance costs for the tailings handling area added US$798,161 of direct costs to three-month period ended March 31, 2008. The tailings handling costs are expected to be significantly reduced once the Southern Extension tailings handling area is operational.

Summary of Quarterly Results

	Mar 31, 2008	Dec 31, 2007	Sept 30, 2007	June 30, 2007
Sales revenue	$ 2,703,855	$ 1,665,525	$ -	$ -
Interest income	$ 10,967	$ 57,695	$ 64,946	$ 50,235
Net loss	$ (3,731,226)	$ (3,199,124)	$ (3,567,558)	$ (4,795,153)
Basic and diluted net loss per share	$ (0.02)	$ (0.02)	$ (0.02)	$ (0.03)

	Mar 31, 2007	Dec 31, 2006	Sept 30, 2006	Jun 30, 2006
Sales revenue	$ -	$ -	$ -	$ -
Interest income	$ 99,073	$ 16,609	$ 23,704	$ 39,682
Net loss for the period	$ (699,969)	$ (2,296,531)	$ (449,475)	$ (5,583,085)
Basic and diluted net loss per share	$ -	$ (0.02)	$ -	$ (0.05)

Interest revenue of $10,967 for the three months ended March 31, 2008, was interest earned on cash deposited with Scotiabank Canada and in guaranteed investment accounts. Interest revenue of $99,073 in the comparable 2007 period was from interest earned on proceeds deposited in December 2006 from the exercise of 32,500,000 warrants. The Company has no exposure to asset backed commercial paper.

During the quarter, the Company recorded a net loss of $3,731,226 ($0.02 basic and diluted loss per share) as compared with a net loss of $699,969 ($Nil basic and diluted loss per share) in 2007. The loss for the current year includes a loss from mining operations for the quarter ended March 31, 2008 of $2,542,507 (Q1, 2007 $Nil), incurred in the Company's second full quarter of commercial production at its Coricancha Mine in Peru.

Additional items contributing to the quarterly loss included stock-based compensation expense of $75,837 (Q1, 2007 $24,170). During the period, a loss on the Company's lead and zinc derivative instruments of $307,918 (Q1, 2007 ($327,361) was also incurred, consisting of both losses incurred on derivative settlements as they came due and a mark-to-market adjustment on the Company's existing derivative instruments as at March 31, 2008. Although the Company has entered into these derivatives with the intent of minimizing price risks associated with fluctuating metal commodity prices, the Company's derivative undertakings do not qualify for 'hedge accounting' treatment under Canadian GAAP. Also contributing to the first quarter loss was increased general and administration expenses of $756,296 (Q1, 2007 $575,330), which have increased (see below) as the Company strengthened its management team and incurred additional expenditures while actively pursuing its growth strategy.

The loss was reduced by a foreign exchange gain of $464,949 (Q1, 2007 ($188,264)), which resulted primarily from the weakening of the $Canadian/$US exchange rate on the Company's US dollar loan advances to its foreign subsidiary.

An analysis of general and administration expenses is as follows:

	Three Months Ended	
	Mar 31, 2008	**Mar 31, 2007**
Capital tax	$ 24,714	$ -
Filing costs and shareholders' information	31,363	18,926
Insurance	9,891	37,824
Meals and entertainment	5,202	2,250
Miscellaneous	46,182	6,682
Office expenses	18,188	28,742
Professional and consulting fees	98,154	84,262
Rent	23,076	18,554
Salaries and benefits	409,942	220,118
Security	-	57,588
Telecommunications	18,329	5,186
Travel	71,255	95,198
	$ 756,296	**$ 575,330**

Insurance expense of $9,891 includes a policy covering the directors and officers of the Company. The comparable 2007 expense of $37,824 includes a comprehensive policy on the Coricancha Mine facility, which subsequent to the commencement of commercial production (October 1, 2007) has been classified as cost of sales and is no longer included in General and Administrative Expenses. Rent $23,076 (Q1, 2007 $18,554) and salaries and benefits $409,942 (Q1, 2007 $220,118) have increased over the comparable 2007 period as the Company strengthened its leadership and operations teams in both Vancouver and Peru. Professional and consulting fees of $98,154 (Q1, 2007 $84,262) consist primarily of legal, accounting and audit costs. The Company now maintains an experienced team to manage the Coricancha project and as well to focus on additional growth opportunities. Security expenses primarily consist of contracted non-employee security workers at the Coricancha Mine and processing plant sites. At commencement of commercial operations (October 1, 2007), these costs, which had previously been considered general and administrative expenses, were classified as cost of sales. Travel expenses of $71,255 (Q1, 2007 $95,198) relate to visits to Peru by management and other travels to review operations being considered for acquisitions.

The only component of the other comprehensive income was a gain of $308,881 (Q1, 2007 ($7,630)) relating to the Company's foreign currency translation adjustment of its foreign operation.

OUTLOOK

At writing, the May 9, 2008 temporary suspension of milling and crushing operations remained in effect and following start-up Management will review its 2008 production targets and provide an update at the appropriate time. Re-starting production relies upon a number of pre-conditions, including adequate financing, geotechnical counsel regarding the ground displacement and approval and completion of a new tailings area to accept tailings from the new filter press.

The ground displacement reported May 9, 2008 led to management's decision to voluntarily cease use of the current tailings handling area. The current tailings area was approaching its designed capacity and was scheduled to close by July 2008, when a new, Southern Extension tailings handling area was scheduled to be ready to accept dry tailings from the new filter press. Currently there has been no indication of any ground displacement in or around the Southern Extension as it is shadowed by outcropping bedrock above and below the designed area. The Company has submitted for approval all of the related design documents for the Southern Extension. The construction of the

Southern Extension and commissioning of the new filter press are expected to be completed within the next 60 days. Although the timing of the re-start of operations at Coricancha cannot be determined at this time, management's three priorities subsequent to start-up will be increasing the head grades and production rate and improving the recovery rates. Improving head grades from the mine will improve metal production and recovery.

Planned development on the 3,140 meter level is expected to continue to expose more of the vein in the near term and is scheduled as a priority project. An internal shaft is planned for installation between the 3,140 meter level and the upper mine levels and allow access over the 315 vertical meters for additional exploration and development as well as improve mine efficiencies. In addition, it is planned to conduct exploration drilling to test the down dip extension of the Constancia Vein below the 3,140 meter level. This development plan has the potential to significantly increase the total resources in the Constancia Vein.

In addition to organic growth, it is management's objective to grow the Company and build value for shareholders by aggressively pursuing external opportunities.

RISKS AND UNCERTAINTIES

The following is an overview of the risk factors to be considered in relation to our business. Specific risk factors to be considered are as follows:

Going Concern

The Company's capability to continue as a going concern is dependent upon its ability to obtain additional debt or equity financing to meet its obligations as they come due, and to successfully achieve profitable operations in the future. If the Company were unable to continue as a going concern, then significant adjustments would be required to the carrying value of assets and liabilities, and to the balance sheet classifications used.

Cash on hand at March 31 2008, and expected cash flows for the next 12 months are not sufficient to fund the Company's ongoing operational needs. Therefore, the Company will need funding through equity or debt financing, or a combination thereof. While the Company has been successful in raising funds in the past, it is uncertain whether it will be able to raise sufficient funds in the future.

The Company's cash flow has been adversely affected by the temporary suspension of mine operations at the Coricancha Mine and as part of the initial mitigation; in response to this recent development, management has initiated a strict cost control program. Moreover, management is currently reviewing several funding options including equity and debt financing and is in active discussions with its primary lenders. Specifically, the Company has negotiated a "standstill" agreement with its primary lender that postpones all scheduled payments until October 1, 2008 and expects to complete a new US$2.0 million secured bridge loan with one of its existing lenders shortly. Proceeds of the loan will be used by the Company solely for expenditures related to its Coricancha Mine. The secured bridge loan lender conducted a recent on-site technical due diligence visit to the Coricancha Mine in Peru.

With additional financing and the re-start of production at the Coricancha Mine, the Company believes that it will have sufficient funds for working capital based on the Company's current mine plan and budget. Future cash flows generated will depend on volumes produced, commodity prices, exchange rates, the level of operating costs and other factors.

Industry and economic factors affecting the Company's performance

a) Exploration and mining risks

The business of exploration and development for minerals and mining involves a high degree of risk. Few exploration properties that are explored are ultimately developed into producing mines. Unusual or unexpected formations, formation pressures, fires, power outages, labor disruptions, flooding, cave-ins, landslides, and the inability to obtain suitable or adequate machinery, equipment, or labor are other risks involved in the conduct of exploration programs. The Company from time to time augments its internal exploration and operating expertise with advice from consultants and others as required. The economics of developing gold and other mineral properties is affected by many factors including the cost of operations, variation of the grade of ore mined, and fluctuations in the price of any minerals produced.

b) Titles to property

While the Company has diligently investigated title to the various properties in which it has an interest, and to the best of its knowledge, title to those properties are in good standing, this should not be construed as a guarantee of title. The properties may be subject to prior unregistered agreements or transfer or native or government land claims, and title may be affected by undetected defects.

c) Permits and licenses

The Company's operations may require licenses and permits from various governmental authorities. There can be no assurance that the Company will be able to obtain all necessary licenses and permits that may be required to carry out exploration, development, and mining operations at its projects.

d) Metal prices

Even if the Company's exploration programs are successful, factors beyond the control of the Company may affect the marketability of any minerals discovered. Metal prices have historically fluctuated widely and are affected by numerous factors beyond the Company's control, including international, economic and political trends, expectations for inflation, currency exchange fluctuations, interest rates, global or regional consumption patterns, speculative activities, and worldwide production levels. The effect of these factors cannot be accurately predicted.

e) Competition

The mining industry is intensely competitive in all its phases. The Company competes with many companies possessing greater financial resources and technical facilities than itself for the acquisition of mineral interests as well as for recruitment and retention of qualified employees.

f) Environmental regulations

The Company's operations are subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation provides for restrictions and prohibitions of spills, release or emission of various substances produced in association with certain mining industry operations, such as seepage from tailing disposal areas, which could result in environmental pollution. A breach of such legislation may result in imposition of fines and penalties. In addition, certain types of operations require submissions to and approval of environmental impact assessments. Environmental legislation is evolving toward stricter standards in which enforcement, fines and penalties for non-compliance are more stringent. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and directors, officers and employees. The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations. The Company intends to fully comply with all environmental regulations.

g) Conflicts of interest

Certain directors or proposed directors of the Company are also directors, officers or shareholders of other companies that are similarly engaged in the business of acquiring, developing and exploiting natural resource properties. Such associations may give rise to conflicts of interest from time to time. The directors of the Company are required by law to act honestly and in good faith with a view to the best interests of the Company and to disclose any interest, which they may have in any project or opportunity of the Company. If a conflict of interest arises at a meeting of the board of directors, any director in a conflict will disclose his interest and abstain from voting on such matters. In determining whether or not the Company will participate in any project or opportunity, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time.

h) Stage of development

The Company does not have a history of earnings or the provision of return on investment, and in the future there is no assurance that it will produce revenue, operate profitably, or provide a return on investment.

i) Industry conditions

Mining and milling operations are subject to government regulations. Operations may be affected in varying degrees by government regulations such as restrictions on production, price controls, tax increases, expropriation of property, pollution controls, or changes in conditions under which minerals may be mined, milled or marketed. The marketability of minerals may be affected by numerous factors beyond the control of the Company, such as government regulations. The effect of these factors cannot be accurately determined.

j) Uninsured hazards

Hazards, such as unusual geological conditions, are involved in exploring for and developing mineral deposits. The Company may become subject to liability for pollution or other hazards, which cannot be insured against, or against which the Company may elect not to insure because of high premium costs or other reasons. The payment of any such liability could result in the loss of Company assets or the insolvency of the Company.

k) Future financing

Completion of future programs may require additional financing, which may dilute the interests of existing shareholders.

l) Key employees

Management of the Company rests on a few key officers, the loss of any of whom could have a detrimental effect on its operations.

LIQUIDITY AND CAPITAL RESOURCES

The Company's future liquidity will depend upon its ability to arrange additional debt or equity financing and generate future positive operating cash flow. While the Company has been successful in raising funds in the past, there is no assurance that it will continue to do so in the future. Although the Company achieved commercial production at the Coricancha Mine in Peru on October 1, 2007, it has not yet generated a profit from mining operations. The Company has incurred losses from inception including a net loss of $3,731,226 for the three months ended March 31, 2008, and has a working capital deficiency of $3,774,296 as at March 31, 2008. The decrease in working capital is due to the ongoing expenditures made since January 1, 2007 relating to the development of the Coricancha Mine, the delays incurred in reaching full rated operating capacity, and the fact that the Company's loan facility is now all current.

Subsequent to quarter end, on May 9, Gold Hawk temporarily suspended operations at its Coricancha mine in Peru due to natural ground displacement in and around its tailings area. Following an initial assessment performed by a senior engineering and geotechnical consulting firm, the Company was advised that due to the limited monitoring data set collected to date, more data will be required to make a decision regarding future actions to be taken. The Company was also advised that based on the available information collected to date, and considering the actions already taken by the Company to control the displacement, it is unlikely that a major ground displacement could occur under current normal conditions.

The Company's cash flow has been adversely affected by the temporary suspension of mine operations at Coricancha. To mitigate this situation, management has initiated a strict cost control program. In spite of these cost control efforts, it is expected that cash on hand at March 31, 2008, will not be sufficient to fund the Company's needs in the near-term.

Management is currently reviewing several funding options including equity and debt financing and is in active discussions with its primary lenders. Specifically, the Company has negotiated a "standstill" agreement with its primary lender that postpones all scheduled payments until October 1, 2008 and expects to complete a new US$2.0 million secured bridge loan with one of its existing lenders shortly. Proceeds of the loan will be used by the Company solely for expenditures related to its Coricancha Mine. The secured bridge loan lender conducted a recent on-site technical due diligence visit to the Coricancha Mine in Peru.

Investing activities

Peru – Coricancha Mine

During the three month period ended March 31, 2008, the Company acquired plant and equipment in the amount of $970,983 (Q1, 2007 $1,442,453). The final payment of US$113,500 (total purchase price US$376,500) for two refurbished filter presses, ordered by the Company as the permanent solution to remove almost all of the moisture content in the tailings, was made during April 2008. In May the first filter press arrived in Lima and is currently awaiting installation which is estimated to be within 60 days.

Ongoing rehabilitation work was continued in the areas of the mine scheduled for future production. The construction of the DMS plant was advanced with the completion of the concrete foundation installation and the surrounding structure.

Commitments

The Company's loan payable, which totals US$8,625,000 as at May 30, 2008, is all current and due by October 1, 2008, with the first payment of US$937,500 due on June 2. On June 2, 2008, the Company made its US$937,500 scheduled repayment of its current short-term debt.

The Company has commitments under various office, vehicle and equipment lease agreements, with minimum future payments as follows:

	Amount
2008	$ 137,243
2009	98,237
2010	19,005
2011	-
Total	**$ 254,485**

Financial commitments specific to the Coricancha Mine and mining in Peru include the following:

- Net smelter return taxes are paid on a sliding scale based on the size of the mine. Small mines pay a lower tax rate than large mines. The Coricancha Mine will pay a 1% tax on its gross revenue, which is the income from the smelter after deducting smelter treatment charges and freight.

- Eight percent (8%) of pre-tax operating profit must, by law, be paid into a workers participation or profit sharing plan which is to be paid out on an annual basis. The operating profit is the gross revenue (net smelter return) minus site operating costs, net smelter return tax, mine closure account funding, loan amortization, and interest charges.
- The corporate tax rate in Peru is 30% on operating profit after deduction of the 8% workers participation tax.

In March 2007, the Company signed a 10-year electricity supply agreement, effective April 1, 2007. The Company is committed to purchase a minimum monthly volume of power, which it expects to fully utilize in operating the Coricancha Mine. There are provisions in the contract to request more power if necessary.

The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates. The Company operates in Canada and Peru and a portion of its revenues and expenses are incurred in US dollars and/or Nuevo Soles. A significant change in the currency exchange rates between the Canadian dollar relative to the other currencies could have an effect on the Company's results of operations, financial position or cash flows. The Company has not hedged its exposure to currency fluctuations.

Asset Retirement Obligations

The Company has prepared a site reclamation and closure cost estimate and engaged an independent engineering firm to assess available alternative methods of restoration and assist in the preparation and implementation of an environmental management plan. The Company has estimated and recorded a liability for asset retirement obligations of $12,232,741 as at March 31, 2008 ($13,041,324 March 31, 2007). The estimated future cash flows have been discounted using a credit-adjusted risk-free rate of 9.0%. The asset retirement obligation represents the legal and contractual obligations associated with the reclamation and monitoring activities and the removal of tangible assets at the Coricancha Mine in Peru.

The mine closure obligation has been calculated on the basis of an estimated life of mine of six years. Like most narrow vein underground mines, the proven and probable reserves are limited, not because of a lack of resources, but rather because of the cost of converting resources to reserves. There are considerable measured, indicated, and inferred resources available at the Coricancha Mine at this time, and it is Managements' opinion that a significant portion of these resources will be converted into the proven and probable categories as the mine's development progresses. The six year life of mine used for estimating the asset retirement obligations is based on an estimated 33% conversion of these resources into proven and probable reserves.

Off-Balance Sheet Arrangements

The Company's only off-balance sheet arrangements, other than commitments described elsewhere in this MD&A, are the derivative instruments, including forward sales contracts and call options, both described further in the "*Financial Instruments and Other Instruments*" section of the MD&A.

Financial Instruments and Other Instruments

The Company's financial instruments consist of cash, accounts receivable, deposits, accounts payable and accrued liabilities, various commitments including capital lease obligations, and debt facility. In management's opinion, the Company is not exposed to significant interest rate or credit risk arising from these financial instruments, with the exception of advances made to its self sustaining subsidiary denominated in US dollars, on which the Company could be exposed to a foreign exchange risk. The Company also has cash and certain liabilities denominated in Peruvian New Soles and in US dollars. As a result, the Company is subject to foreign exchange risk from fluctuations in foreign exchange rates. As of March 31, 2008, the Company has not yet reached targeted operations, and accordingly, has not entered into any forward exchange contracts or other instruments to fix the rate at which future anticipated flows of US dollars are exchanged into Canadian dollars.

The Company is also exposed to price risk due to changes in commodity prices related to its production. To mitigate this risk, the Company uses derivative instruments including forward sales contracts and call options. As at March 31, 2008, the derivative instruments held by the Company cover approximately 50% of both expected 2008 lead and zinc sales, respectively. The Company has not designated these derivative instruments as hedges and, accordingly, changes in fair value are recognized in the statement of operations under the caption "loss (gain) on derivative instruments". As derivative instruments mature and are settled, the Company recognizes gains and losses in the statement of operations.

Details of the Company's derivative instruments outstanding at March 31, 2008 are included as Note 9 to the interim consolidated financial statements.

Financial instruments that potentially subject the Company to credit risk consist of cash and cash equivalents, restricted cash, and trade receivables on concentrate sales. The Company manages this risk by requesting advances of up to 95% of the value of the concentrate shipped as per the terms of its off-take agreement. The Company deposits cash and cash equivalents and restricted cash with high credit quality financial institutions, and enters into derivative instruments with a large, well diversified multinational. Credit risk is considered to be minimal. As at March 31, 2008, the Company's maximum exposure to credit risk was the carrying value of trade receivables and derivatives.

The Company's short term debt bears interest at fluctuating rates. The Company believes it is not exposed to significant interest rate risks.

OUTSTANDING SHARE DATA

As at May 30, 2008, the Company had the following issued and outstanding common shares and unexercised stock options and warrants:

	Shares and Potential Shares
Common shares outstanding	171,122,144
Stock options (average exercise price $0.48)	8,780,000
Warrants (average exercise price $0.52)	4,008,499
Total common shares and potential common shares	183,910,643

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

These interim consolidated financial statements are prepared in accordance with Canadian GAAP on a basis consistent with those followed in the most recent audited annual consolidated financial statements as at December 31, 2008, except as described in Note 2 to our consolidated financial statements. Certain of our accounting policies are recognized as critical because they require management to make subjective or complex judgments about matters that are inherently uncertain. Our critical accounting policies and estimates relate to:

- Recoverability of long-lived assets including mineral properties and deferred exploration expenditures;
- Fair value of net assets acquired in a business combination;
- Environmental and post-closure obligations;
- Depreciation and depletion of mineral properties, plant and equipment;
- Stock based compensation and other stock-based payments
- Future income taxes; and,
- Accrued and contingent liabilities.

Management believes it has made estimates that best reflect the facts and circumstances, however, actual results may differ from estimates.

NEW ACCOUNTING STANDARDS AND CHANGES IN ACCOUNTING POLICIES

Effective January 1, 2008, the Company adopted Section 1535, Capital Disclosures. This section establishes standards for disclosing information about an entity's objectives, policies, and processes for managing capital. This section has been adopted effective January 1, 2008. See Note 7 of the March 31, 2008, interim consolidated financial statements for additional details.

Effective January 1, 2008, the Company adopted Section 3031, Inventories, which provides more guidance on the measurement and disclosure requirements for inventories. Specifically the new pronouncement requires inventories to be measured at the lower of cost and net realizable value, and provides guidance on the determination of cost and its subsequent recognition as an expense, including any write-down to net realizable value. The new section has been adopted effective January 1, 2008 and resulted in no material changes to the Company's financial position or results of operations.

Effective January 1, 2008, the Company adopted Section 3862, Financial Instruments – Disclosures ("Section 3862") and Section 3863, Financial Instruments – Presentation ("Section 3863"). Section 3862 requires disclosure of detail by financial asset and liability categories. Section 3863 establishes standards for presentation of financial instruments and non-financial derivatives. Section 3863 deals with the classification of financial instruments, from the perspective of the issuer, between liabilities and equity, the classification of related interest, dividends, losses and gains, and the circumstances in which financial assets and financial liabilities are offset. These sections have been adopted effective January 1, 2008. See Note 8 of the March 31, 2008, interim consolidated financial statements for additional details.

These standards have been adopted beginning January 1, 2008.

FORWARD-LOOKING INFORMATION

Information contained herein may constitute forward-looking statements within the meaning of applicable securities laws. Certain material factors or assumptions were applied in drawing the conclusions or making the forecasts or projections that are included in these forward-looking statements. The Company believes that it has a reasonable basis for making such forward-looking statements, which may include estimates, plans, expectations, opinions, forecasts, projections, guidance, or other statements. However, forward-looking statements, by their nature, involve risks and uncertainties that could cause actual results to differ materially from those contemplated by the forward-looking statements. Undue reliance should not be placed on forward-looking statements. They are not a substitute for the exercise of one's own due diligence and judgment. The outcomes anticipated in forward-looking statements may not occur and we do not undertake to update forward-looking statements. The Company's forward-looking statements are expressly qualified in their entirety by this cautionary statement.