

# **Gold Hawk Resources Inc.**

## **Interim Consolidated Financial Statements**

**Three Months Ended March 31, 2007**

*The attached interim consolidated financial statements have been prepared by the Management of Gold Hawk Resources Inc. and have not been reviewed by an auditor.*

**Gold Hawk Resources Inc.**  
**Consolidated Balance Sheets**

	<b>Mar 31, 2007</b>	<b>Dec 31, 2006</b>
	<i>Unaudited</i>	<i>Audited</i>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 5,601,680	\$ 12,441,295
Restricted Cash (Notes 3)	1,466,533	48,589
Marketable securities	-	43,500
Accounts receivable	1,686,227	976,099
Inventory	1,527,640	209,958
Current portion of deferred financing costs	422,296	464,467
Derivative instruments (Note 6)	502,864	406,602
Prepaid expenses	147,759	108,762
	<b>11,354,999</b>	<b>14,699,272</b>
Deferred financing costs	144,134	265,162
Deposits (Note 4)	664,567	667,071
Mineral properties, plant and equipment (Note 5)	35,002,473	32,605,293
	<b>\$ 47,166,173</b>	<b>\$ 48,236,798</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$ 1,762,850	\$ 2,259,324
Promissory Note Payable	-	1,748,100
Derivative instruments (Note 6)	-	342,631
Current portion capital lease obligation (Note 7)	120,728	21,178
Current portion of loan payable (Note 8)	2,886,500	1,019,725
Current portion of asset retirement obligation (Note 9)	226,258	195,962
	<b>4,996,336</b>	<b>5,586,920</b>
Capital lease obligation (Note 7)	101,608	21,178
Loan payable (Note 8)	2,886,500	3,059,175
Asset retirement obligation (Note 9)	12,959,745	12,845,362
	<b>20,944,189</b>	<b>21,512,635</b>
<b>SHAREHOLDERS' EQUITY</b>		
Share capital (Note 10)	41,139,842	40,770,842
Warrants (Note 10)	862,000	967,000
Contributed surplus (Note 11)	925,020	983,600
Accumulated other comprehensive income (Note 12)	803,757	811,387
Deficit	(17,508,635)	(16,808,666)
	<b>26,221,984</b>	<b>26,724,163</b>
	<b>\$ 47,166,173</b>	<b>\$ 48,236,798</b>

*See accompanying notes to the consolidated financial statements.*

Approved on Behalf of the Board of Directors:

("Signed") Richard Godfrey, Director

("Signed") Gordon Bub, Director

# Gold Hawk Resources Inc.

## Consolidated Statements of Loss and Deficit and Comprehensive Loss For the Three Months Ended March 31, 2007 and 2006 (Unaudited)

	Three Months Ended	
	Mar 31, 2007	Mar 31, 2006
<b>Revenue</b>		
Interest income	\$ 99,073	\$ -
<b>Expenses</b>		
General and administration expenses (Note 13)	474,641	20,644
Professional and consulting fees	84,262	54,763
General exploration	44,308	12,444
Filing costs and shareholders' information	13,542	9,093
Stock-based compensation cost (Note 10 (d))	24,170	-
Depreciation	2,885	-
Foreign exchange loss (gain)	188,264	(18,030)
Interest and bank charges	16,119	9,407
Unrealized gain on derivative instruments (Note 6)	(327,361)	-
Gain on disposal of marketable securities	(11,173)	-
Accretion of asset retirement obligation (Note 9)	289,385	-
	<u>799,042</u>	<u>88,321</u>
<b>Net loss for the period</b>	<b>\$ (699,969)</b>	<b>\$ (88,321)</b>
Deficit at beginning of period	\$ (16,808,666)	\$ (5,612,785)
Net loss	(699,969)	(88,321)
Costs related to share issuance	-	(2,729,975)
<b>Deficit at end of period</b>	<b>\$ (17,508,635)</b>	<b>\$ (8,431,081)</b>
<b>Basic and diluted loss earnings per share</b>	<b>\$ (0.005)</b>	<b>\$ (0.002)</b>
<b>Weighted average number of shares outstanding</b>	<b>148,416,600</b>	<b>47,556,518</b>
<b>Consolidated Statements of Comprehensive Loss</b>		
	Three Months Ended	
	Mar 31, 2007	Mar 31, 2006
Net loss	\$ (699,969)	\$ (88,321)
Other comprehensive loss:		
Foreign currency translation	(7,630)	-
<b>Comprehensive loss:</b>	<b>\$ (707,599)</b>	<b>\$ (88,321)</b>

See accompanying notes to the consolidated financial statements.

# Gold Hawk Resources Inc.

## Consolidated Statements of Cash Flows (unaudited) For the Three Months Ended March 31, 2007 and 2006

	Three Months Ended	
	Mar 31, 2007	Mar 31, 2006
<b>Operating activities</b>		
Net loss for the year	\$ (699,969)	\$ (88,321)
Items not affecting cash:		
Stock-based compensation cost	24,170	-
Depreciation of fixed assets	17,900	-
Gain on disposal of marketable securities	(11,173)	-
Unrealized foreign exchange loss (gain)	184,804	(16,225)
Unrealized gain on derivative instruments	(327,361)	-
Accretion expense	289,385	-
	(522,244)	(104,546)
Net changes in non-cash components of working capital	(2,517,113)	149,986
<b>Cash flows from operating activities</b>	<b>(3,039,357)</b>	<b>45,440</b>
<b>Financing activities</b>		
Loan Proceeds	1,694,100	-
Promissory note from acquisition	(1,731,900)	-
Capital lease obligation	179,980	-
Exercise of Broker warrants and stock options	181,250	-
Issuance of share capital	-	16,250,000
Share issue expenses	-	(1,637,975)
<b>Cash flows from financing activities</b>	<b>323,430</b>	<b>14,612,025</b>
<b>Investing activities</b>		
Acquisition of Coricancha mine, net of cash acquired	-	(9,737,831)
Addition to plant and equipment	(1,442,453)	(3,691)
Addition to mining properties	(104,984)	-
Asset retirement expenditures	(19,627)	-
Deferred exploration and development expenditures	(1,078,954)	(3,788)
Deposits on Equipment	2,504	-
Proceeds on disposition of marketable securities	54,673	-
Purchase of call options	(116,903)	-
Restricted cash deposited as security on investing activities	(1,466,533)	-
<b>Cash flows from investing activities</b>	<b>(4,172,277)</b>	<b>(9,745,310)</b>
<b>Net change in cash and cash equivalents</b>	<b>(6,888,204)</b>	<b>4,912,155</b>
Cash and cash equivalents at beginning of year	12,489,884	582,504
<b>Cash and cash equivalents at end of year</b>	<b>\$ 5,601,680</b>	<b>\$ 5,494,659</b>
<b>Additional information</b>		
Interest paid	\$ 72,818	\$ -
Broker warrants recorded as a share issue expense,	\$ -	\$ 1,092,000
Conversion of promissory note into share capital	\$ -	\$ 413,895

Cash and cash equivalents consist of cash and restricted cash

See accompanying notes to the consolidated financial statements.

# Gold Hawk Resources Inc.

Notes to Consolidated Financial Statements (*unaudited*)

As at and for the three months ended March 31, 2007

---

## 1. BASIS OF PRESENTATION AND MEASUREMENT UNCERTAINTY

These consolidated financial statements include the accounts of Gold Hawk Resources Inc. (“Gold Hawk” or the “Company”) and its direct and indirect wholly-owned subsidiaries Minas San Juan Ltd. (incorporated in the Commonwealth of the Bahamas), Compañía Minera San Juan (Peru) S.A. (incorporated in Peru) and Larizbeascoa & Zapata S.A.C. (incorporated in Peru). All significant inter-company transactions and balances have been eliminated.

These unaudited interim consolidated financial statements are prepared in accordance with Canadian generally accepted accounting principles and on a basis consistent with those followed in the most recent annual consolidated financial statements, except as described in note 2. These interim consolidated financial statements do not include all note disclosures required by Canadian generally accepted accounting principles for annual financial statements, and therefore should be read in conjunction with the Company’s annual consolidated financial statements for the year ended December 31, 2006.

These consolidated financial statements have been prepared in accordance with generally accepted accounting principles 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. The Company has incurred losses from inception and is completing development of the Coricancha mine in Peru. The Company’s ability to continue as a going concern is dependent upon its ability to successfully commence commercial production at the Coricancha mine, to obtain debt or equity financing to meet its obligations as they come due, and ultimately to achieve profitable operations in the future.

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Significant areas requiring the use of management estimates include the determination of asset retirement obligations, future income taxes, recoverability of mineral properties, plant and equipment and the fair values of net assets acquired in business combinations. Actual results could differ from those estimates.

## 2. CHANGES IN ACCOUNTING POLICIES

On January 1, 2007, the company adopted the revised CICA Section 1506 “Accounting Changes”, which requires that: (a) a voluntary change in accounting principles can be made if, and only if, the changes result in more reliable and relevant information, (b) changes in accounting policies are accompanied with disclosures of prior period amounts and justification for the change, and (c) for changes in estimates, the nature and amount of the change should be disclosed. The company has not made any voluntary change in accounting principles since the adoption of the revised standard.

On January 1, 2007, the Company adopted the Canadian Institute of Chartered Accountants (“CICA”) Handbook Section 1530, Comprehensive Income, Section 3251, Equity, Section 3855, Financial Instruments - Recognition and Measurement, Section 3861, Financial Instruments - Disclosure and Presentation, and Section 3865, Hedges. These new accounting standards, which apply to fiscal years beginning on or after October 1, 2006, provide comprehensive requirements for the recognition and measurement of financial instruments, as well as standards on when and how hedge accounting may be applied. Section 1530 establishes standards for reporting and presenting comprehensive income or loss, which is defined as the change in equity from

## **Gold Hawk Resources Inc.**

Notes to Consolidated Financial Statements (*unaudited*)

As at and for the three months ended March 31, 2007

---

transactions and other events from sources other than the Company's shareholders. Other comprehensive income or loss refers to items recognized in comprehensive income or loss that are excluded from net income calculated in accordance with generally accepted accounting principles such as unrealized gains or losses on available-for-sale investments. Amounts initially recorded to other comprehensive income or loss are reclassified to earnings when the financial instrument is derecognized or impaired.

Under these new standards, financial instruments are classified as one of the following: loans and receivables, held-to-maturity, held-for-trading, available-for-sale and other financial liabilities. Financial instruments will be measured on the balance sheet at amortized cost or fair value depending on the classification. Loans and receivables, held-to-maturity and other financial liabilities are accounted for at amortized cost. Held for trading and available-for-sale financial instruments are recorded at fair value on the balance sheet. Changes in fair value of held-for-trading financial instruments are recognized in earnings while changes in fair value of available-for-sale financial instruments are initially recorded in other comprehensive income or loss.

Effective January 1, 2007, the Company classified its cash equivalents as held-for-trading, which are measured at fair value with changes in fair value recognized in earnings. Accounts payable and accrued liabilities and loan payable are classified as other financial liabilities and are accounted for at amortized cost. Derivative instruments, including embedded derivatives, are classified as held-for-trading and recorded on the balance sheet at fair value unless exempted as a contract related to the Company's expected purchase, sale or usage requirements. Changes in the fair value of recognized derivative instruments are recorded in earnings unless the instruments are designated as cash flow hedges. As at March 31, 2007, the Company has not designated any derivative instruments as hedging instruments.

At January 1, 2007, in accordance with the transitional provisions, the adoption of these standards relating to financial instruments resulted in the following change to the Corporation's financial statements:

- a change in terminology with reference to foreign currency gains and losses relating to self-sustaining foreign operations. Prior to the adoption of these standards, these unrealized gains and losses were classified and reported in the equity section of the balance sheet as a foreign currency translation adjustment. Prior year unrealized gains and losses are now classified and reported in the equity section of the balance sheet as accumulated other comprehensive gain (loss).

These standards have been adopted beginning January 1, 2007.

### **3. RESTRICTED CASH**

As at March 31, 2007, \$1,280,462 (December 31, 2006 \$48,589) was on deposit in an interest bearing account with the Company's lender as cash collateral under the terms of the Company's credit facility, and is to be used to fund future interest payments under the Company's credit facility, as well as to provide security on certain derivative contracts (note 6) undertaken with the lender.

The Company's subsidiary entered into a capital lease for mining equipment totalling US\$161,000 for its Coricancha Mine. A compensating balance of \$185,891 was deposited by the Company in an interest bearing GIC as security against the lease payments.

## Gold Hawk Resources Inc.

Notes to Consolidated Financial Statements (*unaudited*)

As at and for the three months ended March 31, 2007

### 4. DEPOSITS

As at March 31, 2007, the Company has made deposits of \$664,567 (December 31, 2006 - \$667,072) on certain mining equipment yet to be delivered by suppliers and the Company's remaining obligation in relation to the purchase of this equipment is approximately \$543,000.

### 5. MINERAL PROPERTIES, PLANT AND EQUIPMENT

As at March 31, 2007	Cost	Accumulated depreciation	Net book value
Land	\$ 130,920	\$ -	\$ 130,920
Plant and equipment	9,055,425	(38,456)	9,016,969
Mineral properties and concessions	22,717,744	-	22,717,744
Deferred exploratin and development costs	3,136,840	-	3,136,840
	<b>\$ 35,040,929</b>	<b>\$ (38,456)</b>	<b>\$ 35,002,473</b>

  

As at December 31, 2006	Cost	Accumulated depreciation	Net book value
Land	\$ 132,144	\$ -	\$ 132,144
Plant and equipment	7,734,165	(20,556)	7,713,609
Mineral properties and concessions	22,824,277	-	22,824,277
Deferred exploratin and development costs	1,935,263	-	1,935,263
	<b>\$ 32,625,849</b>	<b>\$ (20,556)</b>	<b>\$ 32,605,293</b>

#### Coricancha Mine (Peru)

The Company's wholly owned Coricancha Mine, is located on a paved highway approximately 90 km due east of Lima, the capital city of Peru. The mine includes a 600 tonne per day concentrator and a BIOX circuit for the recovery of gold and silver from the refractory ore. The Company purchased 100% of the Coricancha mine in March 2006 and has since refurbished it and readied it for production. The Company expects to commence full production in the second quarter of 2007, at the rated capacity of 600 tonnes per day.

Coricancha (Peru)	Interest (%)	Dec 31, 2006	Additions	Translation adjustment (a)	Mar 31, 2007
Mineral properties and concessions	100	\$ 22,824,277	\$ 104,984	\$ (211,517)	\$ 22,717,744
Deferred exploration costs	100	1,935,263	1,219,511	(17,934)	3,136,840
		<b>\$ 24,759,540</b>	<b>\$ 1,324,496</b>	<b>\$ (229,452)</b>	<b>\$ 25,854,584</b>

(a) March 31, 2007 costs reflect current rate translation of the Company's self sustaining foreign operation.

For the quarter ended March 31, 2007 capitalized interest was \$134,086 (Nil Q1, 2006).

### 6. FINANCIAL INSTRUMENTS, DERIVATIVES AND RISK MANAGEMENT

The Company is exposed to price risk due to changes in commodity prices related to its production. To mitigate this anticipated risk, the Company uses derivative instruments including forward sales contracts and call options. The Company has not designated these derivative instruments as hedges and, accordingly, changes in

## Gold Hawk Resources Inc.

Notes to Consolidated Financial Statements (*unaudited*)

As at and for the three months ended March 31, 2007

fair value are recognized in the statement of operations under the caption “unrealized loss (gain) on derivative instruments”.

Information regarding the Company’s derivative instruments and estimated fair values as at March 31, 2007 are as follows:

	Maturity	Nominal Volume		Average Price		Fair value at Mar 31, 2007
		(tonnes)	(lbs)	US\$/tonne	US\$/lb	
<b>Forward Sales Contracts</b>						
Lead	2007	1,209.3	2,666,032	\$ 1,499	\$ 0.68	(533,380)
Lead	2008	450.0	992,070	\$ 1,595	\$ 0.72	(44,969)
Zinc	2007	1,279.5	2,820,392	\$ 3,792	\$ 1.72	817,327
Zinc	2008	1,350.0	2,976,240	\$ 3,064	\$ 1.39	34,870
<b>Offsetting Forward Contracts</b>						
Zinc Sale / Purchase	2008	500.0	1,102,312	\$3175 / \$3,140	\$1.44 / \$1.42	20,003
						\$ 293,851
<b>Call Options</b>						
Lead	2007	510.3	1,125,019	\$ 1,760	\$ 0.80	144,826
Lead	2008	-	-	\$ -	\$ -	-
Zinc	2007	1,020.6	2,249,641	\$ 4,630	\$ 2.10	16,415
Zinc	2008	450.0	992,080	\$ 4,300	\$ 1.95	47,773
						\$ 209,014
Derivative instruments						\$ 502,865

The fair value of the derivative instruments has been estimated using market values as at March 31, 2007. The fair value represents the amount that the Company would either (pay) or receive to settle the contracts at March 31, 2007.

For the quarter ended March 31, 2007, there is an unrealized mark-to-market gain of \$327,361 (Nil Q 1 2006) on the above outstanding derivative contracts.

Under the terms of its credit facilities, the company assigned its rights under these derivative contracts to the lender as security for the facility.

### 7. CAPITAL LEASE OBLIGATIONS

	Mar 31, 2007	Dec 31, 2006
Total capital lease obligations	\$ 222,336	\$ 42,356
Less: current portion of capital lease obligations	120,728	21,178
	<b>\$ 101,608</b>	<b>\$ 21,178</b>

Capital lease obligation relates to passenger vehicles and mining equipment for the Coricancha Mine.



## Gold Hawk Resources Inc.

Notes to Consolidated Financial Statements (*unaudited*)

As at and for the three months ended March 31, 2007

### 8. LOAN PAYABLE

	Mar 31, 2007	Dec 31, 2006
Revolving loan facility (Tranche A)	\$ 5,773,000	\$ 4,078,900
Less: current portion	2,886,500	1,019,725
	<b>\$ 2,886,500</b>	<b>\$ 3,059,175</b>

As at March 31, 2007, \$5,773,000 (US\$5,000,000) was drawn on a US\$5 million revolving loan facility (Tranche A) that bears interest at LIBOR + 3.5% and matures September 7, 2008. A standby fee of 1% is charged on any undrawn portion of the available revolving loan facility. The first principal repayment date is on October 1, 2007, at which time, equal monthly principal repayments are required with a final principal repayment due on September 7, 2008. The loan may be repaid at anytime without penalty.

The Company also has available an additional US\$5 million non-revolving credit facility (Tranche B), which at March 31, 2007 was undrawn. Tranche B is available to the Company either on (i) an uncommitted basis until September 7, 2007 for the purpose of mining property acquisitions planned by the Company (subject to lender approval), or (ii) on a committed basis until June 30, 2007 for the purpose of financing additional requirements for the Coricancha Mine. Funds drawn on the Tranche B non-revolving credit facility for the Coricancha Mine are limited to US\$3 million until such time as the Company achieves certain levels of commercial production. A standby fee of 1% is charged on any undrawn portion of the available revolving loan facility, and any drawdowns are subject to a 1.125% drawdown fee.

The Company has signed a general security agreement with the lenders, and all of the Coricancha Mine assets held by the Company have been pledged as security for the loan facility.

### 9. ASSET RETIREMENT OBLIGATION

The asset retirement obligation consists of mine closure provisions as well as retirement obligations for processing facilities. The Company has recorded the following asset retirement obligations:

	Amount
Balance, December 31, 2006	\$ 13,041,324
Accretion expense	289,385
Cash payments	(19,627)
Effect of translation of foreign currencies	(125,079)
<b>Balance, March 31, 2007</b>	<b>\$ 13,186,003</b>
Less: current portion	226,258
	<b>\$ 12,959,745</b>

The estimated future cash flows for the mine closure obligation are expected to be paid in various stages over the life of the mine through 2012 and beyond. The estimated future cash flows have been discounted using a credit-adjusted risk-free rate of 9.0%. As the liability is initially recorded on a discounted basis, it is increased each period until the estimated date of settlement. The resulting expense is referred to as accretion expense and is included in the results from operations.

## Gold Hawk Resources Inc.

Notes to Consolidated Financial Statements (*unaudited*)

As at and for the three months ended March 31, 2007

### 10. SHARE CAPITAL

**(a) Authorized:**

The Company's authorized share capital consists of an unlimited number of common shares of no par value.

**(b) Issued:**

Changes in the Company's share capital during the three months ended March 31, 2007 were as follows:

	Number of shares	Amount
Balance, December 31, 2006	147,921,044	\$ 40,770,842
For cash received from the exercise of stock options	225,000	56,250
For cash received from the exercise of warrants	500,000	125,000
Transferred to share capital upon exercise of options and broker warrants		187,750
<b>Balance, March 31, 2007</b>	<b>148,646,044</b>	<b>\$ 41,139,842</b>

**(c) Stock option plan**

On April 21, 2006, the Company's Board of Directors approved a new stock option plan (The "2006 Plan") and cancelled the previous plans. The maximum number of common shares issuable under the 2006 Plan is 8,000,000 common shares. Stock options granted to employees and consultants vest one-third immediately, one-third after 12 months from the date of grant and one-third after 24 months from the date of grant. Under the 2006 Plan stock options granted have a maximum term of five years.

A summary of the Company's stock options outstanding as at March 31, 2007 and the changes for the three months then ended are as follows:

	Directors and officers	Employees and consultants	Number of options	average exercise price per share
Balance, December 31, 2006	5,080,000	355,000	5,435,000	\$ 0.38
Granted	200,000	-	200,000	0.54
Exercised		(225,000)	(225,000)	0.25
Expired			-	
<b>Balance, March 31, 2007</b>	<b>5,280,000</b>	<b>130,000</b>	<b>5,410,000</b>	<b>\$ 0.39</b>

The following table summarizes information about common share purchase options outstanding, granted to officers, directors, employees and a consultant of the Company as at March 31, 2007:

## Gold Hawk Resources Inc.

Notes to Consolidated Financial Statements (*unaudited*)

As at and for the three months ended March 31, 2007

Number of stock options outstanding	Number of stock options exercisable	Option Exercise price (\$)	Expiry date (Month-Yr)
175,000	175,000	0.25	July-08
1,230,000	1,230,000	0.40	November-08
175,000	175,000	0.30	May-09
275,000	275,000	0.15	August-10
925,000	925,000	0.48	April-11
500,000	166,667	0.43	April-11
250,000	250,000	0.38	June-11
1,000,000	333,333	0.35	July-11
350,000	116,667	0.39	August-11
170,000	123,333	0.43	November-11
160,000	120,000	0.52	December-11
200,000	66,666	0.54	March-12
<b>5,410,000</b>	<b>3,956,666</b>	<b>Weighted</b>	<b>0.39</b>

### (d) Stock Based Compensation

During the quarter ended March 31, 2007, the Company granted 200,000 stock options to an officer of the Company at \$0.54 valid for 5 years. One third of the options vest immediately upon the date of grant, one third of the options vest 12 months from the date of grant and one third of the options vest 24 months from the date of grant. Total stock compensation costs are \$72,500 and will be amortized over the vesting period, including an amount of \$24,170 (Nil Q1, 2006) charged as an expense for the quarter ended March 31, 2007. The fair value of the options granted was estimated using the Black-Scholes model with no expected dividend yield, a 81% expected volatility, a 3.95% risk-free interest rate and an expected life of options of 5 years. The weighted average of the estimated fair value of each option is \$0.36.

### (e) Share Purchase Warrants

The Company's warrants outstanding at March 31, 2007 and the change for the three months then ended are as follows:

	Number of warrants	average price of warrants
Balance, December 31, 2006	7,140,000	\$ 0.31
Exercised and converted to Common shares	(500,000)	0.25
<b>Balance, March 31, 2007</b>	<b>6,640,000</b>	<b>\$ 0.32</b>

Upon the exercise of 500,000 Broker warrants, \$105,000 previously recorded as warrants in shareholder's equity was transferred to share capital.

## Gold Hawk Resources Inc.

Notes to Consolidated Financial Statements (*unaudited*)

As at and for the three months ended March 31, 2007

Details of outstanding warrants as at March 31, 2007 are as follows:

<b>Number of warrants</b>	<b>Exercise price (\$)</b>	<b>Expiry date</b>
2,340,000	0.34	Dec 31, 2007
3,200,000	0.25	Mar 6, 2008
500,000	0.45	Sep 8, 2008
600,000	0.50	Sep 14, 2008
<b>6,640,000</b>	<b>0.32</b>	

### 11. CONTRIBUTED SURPLUS

The net change in contributed surplus during the three months ended March 31, 2007 is as follows:

	<b>Amount</b>
Balance, December 31, 2006	\$ 983,600
Stock-based compensation cost recorded on grant of stock options	24,170
Transferred to share capital upon exercise of options	(82,750)
<b>Balance, March 31, 2007</b>	<b>\$ 925,020</b>

### 12. ACCUMULATED OTHER COMPREHENSIVE INCOME

The balance in accumulated other comprehensive income as at March 31, 2007 relates entirely to the unrealized foreign exchange gain on the translation of its self-sustaining foreign operation. At January 1, 2007, an unrealized foreign exchange gain of \$811,387 was reclassified from foreign currency translation adjustment to accumulated other comprehensive income upon transition to new accounting standards for financial instruments (see Note 2).

Opening balance on adoption of new accounting standards on January 1, 2007	\$ 811,387
Comprehensive loss for the period - currency translation loss	(7,630)
<b>Accumulated Other Comprehensive income on March 31, 2007:</b>	<b>\$ 803,757</b>

## Gold Hawk Resources Inc.

Notes to Consolidated Financial Statements (*unaudited*)

As at and for the three months ended March 31, 2007

### 13. GENERAL AND ADMINISTRATION EXPENSES

	For the Three Months Ended	
	Mar 31, 2007	Mar 31, 2006
Filing fees and mailings	\$ 5,384	\$ 4,000
Insurance	37,824	4,633
Meals and entertainment	2,250	-
Miscellaneous	6,682	-
Office expenses	25,857	9,446
Rent	18,554	2,565
Salaries and benefits	220,118	-
Security	57,588	-
Telecommunications	5,186	-
Travel	95,198	-
	<b>\$ 474,641</b>	<b>\$ 20,644</b>

### 14. RELATED PARTY TRANSACTIONS

Management, salary and consulting fees of \$77,138 (\$15,000 Q1, 2006) were charged by directors during the quarter. These transactions are in the normal course of business and are measured at the exchange amount, which is the consideration established and agreed to by the noted parties.

These transactions are in the normal course of business and are measured at the exchange amount, which is the consideration established and agreed to by the noted parties.

### 15. CONTINGENCIES AND COMMITMENTS

#### (a) Lease Commitments

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

	Amount
2007	\$ 151,404
2008	201,178
2009	101,925
2010	19,005
2011	-
<b>Total</b>	<b>\$ 473,512</b>

#### (b) Other

The Company has signed a ten year electricity contract for power supply to its Coricancha mine and a two year term gold stripping contract.

The Company is obligated to a royalty of US\$1 per ounce of gold processed by its Biox® plant.

## **Gold Hawk Resources Inc.**

Notes to Consolidated Financial Statements (*unaudited*)

As at and for the three months ended March 31, 2007

---

### **16. SUBSEQUENT EVENTS**

#### **(a) Share Capital**

Subsequent to the quarter end, 560,000 Broker's warrants were exercised for proceeds of \$140,000 and \$36,250 was received from the exercise of 175,000 stock options.

#### **(b) Derivative Instruments**

On May 2, 2007, the Company's April 2007 derivative instruments were settled at a realized loss of \$29,895.