

# REDHAWK HOLDINGS CORP.

## FORM 10-Q (Quarterly Report)

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Address	3753 PENNRIDGE DRIVE ST. LOUIS, MO 63044
Telephone	314-344-1920
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Industry	Oil & Gas Operations
Sector	Energy
Fiscal Year	06/30

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

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**FORM 10-Q**

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(Mark One)

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the quarterly period ended March 31, 2016**

or

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**Commission File Number 000-54323**

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**REDHAWK HOLDINGS CORP.**

(Exact name of registrant as specified in its charter)

**Nevada**  
(State or other jurisdiction of  
incorporation or organization)

**20-3866475**  
(IRS Employer  
Identification No.)

**219 Chemin Metairie Road**  
**Youngsville, Louisiana**  
(Address of principal executive offices)

**70592**  
(Zip Code)

**(337) 269-5933**

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer  Accelerated filer

Non-accelerated filer  (Do not check if a smaller reporting company) Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

On May 16, 2016, 357,072,547 shares of common stock, par value 0.001 per share, were outstanding.

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**REDHAWK HOLDINGS CORP.**  
**FORM 10-Q**

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**PART I - FINANCIAL INFORMATION**

**ITEM 1. UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS.**

**REDHAWK HOLDINGS CORP.**  
**Consolidated Balance Sheets**  
(unaudited)

	<u>March 31,</u> <u>2016</u>	<u>June 30,</u> <u>2015</u>
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 335,146	\$ 900
Marketable securities, at market value	1,322,474	-
Accounts receivable	4,860	610
Inventory	184,756	9,756
Prepaid expenses	55,943	-
	<hr/>	<hr/>
Total Current Assets	1,903,179	11,266
Property and Improvements:		
Land	110,000	-
Building and improvements	670,000	-
	<hr/>	<hr/>
	780,000	-
Less, accumulated depreciation	(10,646)	-
	<hr/>	<hr/>
Total Property and Improvements	769,354	-
Other Assets:		
Investment in real estate limited partnership	625,000	-
Equity investment in limited liability corporation	260,000	-
Intangible assets, net of accumulated amortization of \$137,578 and \$86,080, respectively	187,853	234,351
	<hr/>	<hr/>
Total Other Assets	1,072,853	234,351
	<hr/>	<hr/>
Total Assets	\$ 3,745,386	\$ 245,617
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current Liabilities:		
Accounts payable and accrued liabilities	\$ 721,158	\$ 87,980
Current maturities of long-term debt	8,327	-
Line of credit	952,241	-
Due to related party	-	28,635
Loans payable	-	156,697
Insurance notes payable	6,623	-
	<hr/>	<hr/>
Total Current Liabilities	1,688,349	273,312
Long-Term Debt:		
Real estate note payable, net of current maturities	253,412	-
Convertible notes payable, net of \$10,096 in deferred loan costs	24,904	-
	<hr/>	<hr/>
Total Long-Term Debt	278,316	-
	<hr/>	<hr/>
Total Liabilities	1,966,665	273,312
Commitments and Contingencies		
	-	-
Stockholders' Equity (Deficit):		
Preferred Stock, stated value of \$1,000 per share, 5,000 authorized shares and 2,190 shares issued and outstanding:		
5% Series A, 2,500 shares designated, 1,240 issued and outstanding	1,240,000	-
5% Series B, 1,250 shares designated, 1,250 issued and outstanding	1,250,000	-
Common Stock, par value of \$0.001 per share, 450,000,000 authorized shares and 375,094,082 issued and 357,072,547 outstanding at March 31, 2016 and 360,094,082 issued and outstanding at June 30, 2015	375,094	360,094

Additional paid-in capital	1,125,283	927,826
Accumulated other comprehensive income	412	-
Accumulated other deficit	2,135,966	(1,315,615)
	<u>1,854,823</u>	<u>(27,695)</u>
Less, Treasury stock 18,021,535 shares, at cost	(76,102)	-
Total Stockholders' Equity (Deficit)	<u>1,778,721</u>	<u>(27,695)</u>
Total Liabilities and Stockholders' Equity	<u>\$ 3,745,386</u>	<u>\$ 245,617</u>

The accompanying notes are an integral part of these financial statements

**REDHAWK HOLDINGS CORP.**  
**Consolidated Statements of Operations**  
(unaudited)

	<u>Three Months Ended March 31,</u>		<u>Nine Months Ended March 31,</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Revenue	\$ 9,750	\$ -	\$ 19,700	\$ 225
Costs and Expenses:				
Operating expenses	4,582	-	5,957	523
Professional fees	327,179	-	525,505	24,800
Management fees	250,000	1,000	285,500	6,149
Sales and marketing	21,750	-	21,750	604
Depreciation	7,833	-	10,646	-
Amortization of intangibles	17,166	17,316	51,498	74,536
General and administrative	53,266	2,567	81,757	17,776
Total Costs and Expenses	681,776	20,883	982,613	124,388
Net Loss from Continuing Operations	(672,026)	(20,883)	(962,913)	(124,163)
Other Income (Expense):				
Expiration of indebtedness	-	-	156,697	-
Gain on the sale of marketable securities	15,045	-	15,045	-
Dividend income	12,039	-	14,809	-
Interest expense	(8,869)	-	(12,562)	-
	18,215	-	173,989	-
Net Loss from Continuing Operations	(653,811)	(20,883)	(788,924)	(124,163)
Discontinued Operations:				
Income from discontinued operations	-	-	-	444
Income on Discontinued Operations	-	-	-	444
Net Loss	(653,811)	(20,883)	(788,924)	(123,719)
Other comprehensive income:				
Unrecognized gain on marketable securities	12,019	-	412	-
Net Loss and Other Comprehensive Income	(641,792)	(20,883)	(788,512)	(123,719)
Preferred Stock Dividends	(30,083)	-	(31,427)	-
Net Loss and Other Comprehensive Income Available for Common Stockholders	\$ (671,875)	\$ (20,883)	\$ (819,939)	\$ (123,719)
Net Loss Per Share				
Basic	\$ -	\$ -	\$ -	\$ -
Diluted	\$ -	\$ -	\$ -	\$ -
Weighted Average Shares Outstanding				
Basic	361,740,633	345,188,164	360,723,520	353,021,931
Diluted	361,740,633	345,188,164	360,723,520	353,021,931

The accompanying notes are an integral part of these financial statements



<b>MARCH 31, 2016</b>	<u>1,240</u>	<u>\$ 1,240,000</u>	<u>1,250</u>	<u>\$ 1,250,000</u>	<u>375,094,082</u>	<u>\$ 375,094</u>	<u>\$ 1,125,283</u>	<u>\$ 412</u>	<u>\$ (2,135,966)</u>	<u>18,021,535</u>	<u>\$ (76,102)</u>	<u>1,778,721</u>
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The accompanying notes are an integral part of these financial statements



**REDHAWK HOLDINGS CORP.**  
**Consolidated Statements of Cash Flows**  
(unaudited)

	<b>Nine Months Ended March 31,</b>	
	<b>2016</b>	<b>2015</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net loss from continuing operations	\$ (788,924)	\$ (124,163)
Adjustments to reconcile net loss to net cash used in continuing operations:		
Amortization of intangibles	51,498	74,536
Depreciation	10,646	-
Contributed management services	20,000	-
Expiration of indebtedness	(156,697)	-
Gain on sale of marketable securities	(15,045)	-
Changes in operating assets and liabilities:		
Accounts receivable	(4,250)	(225)
Inventory	(175,000)	(10,080)
Prepaid expense and deposits	(55,943)	-
Accounts payable and accrued liabilities	603,093	12,007
Due to related party	(28,635)	(8,601)
Net Cash Used in Operating Activities	<u>(539,257)</u>	<u>(56,526)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from the sale of marketable securities	548,675	-
Acquisition of intangible assets	(5,000)	-
Net Cash Provided by Investing Activities	<u>543,675</u>	<u>-</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issuance of common stock	50,000	49,900
Proceeds from related party line of credit	100,000	-
Proceeds from the issuance of the Series B Preferred Stock	256,767	-
Proceeds from issuance of debentures	35,000	-
Deferred loan costs	(10,096)	-
Proceeds from bank line of credit	100,000	-
Principal payments on bank line of credit	(127,759)	-
Proceeds from insurance note payable	30,048	-
Preferred stock dividends paid	(1,344)	-
Principal payments on insurance note payable	(23,425)	-
Principal payments on long-term debt	(3,261)	-
Treasury stock acquired	(76,102)	-
Net Cash Provided by Financing Activities	<u>329,828</u>	<u>49,900</u>
<b>NET CASH PROVIDED BY DISCONTINUED OPERATIONS</b>		
	<u>-</u>	<u>444</u>
Increase in cash	334,246	(6,182)
Cash, Beginning of Period	900	7,203
Cash, End of Period	<u>\$ 335,146</u>	<u>\$ 1,021</u>
<b>Non-Cash Investing and Financing Activities:</b>		
Land and building acquired in exchange for Series A Preferred Stock and assumption of debt	\$ 780,000	\$ -
Assumption of debt for land and building acquired	\$ 265,000	\$ -
Marketable securities acquired in exchange for Series B Preferred Stock and assumption of debt	\$ 1,855,692	\$ -
Assumption of debt in exchange for marketable securities acquired	\$ 980,000	\$ -
Partnership investment acquired in exchange for Series A Preferred Stock	\$ 625,000	\$ -
Related party line of credit converted into Series A Preferred Stock	\$ 100,000	\$ -
Equity investment acquired in exchange for common stock	\$ 260,000	\$ -
Preferred stock dividends declared but unpaid	\$ 30,083	\$ -
Financed insurance premiums	\$ 29,250	\$ -
<b>Supplemental Disclosures:</b>		
Interest paid	<u>\$ 3,693</u>	<u>\$ -</u>

Income tax paid

\$ - \$ -

The accompanying notes are an integral part of these financial statements

**REDHAWK HOLDINGS CORP.**  
**Notes to the Unaudited Consolidated Financial Statements**  
**March 31, 2016**

**1. NATURE OF OPERATIONS AND CONTINUANCE OF BUSINESS**

RedHawk Holdings Corp. (“we” or the “Company”) (formerly Independence Energy Corp.) was incorporated in the State of Nevada on November 30, 2005 under the name “Oliver Creek Resources Inc.” At inception, we were organized to acquire, explore and develop natural resource properties in the United States. Effective August 12, 2008, we changed our name from “Oliver Creek Resources Inc.” to “Independence Energy Corp.” and opened for trading with the Over-the Counter Bulletin Board under the symbol “IDNG.” Effective October 13, 2015, by vote of a majority of the Company’s stockholders, the Company’s name was changed from “Independence Energy Corp.” to “RedHawk Holdings Corp.”

On March 31, 2014, the Company acquired the exclusive right to distribute certain medical devices and changed the focus of its operations to include medical device distribution. We have expanded our operations to include specialized financial services, pharmaceutical sales, commercial real estate leasing and investment, and a specialized security system.

Currently, we are a diversified holding company which, through our subsidiaries, is engaged in sales and distribution of medical devices, sales of branded generic pharmaceutical drugs, commercial real estate investment and leasing, sales of point of entry full-body security systems, and specialized financial services. Through its medical products business unit, the Company sells WoundClot Surgical - Advanced Bleeding Control, the Disintegrator™ Insulin Needle Destruction Unit, the Carotid Artery Digital Non-Contact Thermometer and Zonis®. Its real estate leasing revenues are generated from a commercial property under a long-term lease. Additionally, the Company’s real estate investment unit holds limited liability company interest in a commercial restoration project in Hawaii. The Company’s financial service revenue is from brokerage services earned in connection with debt placement services. RedHawk Energy Corp., LLC holds the exclusive U.S. manufacturing and distribution rights for the Centri Controlled Entry System, a unique, closed cabinet, nominal dose transmission full body x-ray scanner.

In June 2014, the Company decided to discontinue its oil and gas exploration and production operations.

**Going Concern**

These financial statements have been prepared on a going concern basis, which implies that the Company will be able to continue as a going concern without further financing. Currently, the Company must continue to realize its assets to discharge its liabilities in the normal course of business. The Company has generated minimal revenues to date and has never paid any dividends on its common stock and is unlikely to pay any common stock dividends or generate significant earnings in the immediate or foreseeable future.

As of March 31, 2016, the Company had working capital of \$214,830 but an accumulated deficit of \$2,135,966. The continuation of the Company as a going concern is dependent upon the continued financial support from its stockholders, the ability to raise equity or debt financing, and the attainment of profitable operations from the Company’s businesses. These factors raise substantial doubt regarding the Company’s ability to continue as a going concern. These financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation**

The unaudited interim condensed financial statements of the Company as of March 31, 2016 and for the three and nine month periods ended March 31, 2016 and 2015 included herein have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) for interim financial information and pursuant to the rules and regulations of the Securities and Exchange Commission (the “SEC”). The year-end condensed balance sheet dated as of June 30, 2015 is also unaudited and is presented here as a basis for comparison and reflective of our transition period balance sheet for our new year end which was changed on June 15, 2015. The Company’s fiscal year-end was January 31 but has been changed to June 30 by vote of a majority of the Company’s board of directors. Although the financial statements and related information included herein have been prepared without audit, and certain information and disclosures normally included in financial statements prepared in accordance with GAAP have been condensed or omitted, the Company believes that the note disclosures are adequate to make the information presented not misleading. These unaudited condensed financial statements should be read in conjunction with the Company’s audited consolidated financial statements and the notes thereto included in the Company’s Annual Report on Form 10-K as of January 31, 2015. In the opinion of our management, the unaudited interim financial statements included herein reflect all adjustments, consisting of normal recurring adjustments, considered necessary for a fair presentation of the Company’s financial position, results of operations, and cash flows for the periods presented. The results of operations for interim periods are not necessarily indicative of the results expected for the full year or any future period.

## **Principles of Consolidation**

The consolidated financial statements include the accounts of the Company and its subsidiaries in which we have a greater than 50% ownership. All material intercompany accounts have been eliminated upon consolidation. Certain prior year amounts are sometimes reclassified to be consistent with the current year financial statement presentation. Equity investments, which we have an ownership greater than 20% but less than 50% through which we exercise significant influence over but do not control the investee and we are not the primary beneficiary of the investee's activities, are accounted for using the equity method of accounting.

## **Use of Estimates**

The financial statements and related notes are prepared in conformity with GAAP which requires our 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 revenues and expenses during the reporting period. The Company regularly evaluates estimates and assumptions related to valuation and impairment of long-lived assets, asset retirement obligations, fair value of share-based payments, and deferred income tax asset valuation allowances. The Company bases its estimates and assumptions on current facts, historical experience and various other factors that it believes to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities and the accrual of costs and expenses that are not readily apparent from other sources. The actual results experienced by the Company may differ materially and adversely from the Company's estimates. To the extent there are material differences between the estimates and the actual results, future results of operations will be affected.

## **Revenue Recognition**

We derive revenue from several types of activities – medical device sales, commercial real estate leasing and financial services. Our medical device sales include the marketing and distribution of certain professional and consumer grade digital non-contact thermometers, needle destruction unit and advanced bleeding control, non-compression hemostasis. Our real estate leasing revenues are from certain commercial properties under long-term lease. The financial service revenue is from brokerage services earned in connection with debt placement services.

## **Cash and Cash Equivalents**

We consider highly liquid investments with an original maturity of 90 days or less to be cash equivalents.

## **Marketable Securities**

We determine the appropriate classification of our marketable securities at the time of purchase and reassess the appropriateness of the classification at each reporting date. At March 31, 2016, all marketable securities held by the Company have been classified as available-for-sale and, as a result, are stated at fair value with unrealized gains and losses included as a component of accumulated other comprehensive income or loss. Realized gains and losses on the sale of marketable securities are determined on a specific identification basis. Interest and dividend income is recorded when it is earned and deemed realizable by the Company. At March 31, 2016, the cost of the marketable securities on hand, which consisted entirely of widely recognized publically-traded securities, was \$1,322,062. Gross unrealized gain on the fair market value of the marketable securities was \$412 as of March 31, 2016 (see Note 8).

## **Accounts Receivable**

Accounts receivables are amounts due from customers of our medical device division and our financial services division. The amount is reported at the billed amount, net of any expected allowance for bad debts.

## **Inventory**

Inventory consist of purchased thermometers and advanced bleeding control, non-compression hemostasis held for resale and are stated at the lower of cost or net realizable value utilizing the first-in, first-out method.

## Property and Improvements

Property and improvements are stated at cost. We provide for depreciation expense on a straight line basis over each asset's useful life depreciated to their estimated salvage value. Buildings are depreciated over a useful life of 20 years. Building improvements are depreciated over a useful life of 5 to 10 years.

## Oil and Gas Property Costs

During the year ended January 31, 2015, the Company decided to discontinue its oil and gas business and the relevant assets have been impaired. In June 2015, the Company assigned its working interest in the Quinlan wells to the operator of those wells in exchange for the cancellation of all amounts due to the operator, including any future liabilities related to the Quinlan wells.

## Income Taxes

Potential benefits of income tax losses are not recognized in the accounts until realization is more likely than not. The Company has adopted Accounting Standard Codification ("ASC") 740, *Income Taxes*, as of its inception. Pursuant to ASC 740, the Company is required to compute tax asset benefits for net operating losses carried forward. The potential benefits of net operating losses have not been recognized in these financial statements because the Company cannot be assured it is more likely than not it will utilize the net operating losses carried forward in future years. The Company recognizes interest and penalties related to uncertain tax positions in income tax expense in the period they are incurred. The Company does not believe that it has any uncertain tax positions. The Company has not filed any corporate tax returns since its inception.

## Basic and Diluted Net Loss Per Share

The Company computes net loss per share in accordance with ASC 260, *Earnings Per Share*, which requires presentation of both basic and diluted earnings per share (EPS) on the face of the income statement. Basic EPS is computed by dividing net loss available to common shareholders (numerator) by the weighted average number of shares outstanding (denominator) during the period. Diluted EPS gives effect to all dilutive potential common shares outstanding during the period using the treasury stock method and the convertible notes and the convertible preferred stock using the if-converted method. In computing Diluted EPS, the average stock price for the period is used in determining the number of shares assumed to be purchased from the exercise of stock options or warrants. Diluted EPS excludes all dilutive potential shares if their effect is anti-dilutive. As of March 31, 2016 and 2015, the Company had 7,452,959 potentially dilutive shares from our warrants issued in connection with the November 2014 private equity sale. There were 2,333,333 shares issuable upon conversion of the notes but have been excluded from earnings per share calculations because these shares are anti-dilutive. At March 31, 2016, there were potentially 82,666,666 shares issuable upon the conversion of the Series A Preferred Stock. In addition, there were potentially 125,000,000 shares issuable upon the conversion of the Series B preferred stock.

## Comprehensive Income (Loss)

ASC 220, *Comprehensive Income*, establishes standards for the reporting and display of comprehensive loss and its components in the financial statements. During the three and nine month periods ended March 31, 2016, the Company had \$12,019 and \$412, respectively, of other comprehensive income resulting from the unrecognized income on marketable securities. During the three and nine month periods ended March 31, 2015, the Company had no items that represented other comprehensive income.

## Financial Instruments

Pursuant to ASC 820, *Fair Value Measurements and Disclosures*, an entity is required to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. ASC 820 establishes a fair value hierarchy based on the level of independent, objective evidence surrounding the inputs used to measure fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. ASC 820 prioritizes the inputs into the following three levels that may be used to measure fair value:

**Level 1.** Level 1 applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.

**Level 2.** Level 2 applies to assets or liabilities for which there are inputs other than quoted prices that are observable for the asset or liability such as quoted prices for similar assets or liabilities in active markets; quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions (less active markets); or model-derived valuations in which significant inputs are observable or can be derived principally from, or corroborated by, observable market data.

**Level 3.** Level 3 applies to assets or liabilities for which there are unobservable inputs to the valuation methodology that are significant to the measurement of the fair value of the assets or liabilities.

The Company has marketable securities with a fair market value of \$1,322,474 at March 31, 2016, which are all publicly traded securities with quoted prices in active markets. The fair value is based on Level 1 assumptions.

The Company's financial instruments consist principally of cash, marketable securities, accounts payable and accrued liabilities, and amounts due to related parties. Pursuant to ASC 820 and ASC 825, the fair value of our cash is determined based on "Level 1" inputs, which consist of quoted prices in active markets for identical assets.

We believe that the recorded values of all of our other financial instruments approximate their current fair values because of their nature and respective maturity dates or durations.

### **Recent Accounting Pronouncements**

#### **Development Stage**

The Company has limited operations and is considered to be in the development stage. During the year ended January 31, 2015, the Company elected to early adopt Accounting Standards Update ("ASU") No. 2014-10, *Development Stage Entities (Topic 915): Elimination of Certain Financial Reporting Requirements*. The adoption of this ASU allows the Company to remove the inception to date information and all references to development stage.

#### **Revenue Recognition**

In May 2014, the Financial Accounting Standards Board (the "FASB") issued new guidance intended to change the criteria for recognition of revenue. The new guidance establishes a single revenue recognition model for all contracts with customers, eliminates industry specific requirements and expands disclosure requirements. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. To achieve this core principle, an entity should apply the following five steps: (1) identify contracts with customers, (2) identify the performance obligations in the contracts, (3) determine the transaction price, (4) allocate the transaction price to the performance obligation in the contract, and (5) recognize revenue as the entity satisfies performance obligations. The amendments are effective for annual reporting periods beginning after December 15, 2017, including interim periods within that reporting period. Early application is permitted for annual reporting periods beginning after December 15, 2016, including interim periods within that reporting period. We are currently evaluating what impact the adoption of this guidance would have on our financial position, results of operations, cash flows and disclosures.

#### **Going Concern**

In August 2014, the FASB issued guidance on disclosures of uncertainties about an entity's ability to continue as a going concern. The guidance requires management's evaluation of whether there are conditions or events that raise substantial doubt about the entity's ability to continue as a going concern within one year after the date that the financial statements are issued. This assessment must be made in connection with preparing financial statements for each annual and interim reporting period. Management's evaluation should be based on the relevant conditions and events that are known and reasonably knowable at the date the financial statements are issued. If conditions or events raise substantial doubt about the entity's ability to continue as a going concern, but this doubt is alleviated by management's plans, the entity should disclose information that enables the reader to understand what the conditions or events are, management's evaluation of those conditions or events and management's plans that alleviate that substantial doubt. If conditions or events raise substantial doubt and the substantial doubt is not alleviated, the entity must disclose this in the footnotes. The entity must also disclose information that enables the reader to understand what the conditions or events are, management's evaluation of those conditions or events and management's plans that are intended to alleviate that substantial doubt. The amendments are effective for annual periods and interim periods within those annual periods beginning after December 15, 2016. We do not expect that adoption will have a material impact on our financial position, results of operations, cash flows or disclosures.

### **Debt Issuance Costs**

In April 2015, the FASB issued new guidance which requires debt issuance costs to be presented in the balance sheet as a direct deduction from the carrying value of the associated debt liability, consistent with the presentation of a debt discount. The new guidance does not affect the recognition and measurement of debt issuance costs. Therefore, the amortization of such costs will continue to be calculated using the interest method and be reported as interest expense. The new guidance does not specifically address, and therefore does not affect, the balance sheet presentation of debt issuance costs for revolving debt arrangements. The new guidance is effective for financial statements issued in fiscal years beginning after December 15, 2015, and will be applied on a retrospective basis. Early adoption is permitted for financial statements that have not been previously issued. To date, our debt issuance cost of \$10,096 as of March 31, 2016 has not been significant. As the Company continues to raise capital to execute its growth strategy, the use of debt in the future may have additional issuance costs to be accounted for under this guidance.

### **New Accounting Pronouncements**

The Company does not believe that there are any other new accounting pronouncements that have been issued that might have a material impact on its consolidated financial statements.

## **3. FIXED ASSETS**

### **Properties and Improvements**

On November 13, 2015, we acquired certain commercial rental property, consisting of \$75,000 of land and \$405,000 of buildings and improvements, from a related party that is an entity controlled by a stockholder and officer of the Company, for \$480,000. The purchase price was paid by the Company through the assumption of \$265,000 of long-term bank indebtedness (see Note 7) plus the issuance of 215 shares of the Company's newly designated Series A Preferred Stock (see Note 8). The purchase price of the property was determined by independent third-party appraisers commissioned by the financial institution providing the long-term financing for the acquisition, which included the cost of specific security improvements requested by the lessee.

On December 31, 2015, we acquired certain commercial real estate from a related party, that is an entity controlled by a shareholder and officer of the Company, to be used as our corporate office, for \$300,000 consisting of \$35,000 of land and \$265,000 of buildings and improvements. The purchase price was paid by the Company with the issuance of 300 shares of the Company's Series A Preferred Stock. The purchase price of the property was determined by independent third-party appraisal.

### **Oil and Gas Properties**

Effective June 1, 2015, we assigned 100% of our interest in the Quinlan wells to the operator of those wells in exchange for the cancellation of all current and future liabilities on the Quinlan wells.

## **4. OTHER ASSETS**

### **Tower Hotel Fund 2013, LLC**

On December 31, 2015, RedHawk Land & Hospitality, LLC acquired from Beechwood Properties, LLC 280,000 Class A Units (approximately a 2.0% membership interest) of fully paid, non-assessable units of limited liability company interest in Tower Hotel Fund 2013, LLC, a real estate development limited liability company formed in the state of Hawaii for acquisition, restoration and development of the Naniloa Hilo Resort in Hilo, Hawaii. The \$625,000 purchase price was paid by the issuance of 625 shares of the Company's Series A Preferred Stock. The purchase price was determined by an independent third-party valuation. Beechwood Properties, LLC is a real estate limited liability company owned and controlled by G. Darcy Klug, a stockholder and Chief Financial Officer of the Company.

## **Intangible Assets**

On March 31, 2014, the Company entered into an asset purchase agreement (the "Agreement") with American Medical Distributors, LLC ("AMD") pursuant to which the Company acquired a five-year license commencing on November 27, 2013 for the exclusive territorial distribution rights to the Thermofinder non-contact thermometer from AMD in exchange for the issuance of 152,172,287 shares of the Company's common stock with a fair value of \$320,431 based on the fair value of such shares on the date of issuance. As a part of this asset acquisition and share issuance, the Company also received a payment of \$60,000. The intangible asset is being amortized over the remaining life of the license agreement. Amortization expense is expected to be approximately \$68,664 per year for years 2016, 2017 and 2018 and approximately \$57,219 in year 2019.

On December 31, 2015, we acquired certain tangible and intangible high-quality medical device assets, including the Disintegrator™ Insulin Needle Destruction Unit ("NDD") and the Carotid Artery Non-Contact Thermometer. The purchase price was paid by the issuance of 60,000,000 restricted shares of our common stock, which are subject to vesting based upon the completion by the seller of certain performance milestones including, but not limited to, successful completion of NDD upgrades, submission for worldwide patents for the NDD, completion of the first NDD production model, approval by the Company of the initial NDD production run, attaining certain NDD unit sales and profitability milestones, and receipt of final worldwide patents for the NDD. At March 31, 2016, none of the restricted shares had vested.

On March 23, 2016, RedHawk Pharma UK Ltd acquired a 25% equity interest in EcoGen Europe Ltd ("EcoGen") from Scarlett Pharma Ltd ("Scarlett"). The Company has agreed to issue to Scartlett up to 100 million restricted shares of common stock of the Company. Under the terms of the purchase agreement, 10 million shares were issued to Scarlett at closing with an additional 90 million shares (the "Earnout Shares") to be issued and vested pro rata as EcoGen reports audited EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization). The issuance and vesting of the Earnout Shares will occur annually based upon audited results of EcoGen and will conclude with the earlier of EcoGen attaining cumulative EBITDA of \$100 million or seven years from the closing date.

Additionally, during the seven-year period commencing on the closing date, the Company has the right, but not the obligation, to increase its ownership position in EcoGen up to a maximum of 49% of the entire capital of EcoGen. Should the Company exercise its option to increase its ownership position, the Company will issue to Scarlett, pro rata, up to an additional 100 million restricted shares of the common stock of the Company.

Concurrent with the execution of the purchase agreement, the Company entered into a consultancy agreement with Scarlett for the marketing and distribution in the United Kingdom and, where available, other European and Middle East countries, certain medical device products offered by RedHawk Medical Products UK Ltd.

### **5. LOAN AND INSURANCE NOTE PAYABLE**

During August 2015, we financed a portion of our insurance premiums totaling \$29,250. At March 31, 2016, the outstanding balance due on our premium finance agreement was \$6,623. The note matures on May 14, 2016 with interest accruing at 6.5% per annum.

In December 2011, the Company received a loan in the amount of \$156,697 from an unrelated third party. The loan was non-interest bearing, unsecured and due on demand. On December 11, 2015, the time frame to collect the loan by the third party had expired. Therefore, the loan was written off and recorded within other income/expense as expiration of indebtedness.

### **6. DUE TO RELATED PARTY**

Effective November 12, 2015, the Company entered into a \$100,000 Commercial Note Line of Credit (the "Line of Credit") with a stockholder and officer of the Company to evidence prior indebtedness and provide for future borrowings. The advances are used to fund our operations.

The Line of Credit accrues interest at 5% per annum and matures on October 31, 2016. At maturity, or in connection with a pre-payment, subject to the conditions set forth in the Line of Credit, the stockholder has the right to convert the amount outstanding (or the amount of the prepayment) into the Company's Series A Preferred Stock at the par value of \$1,000 per share.

At December 31, 2015, the principal balance plus accrued interest totaled \$100,000. At that date, the stockholder elected to convert the outstanding principal and interest balance into 100 shares of our Series A Preferred Stock. At March 31, 2016, there is no outstanding balance on the Line of Credit.

### **7. LONG-TERM DEBT, DEBENTURES AND LINE OF CREDIT**

On November 13, 2015, we acquired certain commercial real estate from a related party that is an entity controlled by a stockholder and officer of the Company for \$480,000 consisting of \$75,000 of land costs and \$405,000 of buildings and improvements (see Note 3). The purchase price was paid by through the assumption by the Company of \$265,000 of long-term bank indebtedness ("Note") plus the issuance of 215 shares of the Company's newly designated Series A Preferred Stock. The purchase price also included the cost of specific security improvements requested by the lessee.



The Note is dated November 13, 2015 and has a principal amount of \$265,000. Monthly payments under the Note are \$1,962 including interest accruing at a rate of 5.95% per annum. The Note matures in June 2021 and is secured by the commercial real estate, guarantees by the Company and its real estate subsidiary and the personal guarantee of a stockholder who is also an officer of the Company.

We have authorized the issuance of up to \$10 million in principal amount of convertible promissory notes (the "Convertible Notes"). The Convertible Notes are secured by certain Company real estate holdings and real estate holdings of a stockholder. The Convertible Notes mature on the fifth anniversary of the date of issuance and are convertible into shares of our common stock at a price of \$0.015 per share. Interest accrues at a rate of 5% per annum and is payable semi-annually. Beginning 180 days after issuance of the Convertible Notes, the Company has the option to issue a notice of its intent to redeem, for cash, an amount equal to the sum of (a) 120% of the then outstanding principal balance, (b) accrued but unpaid interest and (c) all liquidated damages and other amounts due in respect of the Convertible Notes. The Company may only issue the notice of its intent to redeem the Convertible Notes if the trading average of the Company's common stock equals or exceeds 300% of the conversion price during each of the five business days immediately preceding the date of the notice of intent to redeem. The holder of the Convertible Notes has the right to convert all or any portion of the Convertible Notes at the conversion price at any time prior to redemption. At March 31, 2016, there were \$35,000 of Convertible Notes outstanding which are convertible into our common stock at a conversion rate of \$0.015 per share or 2,333,333 shares.

Our line of credit with a bank totals \$1,000,000 of which \$952,241 is outstanding as of March 31, 2016 (See Note 8). The line of credit is due upon demand and is secured by marketable securities, a corporate guarantee and the guarantee of a stockholder who is also an officer of the Company. Interest accrues at the rate of one-month LIBOR plus 2.75% and is paid monthly. The interest rate at March 31, 2016 was 3.18%.

## **8. STOCKHOLDERS' EQUITY**

Effective on October 13, 2015, we amended and restated our articles of incorporation as previously adopted by a majority vote of our stockholders. The amended and restated articles of incorporation, among other things, changed our name to RedHawk Holdings Corp., authorized 5,000 shares of Preferred Stock, and increased the number of authorized shares of common stock from 375,000,000 to 450,000,000.

### **Common Stock**

On October 15, 2015, we entered into a securities purchase agreement with an accredited investor for the sale of 5,000,000 shares of our common stock in exchange for \$50,000.

On February 22, 2016, we entered into a settlement agreement with a former officer and director in partial settlement of certain litigation. At the time of the settlement, the officer owned 18,021,535 shares of our common stock. In exchange for a payment of \$42,500 and other consideration provided in the settlement, the Company purchased the shares owned by the former officer and returned those shares into the Company treasury. The Company incurred transaction costs of \$33,602 in completing this equity transaction.

On March 23, 2016, we issued 10,000,000 shares of our common stock, having a fair market value of \$260,000, in connection with entering into a purchase agreement with Scatlett to acquire a 25% ownership interest in EcoGen (See Note 4).

### **Preferred Stock**

Pursuant to a certificate of designation filed with the Secretary of State of the State of Nevada, effective November 12, 2015, 2,000 shares of our authorized Preferred Stock have been designated as Series A 5% Convertible Preferred Stock, with a \$1,000 stated value ("Series A Preferred Stock"). The holders of the Series A Preferred Stock are entitled to receive cumulative dividends at a rate of 5% per annum, payable quarterly in cash, or at the Company's option, such dividends shall be accreted to, and increase, the stated value of the issued Series A Preferred Stock ("PIK"). Holders of the Series A Preferred Stock are entitled to votes on all matters submitted to stockholders at a rate of ten votes for each share of common stock into which the Series A Preferred Stock may be converted. After nine months from issuance, each share of Series A Preferred Stock is convertible, at the option of the holder, into the number of shares of common stock equal to the quotient of the stated value, as adjusted for PIK dividends, by \$0.015, as adjusted for stock splits and dividends.

On November 13, 2015, we issued 215 shares of our Series A Preferred Stock in connection with the acquisition of certain commercial real estate from a related party, which is an entity controlled by a stockholder and officer of the Company. On December 31, 2015, in exchange for 300 shares of our Series A Preferred Stock, we acquired from a related party, which is an entity controlled by a stockholder and officer of the Company, certain real estate to be used as our corporate offices (see Note 3).

On December 31, 2015, we issued 625 shares of Series A Preferred Stock to acquire certain limited liability company membership interest in a real estate development located in Hawaii (See Note 4).

On December 31, 2015, a stockholder and officer of the Company converted \$100,000 of the outstanding principal and interest balance due to the stockholder in exchange for 100 shares of the Company's Series A Preferred Stock (see Note 6).

Pursuant to a certificate of designation filed with the Secretary of State of the State of Nevada, effective December 29, 2015, 1,000 shares of our authorized Preferred Stock have been designated as Series B 5% Convertible Preferred Stock, with a \$1,000 stated value ("Series B Preferred Stock"). The holders of the Series B Preferred Stock are entitled to receive cumulative dividends at a rate of 5% per annum, payable quarterly in cash, or at the Company's option, such dividends shall be accreted to, and increase, the stated value of the issued Series B Preferred Stock ("PIK"). Holders of the Series B Preferred Stock are entitled to votes on all matters submitted to stockholders at a rate of ten votes for each share of common stock into which the Series B Preferred Stock may be converted. After nine months from issuance, each share of Series B Preferred Stock is convertible, at the option of the holder, into the number of shares of common stock equal to the quotient of the stated value, as adjusted for PIK dividends, by \$0.01, as adjusted for stock splits and dividends.

On December 30, 2015, we received, from a stockholder and officer of the Company, \$1,862,458 of cash and marketable securities, net of a \$980,000 line of credit balance, in exchange for 1,000 shares of our Series B Preferred Stock.

On February 1, 2016, we received from an officer of the Company, \$250,000 of cash in exchange for 250 shares of our Series B Preferred Stock.

## Warrants

During November 2014, we completed a private equity sale of 14,905,918 shares of common stock generating proceeds of \$49,900. As a component of this private equity sale, 7,745,959 warrants to acquire common stock of the Company were also issued with an exercise price of \$0.005 per share. During the nine month period ended March 31, 2016, no warrants were exercised and 7,452,959 warrants remain outstanding. The warrants expire upon the close of business on November 7, 2016.

## 9. DISCONTINUED OPERATIONS

On June 23, 2014, the Company impaired its remaining oil and natural gas properties and changed its focus to medical device distribution and other businesses. The Company's oil and gas properties have been classified as held for sale and are reflected at the estimated fair value expected to be realized by the Company. As a result of the Company's impairment of its oil and gas properties and change in direction for the Company's business, all expenses related to the oil and natural gas operations have been classified as discontinued operations.

The results of discontinued operations are summarized as follows:

	For the Nine months Ended March 31,	
	2016	2015
Operating Income	\$ -	\$ 444
Net Income from Discontinued Operations	\$ -	\$ 444

## 10. INCOME TAXES

As of January 31, 2015, the Company had \$986,035 of net operating losses carried forward to offset taxable income in future years which expire commencing in fiscal 2026 and run through 2035. Since January 31, 2015, the Company has increased those available net operating losses to offset future taxable income by \$905,966 through the period ended March 31, 2016. The income tax benefit differs from the amount computed by applying the U.S. federal income tax rate of 34% due to a valuation allowance established for the fair value of the tax benefit generated which is discussed in more detail below to net loss before income taxes. At March 31, 2016, the Company had no uncertain tax positions.

The Company accounts for interest and penalties relating to uncertain tax provisions in the current period statement of income, as necessary. The Company has never filed a tax return. In order to utilize the available net operating loss carryforwards, the Company will need to prepare and file all tax returns since its inception. The Company's tax years from inception are subject to examination.

Due to the uncertainty surrounding the realization of the deferred tax assets in future years, our management has determined that it is more likely than not that the deferred tax assets will not be realized in future periods. Accordingly, the Company has recorded a valuation allowance against its net deferred tax assets. As of March 31, 2016, the cumulative net operating loss carried forward is \$1,892,001 or a net tax asset of \$643,280, which has been fully allowed for.

## 11. SEGMENT INFORMATION

SFAS No. 131, "Disclosures About Segments of an Enterprise and Related Information," requires that companies disclose segment data based on how management makes decisions about allocating resources to segments and measuring their performance. Currently, we conduct our businesses in three operating segments – Land & Hospitality, Medical Device and Pharmaceutical, and Other Services. Our Land & Hospital and Other Services business units operate in the United States. Our Medical Device and Pharmaceutical business unit currently operates primarily in the United Kingdom. All remaining assets, primarily our corporate offices and investment portfolio, are located in the United States. The segment classified as Corporate includes corporate operating activities that support the executive offices, capital structure and costs of being a public registrant. These costs are not allocated to the operating segments when determining profit or loss.

	<u>LAND &amp; HOSPITALITY</u>	<u>MEDICAL DEVICE &amp; PHARMA</u>	<u>OTHER SERVICES</u>	<u>CORPORATE</u>	<u>TOTAL</u>
Operating revenues	\$ 14,950	\$ -	\$ 4,750	\$ -	\$ 19,700
Operating income (loss)	\$ (2,768)	\$ (276,283)	\$ (17,098)	\$ (666,764)	\$ (962,913)
Interest expense	\$ 5,995	\$ -	\$ -	\$ 6,567	\$ 12,562
Depreciation and amortization	\$ 10,646	\$ 51,498	\$ -	\$ -	\$ 62,144
Identifiable assets	\$ 1,395,344	\$ 674,776	\$ 4,602	\$ 1,670,664	\$ 3,745,386

## 12. SUBSEQUENT EVENTS

Subsequent to March 31, 2016, the Company issued an additional \$300,000 of Convertible Notes to be used for acquisition investment and working capital.

## ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This Management's Discussion and Analysis of Financial Condition and Results of Operations contains forward-looking statements. Forward-looking statements are all statements other than statements of historical facts. The words "may," "can," "will" "should," "plans," "believes," "estimates," "expects," "projects," "targets," "intends," "potential," "proposed," and any similar expressions are intended to identify those assertions as forward-looking statements. Investors are cautioned that forward-looking statements are predictions and are inherently uncertain. Actual performance and results may differ materially from that projected or suggested herein due to certain risks and uncertainties. In evaluating forward-looking statements, you should consider the various factors which may cause actual results to differ materially from any forward-looking statements, including the risks below and those listed in the "Risk Factors" section of our latest 10-K report:

- Changes in the effects of the significant level of competition that exists in the medical device distribution industry, or our inability to attract customers for other reasons.
- The unexpected cost of regulation applicable to our industry, and the possibility of future additional regulation.
- Our lack of insurance coverage in the event we incur an unexpected liability.
- Our lack of a proven operating history and the possibility of future losses that are greater than we currently anticipate.
- The possibility that we may not be able to generate revenues or access other financing sources necessary to operate our business.
- Our inability to attract necessary personnel to run and market our business.
- The volatility of our stock price.
- Changes in the market prices for our products, or our failure to perform or renew the distribution agreement for our products.
- Our failure to execute our growth strategy or enter into other lines of business that we may identify as potentially profitable for our company.
- Changes in economic and business conditions.
- Changes in accounting policies and practices we may voluntarily adopt or that we may be required to adopt under generally accepted accounting principles in the United States.

Although we believe that the exceptions reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. New risks and uncertainties arise over time, and it is not possible for us to predict the occurrence of those matters or the manner in which they may affect us. Except as required by law, we are not obligated to, and do not intend to, update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Therefore, you should not rely on these forward-looking statements as of any date subsequent to the date of this Quarterly Report on Form 10-Q.

## Overview

RedHawk Holdings Corp. was incorporated in the State of Nevada on November 30, 2005 under the name “Oliver Creek Resources, Inc”. At its inception, we were an exploration stage company engaged in the acquisition, exploration and development of natural resources. We discontinued our oil and gas operations in 2014 and changed our business focus. Currently, we are a diversified holding company which, through our subsidiaries, is engaged in sales and distribution of medical devices, sales of branded generic pharmaceutical drugs, commercial real estate investment and leasing, sales of point of entry full-body security systems, and specialized financial services. Through its medical products business unit, the Company sells WoundClot Surgical - Advanced Bleeding Control, the Disintegrator™ Insulin Needle Destruction Unit (the “Disintegrator”), the Carotid Artery Digital Non-Contact Thermometer and Zonis®. Its real estate leasing revenues are generated from a commercial property under a long-term lease. Additionally, the Company’s real estate investment unit holds limited liability company interest in a commercial restoration project in Hawaii. The Company’s financial service revenue is from brokerage services earned in connection with debt placement services. RedHawk Energy holds the exclusive U.S. manufacturing and distribution rights for the Centri Controlled Entry System, a unique, closed cabinet, nominal dose transmission full body x-ray scanner.

## Working Capital

	March 31, 2016	June 30, 2015
Current Assets	\$ 1,903,179	\$ 11,266
Current Liabilities	\$ 1,688,349	\$ 273,312
Working Capital (Deficit)	\$ 214,830	\$ (262,046)

## RESULTS OF OPERATIONS

### Operating Revenues

For the period from November 30, 2005 (date of inception) to March 31, 2016, our Company has earned minimal operating revenues. During the quarter ended December 31, 2015, we commenced operations in our financial services and commercial real estate leasing business units. On December 31, 2015, our medical device business unit completed the acquisition of certain specialized tangible and intangible medical devices. On March 23, 2016, RedHawk Pharma UK Ltd acquired a 25% equity interest in EcoGen Europe Ltd, a United Kingdom based distributor of branded generic pharmaceuticals. Sales of our medical devices and branded generic pharmaceuticals are expected to commence during the quarter ending June 30, 2016.

### Operating Expenses and Loss from Continuing Operations

For the three months ended March 31, 2016, we incurred a loss of \$(653,811) from continuing operations or \$nil per share compared with a loss from continuing operations of \$(20,883) or \$nil per share for the three months ended March 31, 2015. The increase in the loss was primarily attributable to the one-time transaction costs incurred in connection with (i) the acquisition of certain intangible medical device assets for the Disintegrator; (ii) the completion of certain foreign equity investments; (iii) the acquisition of 18,021,535 shares of our common stock from a former officer and director of the Company; (iv) litigation costs related to certain claims against former professionals; and (v) litigation costs incurred in connection with claims against certain investors from the November 2015 private equity raise.

Costs and expenses for the three months ended March 31, 2016 were \$(681,776) compared with \$20,883 for the three months ended March 31, 2015. The increase of \$660,893 was principally due to a \$327,179 increase in professional fees, a \$249,000 increase in management fees and a \$50,699 increase in general and administrative expenses. These increases were attributable to the one-time transaction costs and increases in management compensation and administrative costs due to the Company’s increased business activity. The increase in management fees is also attributable to execution of a consultancy agreement completed in connection with our investment in a foreign limited liability company. The higher professional fees resulted primarily from higher legal costs associated with the various transactional costs’ legal fees incurred in connection with certain litigation matters and greater legal fees associated increased and more complex regulatory filings completed during the three months ended March 31, 2016.

For the nine months ended March 31, 2016, we incurred a loss of \$(788,924) from continuing operations or \$nil per share compared with a loss from continuing operations of \$(124,163) or \$nil per share for the nine months ended March 31, 2015. After \$444 of income from discontinued operations, the Company reported a net loss of \$(123,719) for the nine month period ended March 31, 2015.

Costs and expenses for the nine months ended March 31, 2016 were \$962,913 compared with \$124,388 for the nine months ended March 31, 2015. The increase of \$858,225 was principally due to a \$500,705 increase in professional fees, a \$279,351 increase in management fees, and a \$63,981 increase in general and administrative expenses. The higher professional fees resulted primarily from higher legal costs associated with various transactional costs, certain litigation costs, the repurchase of 18,021,535 shares of our common stock and increased regulatory filings. The higher costs and expenses were related to increased business activity.

During the nine months ended March 31, 2016, we recognized a one-time benefit totaling \$156,697 which resulted from the expiration of certain indebtedness obligations.

### ***Liquidity and Capital Resources***

As of March 31, 2016, we had cash and cash equivalents of \$335,146 compared with \$900 at June 30, 2015. Additionally, at March 31, 2016, we had \$1,322,474 of marketable securities. During the nine months ended March 31, 2016, we continued to focus on recapitalizing our balance sheet and reducing cash outlays for recurring operating costs. These reductions were offset by higher professional fees associated with transactional costs, certain litigation expenses and increased and more complex regulatory filings. We also concentrated on the completion of certain acquisition which we believe will provide us with significant revenue opportunities in the future.

At March 31, 2016, we had total assets of \$3,745,386 compared with \$245,617 at June 30, 2015. The increase in overall assets was principally due to the December 30, 2015 contribution of cash and marketable securities by a certain stockholder and officer of the Company.

At March 31, 2016, we had total liabilities of \$1,966,665 compared with \$273,312 at June 30, 2015. The increase in total liabilities was principally due to the outstanding balance of \$952,241 from the line of credit assumed from a stockholder and officer of the Company, the purchase of certain commercial real estate including the assumption of \$265,000 in bank indebtedness and the assumption of certain obligations incurred in connection with the investment into a foreign limited liability company, all of which was partially offset with the expiration of a \$156,697 debt obligation. Subsequent to March 31, 2016, we sold approximately \$580,000 of our marketable securities to increase our cash position.

### ***Cash Flows***

	Nine months ended March 31,	
	2016	2015
Cash Flows used in Operating Activities	\$ (539,257)	\$ (56,526)
Cash Flows provided by Investing Activities	\$ 543,675	\$ -
Cash provided by Financing Activities	\$ 329,828	\$ 49,900
Net Increase (Decrease) in Cash During Period	\$ 334,246	\$ (6,182)

### ***Cash Flow from Operating Activities***

During the nine months ended March 31, 2016, cash of \$539,257 was used in operating activities compared with \$56,526 used during the nine month period ended March 31, 2015. Changes to our operating activities are sporadic and result from the early stage of implementation of our business strategies that are supported by capital raising activities. For the nine month period ended March 31, 2016, a \$603,093 increase in accounts payable, a \$20,000 non-cash compensation expense, and a \$51,498 non-cash intangible amortization charge and a \$10,646 depreciation charge partially offset the \$788,924 net loss for the period. Increases consisted of \$4,250, \$175,000 and \$55,943 in accounts receivable, inventory and prepaid expenses, respectively, a \$28,635 decrease in amounts due to a related party who is an entity controlled by a stockholder and officer of the Company, a \$15,045 gain on the sale of marketable securities and a \$156,697 gain from the expiration of certain indebtedness.

The decrease in cash used for operating activities during the nine month period ended March 31, 2015 was attributed to a net loss of \$124,163 which was partially offset by a \$74,536 non-cash intangible amortization charge. Significant reduction in day-to-day general and administrative expenses for our Company was partially offset by our payables and amounts due to a former officer of the Company.

### ***Cash Flow from Investing Activities***

During the nine month period ended March 31, 2016, we received \$548,675 from the sale of marketable securities of which \$5,000 was used to acquire certain intellectual properties in connection with specific medical device technologies for the Disintegrator, including, but not limited to, trademarks, tradenames, clinical trial data, designs, drawings and tooling. Additionally, during the nine month period ended March 31, 2016 we acquired 18,021,536 shares of our common stock in connection with the settlement of certain claims against a former officer of the Company for \$76,102.

### ***Cash Flows from Financing Activities***

During the nine month period ended March 31, 2016, we received \$50,000 from the issuance and sale of our common stock. This compares to \$49,900 received during the nine month period ended March 31, 2015.

During the nine month period ended March 31, 2016, we received \$100,000 from a line of credit with a related party, which is an entity controlled by a stockholder and officer of the Company, \$100,000 from a bank line of credit, \$35,000 from the sale of our convertible debentures, \$256,767 from the issuance of our Series B Preferred Stock and \$30,048 from an insurance note payable. These proceeds were offset by \$23,425 and \$3,261 of principal note payments on our insurance note payable and on our long-term debt, respectively, and \$127,759 of principal payments to reduce the outstanding balance on our line of credit.

### ***Non-Cash Investing and Financing Activities***

During the nine month period ended March 31, 2016, we completed several non-cash investing and financing transactions with an entity that is controlled by a stockholder and an officer of the Company: (i) in exchange for 215 shares of our Series A Preferred Stock and the assumption of \$265,000 of bank indebtedness, we acquired certain commercial real estate for \$480,000; (ii) in exchange for 300 shares of our Series A Preferred Stock, we acquired for \$300,000 certain commercial real estate to be used as our corporate offices; (iii) we acquired 280,000 Class A Units (approximately 2% membership interest) in a real estate development limited liability company formed for the restoration and development of certain commercial property in Hawaii in exchange for 625 shares of our Series A Preferred Stock; (iv) in exchange for 1,000 shares of our Series B Preferred Stock, we received approximately \$1,862,458 million of cash and marketable securities, net of a \$980,000 line of credit balance; and (v) we issued 100 shares of our Series A Preferred Stock upon the conversion of a \$100,000 outstanding balance on our line of credit.

### ***Going Concern***

We have not attained profitable operations and are dependent upon obtaining financing to pursue any extensive acquisitions and activities. For these reasons, our Independent Registered Public Accounting Firm stated in their report on our audited financial statements as of January 31, 2015 that they have substantial doubt that we will be able to continue as a going concern without further financing.

### ***Off-Balance Sheet Arrangements***

We have no significant off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that are material to stockholders.

### ***Subsequent Events***

Subsequent to March 31, 2016, the Company issued an additional \$300,000 of Convertible Notes to be used for acquisition investment and working capital.

### ***Future Financings***

We will continue to rely on financial support from our stockholders and our ability to raise equity capital or debt financing in order to continue to fund our business operations. Issuances of additional shares and debt instruments convertible into shares of our stock will result in dilution to existing stockholders. There is no assurance that we will achieve any additional sales of the equity securities or arrange for debt or other financing to fund our operations and other activities.

### ***Use of Estimates and Critical Accounting Policies***

Our financial statements and accompanying notes have been prepared in accordance with GAAP applied on a consistent basis. The preparation of financial statements in conformity with GAAP requires our management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods.

We regularly evaluate the accounting policies and estimates that we use to prepare our financial statements. A complete summary of these policies is included in the notes to our financial statements. In general, our management's estimates are based on historical experience, information from third party professionals, and various other assumptions that are believed to be reasonable under the facts and circumstances. Actual results could differ from those estimates made by management.

### ***Recently Issued Accounting Pronouncements***

We have implemented all new accounting pronouncements that are in effect and applicable to us. These pronouncements did not have any material impact on the financial statements unless otherwise disclosed, and we do not believe that there are any other new accounting pronouncements that have been issued that might have a material impact on our financial position or results of operations.

### **ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.**

As a smaller reporting company, we are not required to provide the information under this item.

### **ITEM 4. CONTROLS AND PROCEDURES.**

#### ***Management's Report on Disclosure Controls and Procedures***

The Company maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in the Company's reports filed under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer to allow for timely decisions regarding required disclosure.

As of the end of the quarter covered by this Quarterly Report on Form 10-Q, we carried out an evaluation of the effectiveness of the design and operation of the Company's disclosure controls and procedures. Based on the foregoing, our Chief Executive Officer and Chief Financial Officer concluded, in light of material weaknesses in our internal controls, that the Company's disclosure controls and procedures were not effective as of the end of the period covered by this Quarterly Report on Form 10-Q. The Company has a limited number of employees and, as such, all cash receipts and disbursements are controlled by our Chief Executive Officer and Chief Financial Officer. Therefore, segregation of duties surrounding certain processes are not adequately maintained. To overcome this material weakness, the Company uses third-party accounting experts to assist in the maintenance of the accounting records and the preparation of the Company's financial statements to ensure compliance with accounting and reporting rules and regulations of the SEC. Until the Company overcomes this material weakness, the Company believes the use of third-party accounting experts mitigates the material weaknesses currently present.

#### ***Changes in Internal Control Over Financial Reporting***

During the period covered by this Quarterly Report on Form 10-Q, there were no changes in the Company's internal control over financial reporting that materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.



## PART II - OTHER INFORMATION

### ITEM 1. LEGAL PROCEEDINGS.

Other than as described below, we know of no material, existing or pending legal proceedings against us, nor are we involved as a plaintiff in any material proceeding or pending litigation. Other than as described below, there are no proceedings in which our director, officer or any affiliates, or any registered or beneficial stockholder, is a party adverse to us or has a material interest adverse to our interest.

On August 5, 2015, the Company made application with the Financial Industry Regulatory Authority (“FINRA”) for permission to change the Company’s name and our ticker symbol from IDNG to HAWC. On October 13, 2015, we amended our articles of incorporation with the Secretary of State of the State of Nevada to change the Company’s name from “Independence Energy Corp.” to “RedHawk Holdings Corp.”

On November 5, 2015, we received a notice from FINRA that they declined our request as being “deficient and...necessary for the protection of investors.” The FINRA decision was based on previously resolved allegations against Daniel J. Schreiber, our Chief Executive Officer, as described below.

In March 2009, the SEC filed a complaint against Mr. Schreiber alleging, among other things, violations of Sections 17(a)(3) of the Securities Act of 1933, as amended (the “Securities Act”). Mr. Schreiber denied such allegations. In order to avoid protracted and expensive litigation, Mr. Schreiber, without admitting or denying the allegations in the complaint, consented in January 2010 to the entry of a final consent judgment that, among other things, enjoins Mr. Schreiber from any future violations of Sections 17(a)(2) and 17(a)(3) of the Securities Act.

Mr. Schreiber and his legal counsel reject FINRA’s determination as a basis for denying the Company’s request for a name change and intend to challenge this determination. Until we reach a final resolution of this matter with FINRA, we will continue trading under the name Independence Energy Corp. with the ticker symbol IDNG.

As of the date of this Quarterly Report on Form 10-Q, the Company is subject to a pending legal proceeding in the United States District Court for the Eastern District of New York (Case No. 15-cv-06532 ADS). On February 3, 2016, an Amended Complaint was filed by American Medical Distributors, Inc. (“AMD”), on behalf of the stockholders of the Company and as the plaintiff, against the following defendants: the Company, Saturna Group Chartered Accountants, LLP, the Company’s former accountants, PLS CPAs, the Company’s former registered public accounting firm, and MacDonald Tuskey, the Company’s former securities attorneys. Pursuant to the Amended Complaint, AMD alleges that the defendants assisted the Company’s former management in overstating the disclosed valuation of the Company’s ownership interest in certain oil and gas leases and wells, thus resulting in irreparable damage to the Company and its stockholders. Such allegations are based on that certain Asset Purchase Agreement, dated March 31, 2014, by and between AMD and the Company. The petition demands “trial by jury” and seeks damages, jointly and severally, from the defendants of not less than \$700,000.

### ITEM 1A. RISK FACTORS.

As a smaller reporting company, we are not required to provide the information under this item.

### ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.

None.

### ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

None.

### ITEM 4. MINE SAFETY DISCLOSURES.

Not applicable.

### ITEM 5. OTHER INFORMATION.

None.

**ITEM 6. EXHIBITS.**

The following exhibits are either filed herewith or incorporated herein by reference:

<b>Exhibit Number</b>	<b>Description of Exhibit</b>
<b>(3)</b>	<b>Articles of Incorporation and Bylaws</b>
3.01	Articles of Incorporation (incorporated by reference to Exhibit 3.1 to our Registration Statement on Form SB-2 filed on March 7, 2006)
3.02	Bylaws (incorporated by reference to Exhibit 3.2 to our Registration Statement on Form SB-2 filed on March 7, 2006)
3.03	Certificate of Amendment filed on July 23, 2008 (incorporated by reference to Exhibit 3.02 to our Current Report on Form 8-K filed on August 14, 2008)
3.04	Certificate of Change filed on July 23, 2008 (incorporated by reference to Exhibit 3.01 to our Current Report on Form 8-K filed on August 14, 2008)
3.05	Certificate of Change filed on June 14, 2012 (incorporated by reference to Exhibit 3.1 to our Current Report on Form 8-K filed on June 15, 2012)
3.06	Amended and Restated Articles of Incorporation of RedHawk Holdings Corp. filed October 12, 2015 (Incorporated by reference to Exhibit 3.1 to our Current Report on Form 8-K filed on October 16, 2015).
3.07	Certificate of Designation filed on November 12, 2015. (Incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K filed on November 19, 2015).
<b>(10)</b>	<b>Material Contracts</b>
10.1	Assignment dated June 1, 2015 (incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K filed on August 19, 2015).
<b>(31)</b>	<b>Rule 13a-14(a) / 15d-14(a) Certifications</b>
31.1*	Certification of the Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of the Principal Financial Officer and Principal Accounting Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
<b>(32)</b>	<b>Section 1350 Certifications</b>
32.1*	Certification of the Principal Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2*	Certification of the Principal Financial Officer and Principal Accounting Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
<b>101</b>	<b>Interactive Data File</b>
101*	Interactive Data File (Form 10-Q for the quarter ended March 31, 2016 furnished in XBRL).

101.INS XBRL Instance Document  
101.SCH XBRL Taxonomy Extension Schema Document  
101.CAL XBRL Taxonomy Extension Calculation Linkbase Document  
101.DEF XBRL Taxonomy Extension Definition Linkbase Document  
101.LAB XBRL Taxonomy Extension Label Linkbase Document  
101.PRE XBRL Taxonomy Extension Presentation Linkbase Document

\* Filed herewith.

**SIGNATURES**

In accordance with Section 13 or 15(d) of the Securities and Exchange Act of 1934, the Registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

**REDHAWK HOLDINGS CORP.**

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(Registrant)

Dated: May 23, 2016

*/s/ Daniel J. Schreiber*

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**Daniel J. Schreiber**  
Chief Executive Officer  
(Principal Executive Officer)

Dated: May 23, 2016

*/s/ G. Darcy Klug*

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**G. Darcy Klug**  
Chief Financial Officer and Director  
(Principal Financial Officer and Principal Accounting Officer)

**CERTIFICATION PURSUANT TO  
18 U.S.C. Section 1350, AS ADOPTED PURSUANT TO  
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Daniel J. Schreiber, certify that:

1. I have reviewed the Quarterly Report on Form 10-Q of RedHawk Holdings Corp. (formerly Independence Energy Corp.);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 23, 2016

*/s/ Daniel J. Schreiber*

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Daniel J. Schreiber  
Chief Executive Officer  
(Principal Executive Officer)

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**CERTIFICATION PURSUANT TO  
18 U.S.C. Section 1350, AS ADOPTED PURSUANT TO  
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, G. Darcy Klug, certify that:

1. I have reviewed the Quarterly Report on Form 10-Q of RedHawk Holdings Corp. (formerly Independence Energy Corp.);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 23, 2016

*/s/ G. Darcy Klug*

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G. Darcy Klug  
Chief Financial Officer and Director  
(Principal Financial Officer and Principal Accounting Officer)

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**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

I, Daniel J. Schreiber, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) the Quarterly Report on Form 10-Q of RedHawk Holdings Corp. (formerly Independence Energy Corp.) for the quarterly period ended March 31, 2016 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of RedHawk Holdings Corp. (formerly Independence Energy Corp.).

Dated: May 23, 2016

*/s/ Daniel J. Schreiber*

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Daniel J. Schreiber  
Chief Executive Officer (Principal Executive Officer)  
RedHawk Holdings Corp. (formerly Independence Energy Corp.)

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to Independence Energy Corp. and will be retained by Independence Energy Corp. and furnished to the Securities and Exchange Commission or its staff upon request.

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**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

I, G. Darcy Klug, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) the Quarterly Report on Form 10-Q of RedHawk Holdings Corp. (formerly Independence Energy Corp.) for the quarterly period ended March 31, 2016 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of RedHawk Holdings Corp. (formerly Independence Energy Corp.).

Dated: May 23, 2016

*/s/ G. Darcy Klug*

G. Darcy Klug

Chief Financial Officer and Director

(Principal Financial Officer and Principal Accounting Officer)

RedHawk Holdings Corp. (formerly Independence Energy Corp.)

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to Independence Energy Corp. and will be retained by Independence Energy Corp. and furnished to the Securities and Exchange Commission or its staff upon request.

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