

**NEWMAC RESOURCES INC.**  
**INTERIM FINANCIAL STATEMENTS**  
**JUNE 30, 2005**  
**(Unaudited)**

## **NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS**

These financial statements have been prepared by management of the Company. We have compiled the interim consolidated balance sheet of Newmac Resources Inc. as at June 30, 2005 and the interim consolidated statements of loss and deficit and cash flows for the three and nine months then ended.

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

**NEWMAC RESOURCES INC.  
INTERIM BALANCE SHEETS**

	<b>June 30, 2005</b>	September 30, 2004
	<i>(Unaudited)</i>	<i>(Audited)</i>
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 8,737	\$ 12,924
Taxes recoverable	364	-
Prepaid and deposits	1,904	-
	<b>11,005</b>	12,924
<b>MINERAL PROPERTIES</b> (Note 3)	<b>145,551</b>	137,347
<b>RECLAMATION DEPOSIT</b>	<b>2,500</b>	2,500
<b>DEFERRED SHARE ISSUE COSTS</b>	<b>10,000</b>	-
	<b>\$ 169,056</b>	\$ 152,771
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	\$ 61,455	\$ 43,827
Due to related parties (Note 4)	16,530	6,529
	<b>77,985</b>	50,356
<b>SHAREHOLDERS' EQUITY (DEFICIENCY)</b>		
<b>SHARE CAPITAL</b> (Note 5)	<b>16,179</b>	16,179
<b>SPECIAL WARRANT PROCEEDS</b> (Note 6)	<b>144,220</b>	159,978
<b>DEFICIT</b>	<b>(69,328)</b>	(73,742)
	<b>91,071</b>	102,415
	<b>\$ 169,056</b>	\$ 152,771

Nature and continuance of operations (Note 1)  
Subsequent events (Note 7)

*Approved on behalf of the Board:*

“David Hjerpe”  
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*David Hjerpe, Director*

“J. William Morton”  
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*J. William Morton, Director*

The accompanying notes are an integral part of these interim financial statements

**NEWMAC RESOURCES INC.**  
**INTERIM STATEMENTS OF (INCOME) LOSS AND DEFICIT**  
**(Unaudited)**

	<b>For the three months ended June 30, 2005</b>	For the three months ended June 30, 2004	<b>For the nine months ended June 30, 2005</b>	For the nine months ended June 30, 2004
<b>EXPENSES</b>				
Management fees	\$ 7,500	\$ 7,500	\$ 22,500	\$ 22,500
Office and general	945	510	2,220	1,145
Professional fees	7,000	803	23,181	4,897
Transfer agent, listing, and filing fees	403	-	614	-
Travel and promotion	354	2,144	1,521	2,673
<b>NET LOSS BEFORE INCOME TAX PROVISION</b>	<b>16,202</b>	10,957	<b>50,036</b>	31,215
Recovery of future income tax asset	-	-	<b>(54,450)</b>	-
<b>NET (INCOME) LOSS FOR THE PERIOD</b>	<b>16,202</b>	10,957	<b>(4,414)</b>	31,215
<b>DEFICIT, BEGINNING OF PERIOD</b>	<b>53,126</b>	26,258	<b>73,742</b>	6,000
<b>DEFICIT, END OF PERIOD</b>	<b>\$ 69,328</b>	\$ 37,215	<b>\$ 69,328</b>	\$ 37,215
<b>EARNINGS (LOSS) PER SHARE - Basic</b>	<b>\$ (0.00)</b>	\$ (0.00)	<b>\$ 0.00</b>	\$ (0.01)
<b>Weighted average number of common shares outstanding</b>	<b>4,000,001</b>	3,703,000	<b>4,000,001</b>	2,686,000

The accompanying notes are an integral part of these interim financial statements

**NEWMAC RESOURCES INC.**  
**INTERIM STATEMENTS OF CASH FLOWS**  
(Unaudited)

	<b>For the three months ended June 30, 2005</b>	<b>For the three months ended June 30, 2004</b>	<b>For the nine months ended June 30, 2005</b>	<b>For the nine months ended June 30, 2004</b>
<b>CASH FLOWS PROVIDED BY (USED FOR):</b>				
<b>OPERATING ACTIVITIES</b>				
Net income (loss) for the period	\$ (16,202)	\$ (10,957)	\$ 4,414	\$ (31,215)
Less: items not affecting cash				
Recovery of future income tax asset	-	-	(54,450)	-
Net changes in non-cash working capital items:				
Taxes recoverable	(217)	-	(364)	-
Prepaid expenses and deposits	-	(118)	(1,904)	(118)
Accounts payable and accrued liabilities	4,030	(1,094)	17,628	(500)
Due to related parties	7,455	(20,678)	10,001	(7,580)
	<b>(4,934)</b>	<b>(32,847)</b>	<b>(24,675)</b>	<b>(39,413)</b>
<b>INVESTING ACTIVITIES</b>				
Reclamation bond	-	-	-	(2,500)
Mineral property acquisition and exploration costs	-	(10,000)	(8,204)	(13,179)
	-	(10,000)	(8,204)	(15,679)
<b>FINANCING ACTIVITIES</b>				
Deferred share issue costs	-	-	(10,000)	-
Issue of common shares	-	13,178	-	16,179
Special Warrant proceeds received	-	33,000	38,692	88,000
	-	46,178	28,692	104,179
<b>INCREASE (DECREASE) IN CASH</b>	<b>(4,934)</b>	<b>3,331</b>	<b>(4,187)</b>	<b>49,087</b>
<b>CASH, BEGINNING OF THE PERIOD</b>	<b>13,671</b>	<b>45,756</b>	<b>12,924</b>	<b>-</b>
<b>CASH, END OF THE PERIOD</b>	<b>\$ 8,737</b>	<b>\$ 49,087</b>	<b>\$ 8,737</b>	<b>\$ 49,087</b>
<b>NON-CASH FINANCING AND INVESTING ACTIVITIES</b>				
Common shares allotted for acquisition of mineral property	\$ -	\$ -	\$ -	\$ 13,178
<b>SUPPLEMENTAL DISCLOSURE</b>				
Interest paid	\$ -	\$ -	\$ -	\$ -
Income taxes paid	\$ -	\$ -	\$ -	\$ -

The accompanying notes are an integral part of these interim financial statements

**NEWMAC RESOURCES INC.**  
**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**JUNE 30, 2005 (Unaudited)**

**NOTE 1 - NATURE AND CONTINUANCE OF OPERATIONS**

The Company was incorporated on August 20, 2003 under the Company Act of British Columbia, and is involved in the acquisition, exploration and development of mineral properties located in British Columbia, Canada. The Company is in the process of exploring its mineral properties and has not yet determined whether these properties contain ore reserves that are economically recoverable. The recoverability of amounts shown for mineral properties and related deferred costs is dependent upon the discovery and exploitation of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain necessary financing to complete the development, and future profitable production or proceeds from the disposition thereof.

These financial statements have been prepared using Canadian generally accepted accounting principals on the basis of a going concern, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The Company has experienced recurring losses since inception and at June 30, 2005 has a working capital deficiency of \$66,980. Should the Company be unable to continue as a going concern, the realization of assets may be at amounts significantly less than carrying value. The continuation of the Company as a going concern is dependant on its ability to obtain additional equity capital to finance existing operations, attaining commercial production from its mineral properties, and attaining future profitable operations or positive cash flows. 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. Refer to Note 7.

**NOTE 2 – BASIS OF PRESENTATION**

The unaudited interim financial statements have been prepared in accordance with Canadian generally accepted accounting principles for interim financial information. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. The unaudited interim financial statements have been prepared in accordance with the accounting principles and policies described in the Company's annual financial statements for the year ended September 30, 2004, and should be read in conjunction with those statements. In the opinion of management, all adjustments (consisting of normal and recurring accruals) considered necessary for fair presentation of the Company's financial position, results of operations and cash flows have been included. Operating results for the nine-month period ended June 30, 2005 are not necessarily indicative of the results that may be expected for the year ended September 30, 2005.

**NOTE 3 - MINERAL PROPERTIES**

**NEWMAC Property, British Columbia**

By an agreement dated June 3, 2004, the Company acquired from its President, a 100% interest in six mineral claims known as the NEWMAC Property located in the Clinton Mining Division, British Columbia. The Company agreed to issue 1,000,000 common shares (done) which have been recorded at a deemed value of \$13,178, representing the President's out-of-pocket costs. The claims are subject to a net smelter returns royalty of 2.5% to a company with a common director. The Company has the option to purchase two-fifths of the royalty (1%NSR) for \$1,000,000. The Company also owns a 100% interest in an additional claim staked.

	<b>June 30, 2005</b>	September 30, 2004
	<i>(Unaudited)</i>	<i>(Audited)</i>
<b>Deferred exploration and development costs</b>		
- Geological and field personnel	\$ -	\$ 66,303
- Field supplies and rentals	(989)	13,368
- Geophysical	-	22,082
- Reports and maps	3,472	4,512
- Road building	-	4,743
- Travel and accommodation	697	11,466
- Recording and filing fees	1,275	1,412
- Other	41	283
Incurred during the period	<b>4,496</b>	124,169
Deferred expenditures, beginning of period	<b>124,169</b>	-
Deferred expenditures, end of period	<b>128,665</b>	124,169
<b>Acquisition costs</b>		
- Cash paid for acquisition	\$ 3,708	\$ -
- Stock issuance for property	-	13,178
Incurred during the period	<b>3,708</b>	13,178
Acquisition costs, beginning of period	<b>13,178</b>	-
Acquisition costs, end of period	<b>16,886</b>	13,178
	<b>\$ 145,551</b>	\$ 137,347

**NOTE 4 – RELATED PARTY TRANSACTIONS**

**NEWMAC RESOURCES INC.**  
**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**JUNE 30, 2005 (Unaudited)**

- a) The Company is indebted to the President and a private company controlled by him in the amount of \$16,530, representing unpaid management fees, reimbursement of expenses, and cash advances. These amounts are unsecured, non-interest bearing, and have no specific terms of repayment. Included in accounts payable is \$27,623 owing to a company controlled by a director, for exploration costs incurred on the NEWMAC property. The Company incurred the following amounts to directors of the Company, and private companies controlled by them, during the respective periods:

	<b>Three months ended June 30, 2005</b>	Three months ended June 30, 2004	<b>Nine months ended June 30, 2005</b>	Nine months ended June 30, 2004
	\$	\$	\$	\$
Management fees	<b>7,500</b>	7,500	<b>22,500</b>	22,500
Office and general	<b>59</b>	-	<b>1,583</b>	538
Deferred exploration costs	-	-	<b>136</b>	3,098
Transfer agent, listing, and filing fees	<b>268</b>	-	<b>268</b>	-
Travel and promotion	<b>716</b>	-	<b>1,703</b>	529

- b) The Company acquired its interest in the NEWMAC mineral property from its President. The Company has issued 1,000,000 common shares to the President of the Company for the acquisition of the NEWMAC mineral property, as described in Note 3. The NSR royalty interest is held by a company with a common director.
- c) Refer to Notes 5 and 6.

**NOTE 5 - SHARE CAPITAL**

Authorized share capital consists of 500,000,000 common shares without par value.

Issued:

	Shares	Value
Issued from incorporation on August 20, 2003 to September 30, 2003	1	\$ 1
<i>Issued and allotted during the year:</i>		
- for cash at \$0.001 per share	3,000,000	3,000
- for acquisition of mineral property	1,000,000	13,178
Issued and allotted at September 30, 2004 and June 30, 2005 (Unaudited)	4,000,001	\$ 16,179

The Company issued 3,000,000 common shares to directors at a price of \$0.001 per share for proceeds of \$3,000.

At June 30, 2005, 4,250,001 shares are held in escrow. These escrow shares will be released pro rata to the holders as to 10% thereof of the original amount on the date of listing of the Company's shares on the TSX Venture Exchange, and a further 15% on each of the dates 6, 12, 18, 24, 30 and 36 months following the initial release.

**NOTE 6 - SPECIAL WARRANT PROCEEDS**

As of June 30, 2005, the Company has issued a total of 839,750 Flow-Through Special Warrants and 153,605 Non-Flow-Through Special Warrants at a price of \$0.20 per Special Warrant to net the Company proceeds of \$198,671. The Special Warrants will be exercised into one common share of the Company, for no additional consideration, on the fifth business day after the earlier of one year, or the date of receipt of acceptance of the Company's final prospectus as described in Note 7. A director and two relatives of that director subscribed for 260,000 Flow-through Special Warrants for proceeds of \$52,000.

The Company is committed to spending the Flow-Through Special Warrant proceeds on exploration and development activities and renounced \$167,950 of eligible Canadian Exploration Expenditures to the flow-through subscribers effective December 31, 2004. As at June 30, 2005, the Company incurred approximately \$129,000 of the proceeds on exploration activities.

**NOTE 7 – PROPOSED PUBLIC OFFERING**

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The Company is proposing to offer to the public by prospectus in British Columbia 2,400,000 units at a price of \$0.25 per unit. Each unit will consist of one common share and one non-transferable share purchase warrant. Each warrant entitles the holder to acquire one additional common share for a period of 12 months from the date of closing, at a price of \$0.30 per share in the first six months and \$0.35 per share for the balance of the term. The proceeds of this public offering are to be used towards further exploration of the NEWMAC Property in British Columbia, to pay offering costs and to provide working capital.