

NEWMAC RESOURCES INC.
INTERIM FINANCIAL STATEMENTS
DECEMBER 31, 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 December 31, 2005 and the interim consolidated statements of loss and deficit and cash flows for the three 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**

	December 31, 2005	September 30, 2005
	<i>(Unaudited)</i>	<i>(Audited)</i>
ASSETS		
CURRENT		
Cash	\$ 285,184	\$ 405,240
Taxes recoverable	35,451	13,247
Prepaid and deposits	55	453
	320,690	418,940
PROPERTY AND EQUIPMENT (Note 4)	848	930
MINERAL PROPERTIES (Note 3)	612,789	222,273
RECLAMATION DEPOSIT	12,500	2,500
	\$ 946,827	\$ 644,643
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 22,605	\$ 84,127
Due to related parties (Note 5)	2,621	6,509
	25,226	90,636
SHAREHOLDERS' EQUITY (DEFICIENCY)		
SHARE CAPITAL (Note 6)	967,103	763,553
CONTRIBUTED SURPLUS	198,000	-
SHARE SUBSCRIPTIONS	198,271	-
DEFICIT	(441,773)	(209,546)
	921,601	554,007
	\$ 946,827	\$ 644,643

Nature and continuance of operations (Note 1)
Subsequent events (Note 8)

Approved on behalf of the Board:

“David Hjerpe”
David Hjerpe, Director

“J. William Morton”
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)

	For the three months ended December 31, 2005	For the three months ended December 31, 2004
EXPENSES		
Amortization	\$ 82	\$ -
Foreign exchange loss	558	-
Investor relations	474	-
Management fees	7,500	7,500
Office and general	1,009	411
Professional fees	16,841	4,510
Stock based compensation	187,600	-
Transfer agent, listing, and filing fees	8,982	-
Travel and promotion	9,181	760
NET LOSS FOR THE PERIOD	232,227	13,181
DEFICIT, BEGINNING OF PERIOD	209,546	73,742
DEFICIT, END OF PERIOD	\$ 441,773	\$ 86,923
LOSS PER SHARE - Basic	\$ 0.03	\$ 0.00
Weighted average number of common shares outstanding	8,074,405	4,000,001

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

	For the three months ended December 31, 2005	For the three months ended December 31, 2004
CASH FLOWS PROVIDED BY (USED FOR):		
OPERATING ACTIVITIES		
Net income (loss) for the period	\$ (232,227)	\$ (13,181)
Less: items not affecting cash		
Amortization	82	-
Stock based compensation	187,600	-
Net changes in non-cash working capital items:		
Taxes recoverable	(22,204)	(190)
Prepaid expenses and deposits	398	-
Accounts payable and accrued liabilities	(61,522)	1,425
Due to related parties	(3,888)	(4,152)
	(131,761)	(16,098)
INVESTING ACTIVITIES		
Reclamation bond	(10,000)	-
Mineral property acquisition and exploration costs, net of \$10,400 in stock based payments	(361,116)	(2,705)
	(371,116)	(2,705)
FINANCING ACTIVITIES		
Issue of common shares	184,550	-
Share subscriptions	198,271	-
Special Warrant proceeds received	-	29,678
	382,821	29,678
INCREASE (DECREASE) IN CASH	(120,056)	10,875
CASH, BEGINNING OF THE PERIOD	405,240	12,924
CASH, END OF THE PERIOD	\$ 285,184	\$ 23,799
NON-CASH FINANCING AND INVESTING ACTIVITIES		
Common shares allotted for acquisition of mineral property	\$ 19,000	\$ -
SUPPLEMENTAL DISCLOSURE		
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
DECEMBER 31, 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 December 31, 2005 has a working capital of \$295,464. 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.

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, 2005, 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 three month period ended December 31, 2005 are not necessarily indicative of the results that may be expected for the year ended September 30, 2006.

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 issued 1,000,000 common shares 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.

Crazy Fox Property, British Columbia

The Company entered into an agreement on September 22, 2005 to acquire a 100% interest in the Crazy Fox Property, located 20 km northwest of Little Fort, British Columbia. The Company agreed to issue 200,000 common shares and make payments totaling \$100,000 over a 3 year period (50,000 issued). An additional 200,000 shares will be issued to the vendors if and when a positive feasibility study is completed. A 3.0%NSR is reserved for the vendors of which 2.0% may be purchased at any time for \$2.0 million reducing the NSR to 1%. A 10% finders fee is payable with the transaction (50,000 shares of which 5,000 have been issued). The Company issued 50,000 common shares at a deemed value of \$19,000 on October 31, 2005 in relation to the acquisition of the Crazy Fox Property. On October 31, 2005 the Company also issued 5,000 common shares at a deemed value of \$1,900 as a finders fee in relation to the acquisition of the Crazy Fox Property.

Chilanko Property, British Columbia

The Company entered into an agreement on December 28, 2005 to acquire a 100% interest in the Chilanko Copper Property, located 170 km west of Williams Lake, British Columbia for \$20,000 from an unrelated individual.

NEWMAC RESOURCES INC.
NOTES TO INTERIM FINANCIAL STATEMENTS
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NOTE 3 – MINERAL PROPERTIES (Continued)

	Acquisition/ maintenance	Deferred exploration	December 31, 2005	September 30, 2005
NEWMAC Property – British Columbia				
Balance – beginning of year	\$ 17,886	\$ 194,387	\$ 212,273	\$ 137,347
Cash paid for acquisition	-	-	-	3,708
Staking and assessments	-	-	-	1,000
Administration	-	125	125	-
Aircraft and fuel	-	62,813	62,813	27,250
Assay and sampling	-	11,014	11,014	29
Drilling	-	138,541	138,541	-
Field supplies and rentals	-	7,903	7,903	3,913
Geological and field staff	-	55,094	55,094	23,510
Recording and filing fees	-	-	-	1,275
Reports and maps	-	-	-	5,193
Travel and accommodation	-	18,802	18,802	9,007
Other	-	-	-	41
Costs for the period	-	294,292	294,292	74,926
Balance – end of period	17,886	488,679	506,565	212,273
Crazy Fox Property – British Columbia				
Balance – beginning of year	10,000	-	10,000	-
Cash paid for acquisition	2,528	-	2,528	10,000
Stock issuance for property	19,000	-	19,000	-
Administration	-	280	280	-
Assay and sampling	-	4,211	4,211	-
Field supplies and rentals	-	16,968	16,968	-
Geological and field staff	-	24,125	24,125	-
Travel and accommodation	-	8,538	8,538	-
Costs for the period	21,528	54,122	75,650	10,000
Balance – end of period	31,528	54,122	85,650	10,000
Chilanko Property – British Columbia				
Balance – beginning of year	-	-	-	-
Cash paid for acquisition	20,574	-	20,574	-
Costs for the period	20,574	-	20,574	-
Balance – end of period	20,574	-	20,574	-
Summary for all Properties				
Balance – beginning of year	27,886	194,387	222,273	137,347
Costs for the period	42,102	348,414	390,516	84,926
Balance – end of period	\$ 69,988	\$ 542,801	\$ 612,789	\$ 222,273

NOTE 4 – PROPERTY AND EQUIPMENT

	Cost	Accumulated Amortization	Three months ended December 31, 2005	Year ended September 30, 2005
Computer hardware	\$ 985	\$ 137	\$ 848	930

NOTE 5 – RELATED PARTY TRANSACTIONS

NEWMAC RESOURCES INC.
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a) The Company is indebted to the President and a private company controlled by him in the amount of \$2,621, 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 \$5,654 owing to a company controlled by a director, for exploration costs incurred on the Crazy Fox property. The Company incurred the following amounts to directors of the Company, and private companies controlled by them, during the respective periods:

	Three months ended December 31, 2005	Three months ended December 31, 2004
	\$	\$
Acquisition costs	574	-
Deferred exploration costs (recovery)	2,468	(719)
Investor relations	90	-
Management fees	7,500	7,500
Office and general	404	238
Travel and promotion	9,487	580

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 6 and 7.

NOTE 6 - SHARE CAPITAL

Authorized share capital consists of an unlimited number of 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	4,000,001	\$ 16,179
<i>Issued during the year:</i>		
- for cash at \$0.25 per share, initial public offering ("IPO")	2,760,000	690,000
- for services at \$0.25 per share issued for Agent's fees related to IPO	30,000	7,500
- by exercise of flow-through special warrants	839,750	167,950
- by exercise of non-flow-through special warrants	153,605	30,720
- recovery of future income tax asset	-	(54,450)
- share issuance costs	-	(94,346)
Issued at September 30, 2005	7,783,356	\$ 763,553
- for acquisition of Crazy Fox mineral property at \$0.38 per share	50,000	19,000
- for services at \$0.38 per share issued for finder's fees related to acquisition	5,000	1,900
- for cash at \$0.50 per share, private placement	160,000	80,000
- warrants exercised during the three month period	348,500	104,550
- share issuance costs for the three month period	-	(1,900)
Issued at December 31, 2005	<u>8,346,856</u>	<u>967,103</u>

During the period ended September 30, 2004, the Company issued 3,000,000 common shares to directors at a price of \$0.001 per share for cash proceeds of \$3,000.

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NOTE 6 - SHARE CAPITAL (Continued)

At December 31, 2005, 3,825,001 shares (2004 – nil) are held in escrow, which are governed by the provision of the Canadian Securities Regulators National Policy 46-201 as to the restrictions imposed on the escrow shares. Pursuant to the policy, the 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. During the three months ended December 31, 2005, no shares were released from escrow.

Share purchase warrants are outstanding to acquire 3,015,500 common shares as follows: 414,000 share purchase warrants to acquire 414,000 common shares exercisable at a price of \$0.25 per share on or before September 9, 2006; 2,441,500 share purchase warrants to acquire 2,441,500 common shares exercisable at a price of \$0.30 per share up to March 9, 2006 and at a price of \$0.35 per share after March 9, 2006 and up to September 9, 2006; and 200,000 share purchase warrants to acquire 160,000 common shares exercisable at a price of \$0.62 per share on or before December 14, 2006. (Refer to Note 8)

Effective August 15, 2005, the Company adopted the 2005 Stock Incentive Plan (the "Plan"). The total number of shares of stock which may be offered under, or issued under, options granted pursuant to the Plan shall not exceed 1,638,091 common shares. The number and terms and conditions of options which may be issued to certain individuals is limited as required by the TSX Venture Exchange. No options may be granted under the Plan after August 15, 2015.

During the period the Company granted stock options under the Plan to officers, directors, and outside consultants to purchase 950,000 common shares as follows: 750,000 at a price of \$0.25 per share exercisable for a period of 5 years, and 200,000 at a price of \$0.50 per share exercisable for a period of 5 years. All of the options vested immediately. The total options outstanding at December 31, 2005 was 950,000.

The fair value of the options granted during the period has been estimated using the Black-Scholes option pricing model. Of the \$198,000 fair value of options recorded during the quarter, \$10,400 has been included as geological consulting and services in resource property costs.

Assumptions used in the option pricing model are as follows:

Average risk-free interest rate	3.36%
Expected life	5 years
Expected volatility	36.15%
Expected dividends	Nil

NOTE 7 – SPECIAL WARRANT PROCEEDS

The Company issued a total of 839,750 Flow-Through Special Warrants and 108,530 Non-Flow-Through Special Warrants at a price of \$0.20 per Special Warrant to net the Company proceeds of \$189,656. The Special Warrants were exercised into one common share of the Company, for no additional consideration, on the fifth business day after the receipt of acceptance of the Company's final prospectus. A director and two relatives of that director subscribed for 260,000 Flow-through Special Warrants for proceeds of \$52,000.

NOTE 8 – SUBSEQUENT EVENTS

- a) On January 9, 2006 the Company completed a private placement to raise gross proceeds of \$65,000. Under the terms of the offering the Company sold 130,000 flow-through common shares at \$0.50 per share. These securities issued are subject to a 4 month hold period expiring May 10, 2006. The Company paid finder's fees of \$3,000 on a portion of the flow-through private placement.
- b) On January 27, 2006 the Company completed a private placement to raise gross proceeds of \$230,295. Under the terms of the offering the Company sold 460,589 units at a price of \$0.50 per unit. Each unit consists of one common share and half a non-transferable share purchase warrant to purchase an additional 230,297 shares at a price of \$0.62 per share until January 27, 2007. These securities issued are subject to a 4 month hold period expiring May 28, 2006.
- c) On February 8, 2006 the Company granted 150,000 stock options to a consultant, exercisable for a term of 5 years at \$0.50 per share.

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NOTE 8 – SUBSEQUENT EVENTS (Continued)

- d) On February 14, 2006 the Company granted 100,000 stock options to a consultant, exercisable for a term of 5 years at \$0.54 per share.
- e) On February 16, 2006 the Company completed a private placement to raise gross proceeds of \$40,000. Under the terms of the offering the Company sold 80,000 units at a price of \$0.50 per unit. Each unit consists of one common share and half a non-transferable share purchase warrant to purchase an additional 40,000 shares at a price of \$0.62 per share until February 15, 2007. These securities issued are subject to a 4 month hold period expiring June 16, 2006
- f) On February 16, 2006 the Company granted 150,000 stock options to a consultant, exercisable for a term of 5 years at \$0.80 per share.
- g) On February 22, 2006 the Company granted 100,000 stock options to a consultant, exercisable for a term of 5 years at \$1.50 per share.
- h) On February 23, 2006 the Company announced a private placement financing for proceeds of up to \$3,000,000. The Company will issue up to 2,000,000 units at a price of \$1.50 per unit. Each unit will consist of one common share and one non-transferable share purchase warrant. Each full warrant will entitle the holder to purchase one additional common share at a price of \$2.00 per share and exercisable for a period of one year from the date of issuance.
- i) Subsequent to December 31, 2005, 952,150 common shares were issued pursuant to the exercise of warrants for cash proceeds of \$266,138.