NEWMAC RESOURCES INC.
MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL RESULTS
For the Year ended September 30, 2007 and information subsequent to September 30, 2007 and up to January 25, 2008.

The following discussion and analysis is to be read in conjunction with the Financial Statements for the Years Ended September 30, 2007 and 2006. Note: all dollar amounts are in Canadian dollars unless otherwise indicated.

OVERALL PERFORMANCE

Newmac Resources Inc. (the "Company") is a BC registered company involved in the acquisition, exploration and development of mineral resource properties in North America. The Company is a reporting issuer under the Reporting Jurisdictions of British Columbia and Alberta. The Company is registered as a Tier 2 issuer on the TSX Venture Exchange under the trading symbol NER.

The Company's current focus is the exploration and development of the Newmac Copper-Molybdenum Porphyry Property, Crazy Fox Property and Chilanko Property located in British Columbia. Management continues to evaluate high-quality projects in the America's for future opportunity, with an emphasis on projects that have the potential to be of interest to major mining companies.

Financial Conditions

As of September 30, 2007 the Company had working capital surplus of $646,178.

During the year ended September 30, 2007, the Company completed nine private placements to raise gross proceeds of $2,702,829. The terms of each offering are found below:

On October 3, 2006 the Company completed a private placement to raise gross proceeds of $130,000. Under the terms of the offering the Company sold 260,000 units at a price of $0.50 per unit. Each unit consists of one common share and one non-transferable share purchase warrant to purchase an additional common share at a price of $0.50 per share until September 29, 2007. These securities issued were subject to a 4-month hold period expiring February 7, 2007.

On October 11, 2006 the Company entered into a property option agreement to acquire up to 100% interest in the Bluff property, located 175 kilometers west of the community of Williams Lake, BC. To earn an initial 80% interest in the Bluff property the Company must make payments totaling $185,000 and issue the vendors $600,000 in value of common shares over a 5 year period, with a minimum deemed price of $0.315 per share (or the cash equivalent). An initial $10,000 in value of common shares is to be issued upon TSX Venture Exchange approval; payments are yearly from that point on for a duration of 5 years. An additional 20% interest in the property can be earned by paying an additional $1,000,000 before the seventh anniversary of the agreement. The Company issued 25,000 common shares in accordance with the Bluff property option agreement accepted for filing by the TSX Venture Exchange on October 23, 2006. The Company also issued 25,000 shares as a finder's fee. These shares were subject to a hold period expiring on February 26, 2007.

On October 31, 2007, the Company settled $20,000 of debt by issuing a total of 66,667 shares at a deemed price of $0.30 per share. The shares issued were subject to a hold period that expired March 1, 2007.

On December 7, 2006 the Company completed a private placement to raise gross proceeds of $157,029. Under the terms of the offering the Company sold 208,000 flow-through units at a price of $0.35 per unit and 240,655 non-flow-through units at a price of $0.35 per unit. Each flow-through unit consists of one flow-through common share and one non-transferable share purchase warrant to purchase an additional non flow-through common share at a price of $0.50 per share until December 5, 2007. Each Non flow-through unit consists of one non flow-through common share and one non-transferable share purchase warrant to purchase an additional non flow-through common share at a price of $0.50 per share until December 5, 2007. These securities were subject to a 4-month hold period expiring April 8, 2007. Proceeds from the FT Unit non-brokered private placement were used to explore the Company's properties located in British Columbia.

On December 12, 2006 the Company completed a private placement to raise gross proceeds of $500,000. Under the terms of the offering the Company sold 1,250,000 flow-through units at a price of $0.40 per flow-through unit. Each flow-through unit consists of one flow-through common share and half a non-transferable share purchase warrant, with each full warrant entitling the holder to purchase one additional non flow-through common share, exercisable until December 11, 2007 at a price of $0.60 per share. In relation with this placement, the Company also paid a finder's fee of $37,500 and 125,000 finder's warrants which are exercisable until December 11, 2007 at a price of $0.60 per share. Proceeds from the FT Unit non-brokered private placement will be used to explore the Company's properties located in British Columbia.

On January 8, 2007 the Company completed a private placement to raise gross proceeds of $20,000. Under the terms of the offering the Company sold 50,000 flow-through units at a price of $0.40 per unit. Each flow-through unit consists of one flow-through common share and half a non-transferable share purchase warrant, with each full warrant entitling the holder to purchase one additional non flow-through common share at a price of $0.60 per share, exercisable until January 8, 2008. These securities issued are subject to a 4-month hold period expiring May 10, 2007. Proceeds from the FT Unit non-brokered private placement will be used to explore the Company's properties located in British Columbia.

On January 18, 2007 the Company announced the extension by one year of the term of the 143,372 warrants issued on January 25, 2006 from an expiry date of January 25, 2007 to January 25, 2008, exercisable at the same exercise price of $0.62.

On February 2, 2007 the Company announced that, subject to regulatory approval, it retained the services of Coal Harbor Communications Inc. to provide investor relations services to the Company. Coal Harbor will receive a fee of $6,000 per month per month starting February 1, 2007. The term of the contract is one year. Coal Harbor was granted 100,000 options at $0.39 per share for a period of one year. On February 13, 2007 Coal Harbor was granted an additional 100,000 options at $0.45 per share for a period of one year.

On April 20, 2007 the Company completed a non-brokered private placement to raise gross proceeds of $43,000. Under the terms of the offering the Company issued 100,000 flow-through units at a price of $0.43 per unit. Each flow-through unit consists of one flow-through common share and one non-transferable share purchase warrant, with each full warrant entitling the holder to purchase an additional non flow-through common share at a price of $0.43 per share, exercisable until April 13, 2009. These securities issued were subject to a 4-month hold period expiring August 20, 2007. Proceeds from the FT Unit non-brokered private placement will be used to explore the Company's properties located in British Columbia.

On May 28, 2007 the Company completed a non-brokered private placement to raise gross proceeds of $150,000 with certain placees. Under the terms of the offering the Company issued 375,000 flow-through units at a price of $0.40 per unit. Each flow-through unit consists of one flow-through common share and half a non-transferable share purchase warrant to purchase an additional non flow-through common share at a price of $0.60 per share until May 18, 2008. Proceeds from the FT Unit non-brokered private placement will be used to explore the Company's properties located in British Columbia.

On June 6, 2007 the Company completed the first tranche of a non-brokered private placement to raise gross proceeds of $1,000,000. Under the terms of the offering the Company issued 1,250,000 flow-through units at a price of $0.40 per unit for gross proceeds of $500,000. Each flow-through unit consists of one flow-through common share and half a transferable share purchase warrant to purchase an additional non flow-through common share at a price of $0.60 per share, exercisable until June 4, 2008. Proceeds from the FT Unit non-brokered private placement will be used to explore the Company's properties located in British Columbia. In connection with this private placement, the Company paid a finder's fee of $37,500 and issued 125,000 finder's warrants, which are exercisable until June 4, 2008 at a price of $0.60 per share.

On June 19, 2007 the Company granted 800,000 incentive stock options to four directors and two consultants of the Company at the exercise price of $0.50 per share, expiring June 19, 2012. These stock options are subject to the Company's stock option plan.

On August 1, 2007 the Company closed a private placement to raise gross proceeds of $702,800 with certain placees. Under the terms of the offering the Company issued 702,500 flow-through units and 1,054,500 non-flow-through units at a price of $0.40 per unit. Each flow-through unit consists of one flow-through common share and half a transferable share purchase warrant to purchase an additional non flow-through common share at a price of $0.60 per share, exercisable until August 1, 2008. Proceeds from the FT Unit non-brokered private placement will be used to explore the Company's properties located in British Columbia. Each non-flow-through unit consists of one non flow-through common share and one transferable share purchase warrant to purchase an additional non flow-through common share at a price of $0.50 per share, exercisable until August 1, 2008. Proceeds from the non FT unit private placement will be used for general working capital purposes. The Company paid a finder's fee of $52,710 and issued 175,700 finder's warrants, which are exercisable for one year at a price of $0.60 per share.

On August 2, 2007 the Company completed the second tranche of a non-brokered private placement to raise gross proceeds of $1,000,000. Under the terms of the offering the Company issued 1,250,000 flow-through units at a price of $0.40 per unit for gross proceeds of $500,000. Each flow-through unit consists of one flow-through common share and half a transferable share purchase warrant to purchase an additional non flow-through common share at a price of $0.60 per share, exercisable until August 1, 2008. Proceeds from the FT Unit non-brokered private placement will be used to explore the Company's properties located in British Columbia. In connection with this private placement, the Company has paid a finder's fee of $37,800 and issued 125,000 finder's warrants, which are exercisable until August 1, 2008 at a price of $0.60 per share.

On September 17, 2007 the Company issued 50,000 shares at a deemed price of $0.305 in accordance with the Crazy Fox property agreement.

Subsequent to the period ended September 30, 2007 and up to January 25, 2008

On October 31, 2007, the Company issued 63,492 shares in accordance with the Bluff Property option agreement. These shares were issued at a deemed price of $0.315 per share.

On November 13, 2007, the Company granted 200,000 stock options to consultants at the exercise price of $0.50 per share, expiring November 13, 2012.

On November 20, 2007, the Company entered into an agreement to acquire a 100% interest, subject to a 2% NSR, in the Moira Molybdenum project, located 18 kilometers northwest of Clearwater, BC in consideration for $5,000 and 50,000 common shares.

On December 4, 2007, the Company granted 50,000 stock options to a consultant at an exercise price of $0.59 per share, expiring December 4, 2012.

On December 13, 2007, the Company issued 50,000 shares pursuant to the exercise of stock options at a price of $0.39 per share for proceeds of $19,500.

On December 13, 2007 the Company closed a private placement to raise gross proceeds of $2,500,000 and issued 3,634,663 units, consisting of 2,666,664 flow-through units at a price of $0.75 per unit and 833,333 non flow-through units at a price of $0.60 per unit. Each flow-through unit consists of one flow-through share and one-half of a share purchase warrant, with each full warrant entitling the holder to purchase an additional non flow-through share at a price of $1.00 per share, exercisable until December 14, 2008. Each non flow-through unit consists of one non flow-through share and one-half of a share purchase warrant, with each full warrant entitling the holder to purchase an additional non flow-through share at a price of $0.80 per share, exercisable until December 14, 2008. In connection with the private placement, the Company issued 134,666 shares and 269,333 agent's options. Each agent's option entitles the holder to purchase one unit at a price of $0.60 per unit for a period of one year. Each unit consists of one non-flow-through common share and one-half of one non flow-through common share purchase warrant exercisable at $0.80 until December 14, 2008.

On December 20, 2007 the Company closed a private placement to raise gross proceeds of $999,000 and issued 1,415,000 units, consisting of 1,000,000 flow-through units at a price of $0.75 per unit and 415,000 non flow-through units at a price of $0.60 per unit. Each flow-through unit consists of one flow-through share and one-half of a share purchase warrant, with each full warrant entitling the holder to purchase an additional non flow-through share at a price of $1.00 per share, exercisable until December 19, 2008. Each non flow-through unit consists of one non-flow-through share and one-half of a share purchase warrant, with each full warrant entitling the holder to purchase an additional non flow-through share at a price of $0.80 per share, exercisable until December 19, 2008. In connection with the private placement the Company paid $27,990 and issued 80,000 agent's options. Each agent's option entitles the holder to purchase one unit at a price of $0.60 per unit. Each unit consists of one non flow-through common share and one-half of a share purchase warrant, with each full warrant entitling the holder to purchase an additional non flow-through common share at a price of $0.80 per share, exercisable until December 14, 2008.

On December 24, 2007, the Company granted 200,000 stock options to the President of the Company at an exercise price of $1.30 per share, expiring December 24, 2012.

On December 27, 2007 the Company closed a private placement to raise gross proceeds of $998,000 and issued 1,618,331 Units, consisting of 180,000 flow-through units at a price of $0.75 per unit and 1,438,331 non flow-through units at a price of $0.60 per unit., Each flow-through unit consists of one flow-through share and one-half of a share purchase warrant, with each full warrant entitling the holder to purchase an additional non flow-through share at a price of $1.00 per share, exercisable until December 24, 2008. Each non flow-through unit consists of one non-flow-through share and one-half of a share purchase warrant, with each full warrant entitling the holder to purchase an additional non flow-through share at a price of $0.60 per share, exercisable until December 24, 2008. In connection with the private placement the Company paid $30,140 and issued 98,266 agent's options. Each agent's option entitles the holder to purchase one unit at a price of $0.60 per unit. Each unit consists of one non-flow-through common share and one-half of a share purchase warrant, with each full warrant entitling the holder to purchase an additional non flow through common share at a price of $0.80 per share, exercisable until December 24, 2008

Subsequent to September 30, 2007, 745,503 warrants have been exercised at a price of $0.50 per share for proceeds of $310,252; 850,488 warrants have been exercised at a price of $0.60 per share for proceeds of $307,392; and 26,137 warrants have been exercised at a price of $0.62 per share for proceeds of $16,205.

The primary factors that can affect the future financial condition of the Company include the continued ability to raise equity capital and the level of exploration expenditures required to meet commitments. As a mineral exploration company with no current production or revenue from mining operations, the Company's cash flows consist of cash outflows for administrative expenses, salaries, property acquisition and evaluation, exploration, development and filing fees. Financing activities, such as share issuances, result in cash inflows to the Company. Since inception, the Company has relied on capital markets (and in particular, equity markets) to fund its exploration activities, and expects to continue to rely on these markets in 2007 and thereafter until one or more of its projects are in production.

Industry and Economic Factors Affecting Performance

As a mineral exploration and development company, Newmac's performance is affected by a number of industry and economic factors and exposure to certain environmental risks and regulatory requirements. These have been detailed in the Company's 2006 Annual MD&A.

RESULTS OF OPERATIONS

The Company's operations consist generally of mineral exploration and evaluation of new property acquisitions. This includes acquiring mineral properties, evaluating the merits of these properties using various techniques such as sampling, trenching geophysical and geochemical methods as well as drilling. The Company has no commercial production at this time, as a result, the Company's results of operations are a product of operating expenses.

During the year ended September 30, 2007, the Company's net loss from operations was $210,024, a decrease of $560,240 from $770,264 in the year ended September 30, 2006. The Company's loss included expenditures as follows: accounting, legal, and professional fees of $53,560, which were result of fees associated with ongoing professional work done in relation with the Company's regulatory filings; travel and promotion of $24,545; transfer agent, listing, and filing fees of $58,330 relating to payments made to regulatory bodies in Canada; investor relations of $61,772 relating to the agreement signed with Coal Harbor; stock based compensation of $120,212 due to incentive stock options granted in the period; management fees of $106,000; and office and general administrative expenses of $11,605.

The Company also incurred $1,581,142 in deferred exploration expenditures in the year ended September 30, 2007. Resource property costs consisted of administration, aircraft and fuel, assay and sampling, drilling, geological and field personnel, field supplies and rentals, recording fees and filing fees, reports and maps, and travel and accommodation related to the exploration activities. The increase in resource property costs incurred during the year is due to an increase in the exploration activity by the Company.

On the Bluff property a number of strong induced polarization anomalies (with chargeabilities sometimes in excess of 30 millivolts per volt (mv/V)) were identified in a geophysical program, some with high contrast magnetic anomalies indicating a number of linear features. 12 diamond drill holes (1,600 metres) were completed on the property during the fiscal year. Fractures of impressive mineralization were encountered, but none of the holes returned any economic grades as the fractures were not numerous enough. The company is currently reviewing all the data from this drill program and previous fieldwork.

On the Chilanko property a number of strong induced polarization targets were tested by eight diamond drill holes. These targets were found by the completion of 37 line kilometres of IP survey in February 2007. The survey resulted in the discovery of a very strong induced polarization response over an area varying from 500 metres to 1,000 metres in width and extending for 3,500 metres along the long axis. Two of the holes completed in this program have intersected mineralization over a length of 200 m that is being described as consistent with that of a red bed copper style of mineralization or alternatively a porphyry alteration envelope (deleted the last paragraph.

On the Crazy Fox property two rounds of drilling where completed. Of most importance hole CF07-41 penetrated a low angle (thrust) fault at approximately 390 m (1280 feet) which elsewhere, forms the lower limit to molybdenum-tungsten mineralization. Below this fault, CF07-41 encountered mineralized intrusive rocks to the bottom of the hole at a depth of 1021m (3349 feet). Complete results for the hole are as follows:

Hole 07-41	From (m)	To (m)	Interval (m)	Interval (ft)	MoS2 (%)	Mo (%)	W (%)
Intercept	400.7	830.7	430	1410	0.17	0.10	0.01
Including	**646.7**	**796.7**	**150**	**492**	**0.29**	**0.18**	**0.01**
Including	**708.7**	**756.7**	**48**	**157**	**0.48**	**0.29**	**0.01**
Including	**708.7**	**722.7**	**14**	**46**	**0.96**	**0.58**	**0.01**

Hole CF 07-41 was designed to test the hypothesis that the lower limits to mineralization was a thrust fault and that a drill hole in the south western portion of the known mineralized body would intersect mineralized intrusive rock in the lower plate of the thrust extending the prospective area of molybdenum-tungsten mineralization for an unknown distance to the west, south and to depth.

The mineralization encountered can be described as both disseminated and stockwork in style, with molybdenite and wolframite occurring as disseminated blebs and streaks and in the selvages of centimeter scale quartz veinlets and smaller fractures trending in several orientations. Occasional veinlets of massive molybdenite up to several centimeters in width have also been noted.

The company plans to follow up on this hole with more drilling commencing in late January 2008.

NEWMAC Property, British Columbia

By an agreement dated June 3, 2004, the Company acquired from its President, David Hjerpe, 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 Canevex Resources Ltd., a company 50% owned by J. William Morton, a director of the Company. 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. The Company has no current work plan for this property.

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 (150,000 shares issued) and make payments totaling $100,000 ($60,000 paid to date) over a 3-year period. An additional 200,000 shares will be issued to the vendors if and when a positive feasibility study is completed. A 3%NSR is reserved for the vendors of which 2% 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 shares have been issued). The Company issued 50,000 common shares at a deemed value of $35,000 on October 31, 2005 and 50,000 common shares at a deemed value of $19,750 on September 14, 2006 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 $3,500 as a finders fee in relation to the acquisition of the Crazy Fox Property. In September 2007, the Company paid $30,000 cash and issued 50,000 shares at a deemed value of $15,250.

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.

BLUFF Property, British Columbia

The Company entered into an agreement on September 26, 2006 to acquire a 100% interest in the Bluff Property, located 175 km west of Williams Lake, British Columbia. To earn an initial 80% interest in the Bluff Property the Company must make payments totaling $185,000 and issue vendors $600,000 in value of common shares over a 5 year period. An initial $10,000 in value of common shares was issued upon TSX Venture Exchange approval, payments are yearly from that point on for the duration of 5 years. An additional 20% interest in the property can be earned by paying an additional $1,000,000. A finder's fee of 25,000 common shares was issued relating to this property.

SELECTED ANNUAL INFORMATION

The following table sets forth summary financial information for the years ended September 30, 2005, 2006 and 2007. This information has been summarized from the Company's audited financial statements for the years ended September 30, 2005, 2006, and 2007. This summary financial information should only be read in conjunction with the Company's financial statements, including the notes thereto.

	Year Ended September 30, 2007	**Year Ended September 30, 2006**	**Year Ended September 30, 2005**
Revenues	Nil	Nil	Nil
Administrative Expenses	$437,685	$774,215	$190,254
Loss for the period	$205,524	$770,264	$135,804
Deficit (end of period)	$1,185,334	$979,810	$209,546
Loss per share	$0.01	$0.08	$0.03
Assets:			
Current Assets	$823,361	$123,559	$418,940
Resource Property Costs	$3,555,256	$1,974,114	$222,273
Total Assets	$4,398,835	$2,115,552	$644,643
Liabilities	$177,183	$36,257	$90,636
Long Term Debt	Nil	Nil	Nil
Shareholders Equity (deficit)	$4,221,652	$2,079,295	$554,007
Dividends per Share	Nil	Nil	Nil

The financial information disclosed below has been determined in accordance with Canadian GAAP and is reported in Canadian currency.

The Company has not declared nor paid dividends on its common shares. The Company has no present intention of paying dividends on its common shares, as it anticipates that all available funds will be invested to finance the growth of its business.

SUMMARY OF QUARTERLY RESULTS

Total general and administration costs for the quarter ended September 30, 2007 were $121,963 as compared to $212,251 for the same quarter last year, or a difference of $90,288. The significant differences were due to increased management fees and investor relations expenses and a reduction in stock based compensation. Most aspects of administration remained the same during the year, such as, office, rent and telephone. During the quarter ended September 30, 2007 the income tax recovery of $224,448 related to the issue of flow through shares for the fiscal year was recorded and increased the quarterly results to a net income of $102,486.

The following table sets forth selected quarterly financial information for each of the last eight (8) quarters.

Quarter Ending	**Revenue**	**Net Income (loss)**	**Earnings (loss) per share**
September 30, 2007	$ Nil	$ 102,486	$ (0.01)
June 30, 2007	$ Nil	$ (169,957)	$ (0.01)
March 31, 2007	$ Nil	$ (73,056)	$ (0.01)
December 31, 2006	$ Nil	$ (64,997)	$ (0.01)
September 30, 2006	$ Nil	$ (212,251)	$ (0.00)
June 30, 2006	$ Nil	$ (101,549)	$ (0.01)
March 31, 2006	$ Nil	$ (224,237)	$ (0.02)
December 31, 2005	$ Nil	$ (232,227)	$ (0.00)

The Company is authorized to issue an unlimited number of common shares. There were 18,944,965 shares issued and outstanding as at September 30, 2007 (27,398,579 as at January 25, 2008). The following is a list of outstanding warrants and stock options at September 30, 2007. Refer to "Subsequent Events" above for warrants and stock options that have been issued and exercised subsequent to September 30, 2007 and up to the date of this MD&A being, January 25, 2008

Warrants Outstanding

Expiry dates	Exercise price	Outstanding as of September 30, 2007
December 5, 2007	$0.50	448,655
December 11, 2007	$0.60	750,000
January 8, 2008	$0.60	25,000
January 25, 2008	$0.62	143,372
May 18, 2008	$0.60	187,500
June 4, 2008	$0.60	750,000
July 25, 2008	$0.50	379,773
August 1, 2008	$0.50	1,054,500
August 1, 2008	$0.60	1,276,950
April 13, 2009	$0.43	100,000

	5,115,750

Stock Options Outstanding

Expiry Date	Exercise Price	Outstanding as of September 30, 2007
February 1, 2008	0.39	100,000
February 1 2008	0.45	100,000
February 8, 2008	0.50	150,000
October 2, 2010	0.25	750,000
October 2, 2010	0.50	200,000
February 14, 2011	0.54	80,000
June 19, 2012	0.50	800,000
		2,180,000

Escrow and Pool Agreements

There are currently 1,275,202 shares held in escrow (2,550,002 at September 30, 2006).

There are no shares subject to Pooling Agreements

LIQUIDITY AND CAPITAL RESOURCES

Since inception, the Company's capital resources have been limited to amounts raised from the sale of Common Shares and Special Warrants. During the year ended September 30, 2007 the Company raised capital of $2,702,829 on financing activities.

At September 30, 2007 the Company had a working capital surplus of $646,178. There is no long-term debt at September 30, 2007 and current accounts payable was $177,183. The Company's cash position as at September 30, 2007 was $52,948.

OFF BALANCE SHEET ARRANGEMENTS

The Company has not entered into off-balance sheet transactions.

TRANSACTIONS WITH RELATED PARTIES

During the year ended September 30, 2007, the Company incurred management fees of $105,000 (2006 - $52,500) to David Hjerpe, the Company's President. The Company also incurred management fees of $1,000, transfer agent, filing and investor relations of $13,632, office and general of $946, travel and promotion of $22,794, and exploration costs in the amount of $22,821 to a director and a relative of the President of the Company. At September 30, 2007 the Company is indebted to the President in the amount of $NIL and $5,231 to the other related parties. These amounts are unsecured, non-interest bearing, and have no specific terms of repayment.

PROPOSED TRANSACTIONS

In the normal course of business, the Company evaluates property acquisition transactions and, in some cases, makes proposals to acquire such properties. These proposals, which are usually subject to Board, regulatory and, sometimes, shareholder approvals, may involve future payments, share issuances and property work commitments. These future obligations are usually contingent in nature and generally the Company is only required to incur the obligation if it wishes to continue with the transaction.

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements in confirmation with the Canadian generally accepted accounting principles requires management to make estimate and assumptions that affect the reported amount of assets and liabilities and disclose of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the period. Actual result may differ from those estimates.

Mineral Properties

The cost of mineral properties and related exploration and development costs are deferred until the properties are placed into production, sold or abandoned, or management has determined there has been an impairment in value. These costs will be amortized over the useful life of the properties following the commencement of commercial production or written off if the properties are sold, allowed to lapse, or abandoned. Properties acquired under option agreements, whereby payments are made at the sole discretion of the Company, are recorded in the accounts at such time as the payments are made. It is reasonably possible that economically recoverable reserves may not be discovered and accordingly a material portion of the carrying value of mineral properties and related deferred exploration costs could be written off. Although the Company has taken steps to verify title to mineral properties in which it has an interest, according to the usual industry standards for the stage of exploration of such properties, these procedures do not guarantee the Company’s title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected title defects.

Share Capital

Proceeds from the sale of flow-through shares are credited to share capital. The resource expenditure deductions for income tax purposes related to exploration and development activities funded by flow-through share arrangements are renounced to investors in accordance with Canadian income tax legislation. Future income taxes related to temporary differences arising on renunciation of expenditures to subscribers are recognized as a reduction of income tax expense in the statement of loss and deficit on the date that the Company renounces the deductions for investors. During the year ended September 30, 2007, the Company recorded a recovery of future income tax of $224,448 with respect to renounced flow-through shares totaling $657,800. The Company recognizes all transactions in which goods or services are the consideration received for the issuance of equity instruments based on the fair value of the consideration received or the fair value of the equity instrument issued, whichever is more reliably measurable.

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

On May 1, 2007, in accordance with the application transitional provisions, the Company adopted without restating prior periods, the new recommendations of the CICA Handbook included in Section 3855 “Financials Instruments – Recognition and Measurement”, Section 3865, “Hedges”, Section 1530 “Comprehensive Income” and Section 3861 “Financial Instruments – Disclosure and Presentation”. Sections 3855 and 3861 deal with the classifications, recognition, measurement, presentation and disclosure of financial instruments and non-financial derivatives in the financial statements. Section 3865 deals with the standards for when and how hedge accounting may be applied, Section 1530 deals with the presentation of comprehensive income and Section 3251 deals with the presentation of equity and changes in equity for the period.

Adoption of these recommendations has the following impacts on the classification and measurement of the Company’s financial instruments:

- Cash and cash equivalents and short term investments are classified as “held-for-trading”. They are measured at fair value and changes in fair value are recognized in earnings.
- Accounts payable, accrued liabilities, and amounts due to related parties are classified as other financial liabilities and are measured at cost.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

The Company currently does not own, hold or have any material interest in, or liability associated with, any financial or other instruments.

DISCLOSURE CONTROLS AND PROCEDURES

Management is responsible for establishing and maintaining disclosure controls and procedures for the Company. Based on an evaluation of the Company’s disclosure controls and procedures as of the end of the period covered by this MD&A, management believes such controls and procedures are effective in providing reasonable assurance that material items requiring disclosure are identified and reported in a timely manner.

OTHER MD&A REQUIREMENTS

Additional information relating to the Company is available on the SEDAR website: www.sedar.com under “Newmac Resources Inc.”.

BY ORDER OF THE BOARD

“*David Hjerpe”*
DAVID HJERPE
PRESIDENT AND DIRECTOR