

**NEWMAC RESOURCES INC.**  
**INTERIM FINANCIAL STATEMENTS**  
**MARCH 31, 2006**  
**(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 March 31, 2006 and the interim consolidated statements of loss and deficit and cash flows for the three months and six 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>March 31, 2006</b>	September 30, 2005
	<i>(Unaudited)</i>	<i>(Audited)</i>
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash and cash equivalents	\$ 911,789	\$ 405,240
Taxes recoverable	28,539	13,247
Prepaid and deposits	595	453
Due from related parties	11,156	-
	952,079	418,940
<b>PROPERTY AND EQUIPMENT</b> (Note 4)	4,210	930
<b>MINERAL PROPERTIES</b> (Note 3)	1,033,896	222,273
<b>RECLAMATION DEPOSIT</b>	12,500	2,500
	\$ 2,002,685	\$ 644,643

**LIABILITIES**

<b>CURRENT</b>		
Accounts payable and accrued liabilities	\$ 330,499	\$ 84,127
Due to related parties (Note 5)	-	6,509
	330,499	90,636

**SHAREHOLDERS' EQUITY (DEFICIENCY)**

<b>SHARE CAPITAL</b> (Note 6)	1,962,436	763,553
<b>CONTRIBUTED SURPLUS</b>	375,760	-
<b>DEFICIT</b>	(666,010)	(209,546)
	1,672,186	554,007
	\$ 2,002,685	\$ 644,643

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)

	<b>For the three months ended March 31, 2006</b>	For the three months ended March 31, 2005	<b>For the six months ended March 31, 2006</b>	For the six months ended March 31, 2005
<b>EXPENSES</b>				
Amortization	\$ 638	\$ -	\$ 720	\$ -
Foreign exchange loss	126	-	684	-
Investor relations	21,801	-	22,275	-
Management fees	15,000	7,500	22,500	15,000
Office and general	841	864	1,850	1,275
Professional fees	10,166	11,671	27,007	16,181
Rent	1,000	-	1,000	-
Stock based compensation	163,600	-	351,200	-
Transfer agent, listing, and filing fees	9,390	211	18,372	211
Travel and promotion	1,675	407	10,856	1,167
<b>LOSS BEFORE INCOME TAX PROVISION</b>	<b>224,237</b>	20,653	<b>456,464</b>	33,834
Recovery of future income tax asset	-	(54,450)	-	(54,450)
<b>NET (INCOME) LOSS FOR THE PERIOD</b>	<b>224,237</b>	(33,797)	<b>456,464</b>	(20,616)
<b>DEFICIT, BEGINNING OF PERIOD</b>	<b>441,773</b>	86,923	<b>209,546</b>	73,742
<b>DEFICIT, END OF PERIOD</b>	<b>\$ 666,010</b>	\$ 53,126	<b>\$ 666,010</b>	\$ 53,126
<b>EARNINGS (LOSS) PER SHARE - Basic</b>	<b>\$ (0.02)</b>	\$ 0.01	<b>\$ (0.03)</b>	\$ 0.01
<b>Weighted average number of common shares outstanding</b>	<b>9,617,432</b>	4,000,001	<b>8,837,440</b>	4,000,001

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

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

	<b>For the six months ended March 31, 2006</b>	For the six months ended March 31, 2005	<b>For the three months ended March 31, 2006</b>	For the three months ended March 31, 2005
<b>CASH FLOWS PROVIDED BY (USED FOR):</b>				
<b>OPERATING ACTIVITIES</b>				
Net income (loss) for the period	\$ (224,237)	\$ 33,797	\$ (456,464)	\$ 20,616
Less: items not affecting cash				
Amortization	638	-	720	-
Stock based compensation	163,600	-	351,200	-
Recovery of future income tax asset	-	(54,450)	-	(54,450)
Net changes in non-cash working capital items:				
Taxes recoverable	6,912	43	(15,292)	(147)
Prepaid expenses and deposits	(540)	(1,904)	(142)	(1,904)
Accounts payable and accrued liabilities	307,894	12,173	246,372	13,598
Due to related parties	(13,777)	6,698	(17,665)	2,546
	<b>240,490</b>	<b>(3,643)</b>	<b>108,729</b>	<b>(19,741)</b>
<b>INVESTING ACTIVITIES</b>				
Reclamation bond	-	-	(10,000)	-
Acquisition of property and equipment	(4,000)	-	(4,000)	-
Mineral property acquisition and exploration costs, net of \$24,560 (2005 - \$NIL) in stock based payments	(406,947)	(5,499)	(768,063)	(8,204)
	<b>(410,947)</b>	<b>(5,499)</b>	<b>(782,063)</b>	<b>(8,204)</b>
<b>FINANCING ACTIVITIES</b>				
Issue of common shares	995,333	-	1,179,883	-
Share subscriptions	(198,271)	-	-	-
Deferred share issue costs	-	(10,000)	-	(10,000)
Special Warrant proceeds received	-	9,014	-	38,692
	<b>797,062</b>	<b>(986)</b>	<b>1,179,883</b>	<b>28,692</b>
<b>INCREASE (DECREASE) IN CASH</b>	<b>626,605</b>	<b>(10,128)</b>	<b>506,549</b>	<b>747</b>
<b>CASH, BEGINNING OF THE PERIOD</b>	<b>285,184</b>	<b>23,799</b>	<b>405,240</b>	<b>12,924</b>
<b>CASH, END OF THE PERIOD</b>	<b>\$ 911,789</b>	<b>\$ 13,671</b>	<b>\$ 911,789</b>	<b>\$ 13,671</b>
<b>NON-CASH FINANCING AND INVESTING ACTIVITIES</b>				
Common shares allotted for acquisition of mineral property	\$ -	\$ -	\$ 19,000	\$ -
<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**  
**MARCH 31, 2006 (Unaudited)**

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

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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 March 31, 2006 has a working capital of \$621,580. 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**

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

**NOTE 3 – MINERAL PROPERTIES**

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**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**  
**MARCH 31, 2006 (Unaudited)**

**NOTE 3 – MINERAL PROPERTIES (Continued)**

	Acquisition/ maintenance	Deferred exploration	March 31, 2006	September 30, 2005
<b>NEWMAC Property – British Columbia</b>				
Balance – beginning of year	\$ 17,886	\$ 194,387	\$ 212,273	\$ 137,347
Cash paid for acquisition	-	-	-	3,708
Staking and assessments	-	-	-	1,000
Administration	-	136	136	-
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	-	62,174	62,174	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	-	301,383	301,383	74,926
Balance – end of period	17,886	495,770	513,656	212,273
<b>Crazy Fox Property – British Columbia</b>				
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	-	2,190	2,190	-
Assay and sampling	-	9,434	9,434	-
Drilling	-	258,116	258,116	-
Field supplies and rentals	-	70,436	70,436	-
Geological and field staff	-	83,325	83,325	-
Reports and maps	-	1,010	1,010	-
Travel and accommodation	-	38,716	38,716	-
Costs for the period	21,528	463,227	484,755	10,000
Balance – end of period	31,528	463,227	494,755	10,000
<b>Chilanko Property – British Columbia</b>				
Balance – beginning of year	-	-	-	-
Cash paid for acquisition	21,871	-	21,871	-
Administration	-	56	56	-
Geological and field staff	-	3,225	3,225	-
Reports and maps	-	333	333	-
Costs for the period	21,871	3,614	25,485	-
Balance – end of period	21,871	3,614	25,485	-
<b>Summary for all Properties</b>				
Balance – beginning of year	27,886	194,387	222,273	137,347
Costs for the period	43,399	768,224	811,623	84,926
Balance – end of period	\$ 71,285	\$ 962,611	\$ 1,033,896	\$ 222,273

**NEWMAC RESOURCES INC.**  
**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**MARCH 31, 2006 (Unaudited)**

**NOTE 4 – PROPERTY AND EQUIPMENT**

	Cost	Accumulated Amortization	Six months ended March 31, 2006	Year ended September 30, 2005
Computer hardware	\$ 985	\$ 219	\$ 766	\$ -
Website	4,000	556	3,444	930
	<u>\$ 4,985</u>	<u>\$ 775</u>	<u>\$ 4,210</u>	<u>\$ 930</u>

**NOTE 5 – RELATED PARTY TRANSACTIONS**

- a) The President of the Company is indebted to the Company in the amount of \$11,156, and the Company is indebted to a private company controlled by him in the amount of \$10,211 for exploration costs incurred on the Crazy Fox property. The amount owing to the private company is included in accounts payable. The Company incurred the following amounts to directors of the Company, and private companies controlled by them, during the respective periods:

	Three months ended March 31, 2006	Three months ended March 31, 2005	Six months ended March 31, 2006	Six months ended March 31, 2005
	\$	\$	\$	\$
Acquisition costs	1,296	-	1,870	-
Deferred exploration costs (recovery)	14,941	855	17,409	136
Investor relations	-	-	90	-
Management fees	15,000	7,500	22,500	15,000
Office and general	36	430	440	1,205
Travel and promotion	821	407	10,309	987

- 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

**NEWMAC RESOURCES INC.**  
**NOTES TO INTERIM FINANCIAL STATEMENTS**  
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**NOTE 6 - SHARE CAPITAL (Continued)**

- 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	8,346,856	967,103
- for cash at \$0.50 per share, private placement	130,000	65,000
- for cash at \$0.50 per share, private placement	460,589	230,295
- for cash at \$0.50 per share, private placement	80,000	40,000
- warrants exercised during the three month period	2,274,150	663,038
- share issuance costs for the three month period	-	(3,000)
Issued at March 31, 2006	11,291,595	\$ 1,962,436

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.

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.

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.

On February 15, 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 17, 2007. These securities issued are subject to a 4 month hold period expiring June 16, 2006.

At March 31, 2006, 3,187,502 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 six months ended March 31, 2006, 637,499 shares were released from escrow.

**Share Purchase Warrants**

Share purchase warrants are outstanding to acquire 1,011,647 common shares as follows: 23,850 share purchase warrants to acquire 23,850 common shares exercisable at a price of \$0.25 per share on or before September 9, 2006; 557,500 share purchase warrants to acquire 557,500 common shares exercisable at a price of \$0.35 per share up to September 9, 2006; 160,000 share purchase warrants to acquire 160,000 common shares exercisable at a price of \$0.62 per share on or before December 14, 2006; 230,297 share purchase warrants to acquire 230,297 common shares exercisable at a price of \$0.62 per share on or before January 27, 2007; and 40,000 share purchase warrants to acquire 40,000 common shares exercisable at a price of \$0.62 per share on or before February 15, 2007.

**Stock Options**

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.

**NEWMAC RESOURCES INC.**  
**NOTES TO INTERIM FINANCIAL STATEMENTS**  
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During the six months ended March 31, 2006 the Company granted stock options under the Plan to officers, directors, and outside consultants to purchase 1,380,000 common shares as follows: 750,000 at a price of \$0.25 per share exercisable for a period of 5 years, 200,000 at a price of \$0.50 per share exercisable for a period of 5 years, 150,000 at a price of \$0.50 per share exercisable for a period of 1 year, 100,000 at a price of \$0.54 per share exercisable for a period of 1 year, 80,000 at a price of \$0.54 per share exercisable for a period of five years, and 100,000 at a price of \$1.50 per share exercisable for a period of 5 years. All of the options vested immediately. The total options outstanding at March 31, 2006 was 1,380,000.

The fair value of the options granted during the period has been estimated using the Black-Scholes option pricing model. Of the \$375,760 fair value of options recorded during the six month period, \$24,560 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	3.89%
Expected life	5 years
Expected volatility	48.50%
Expected dividends	Nil

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**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.

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**NOTE 8 – SUBSEQUENT EVENTS**

- a) On May 10, 2006 the Company announced it intends to enter into a private placement to raise gross proceeds of up to \$900,000. The Company will issue up to 1,000,000 units at a price of \$0.90 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 \$1.10 per share and exercisable for a period of one year from the date of issuance.
- b) Subsequent to March 31, 2006, 95,925 common shares were issued pursuant to the exercise of warrants for cash proceeds of \$57,044.