

NEWMAC RESOURCES INC.
MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL RESULTS
For the Year ended September 30, 2006 and information subsequent to September 30, 2006
and up to January 15, 2007.

The following discussion and analysis is to be read in conjunction with the Audited Financial Statements for the Year Ended September 30, 2006 and 2005. Note: all dollar amounts are in Canadian dollars unless otherwise indicated.

DATE

For the year ended September 30, 2006 and information subsequent to the quarter end up to January 15, 2007.

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, Bluff 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 provide cash flow from production in the near term.

Financial Condition

As of September 30, 2006 the Company had working capital of \$87,302.

During the year ended September 30, 2006, the Company completed five private placements to raise gross proceeds of \$605,182.

Under the terms of the offering closed December 15, 2005 the Company sold 160,000 units at a price of \$0.50 per unit for gross proceeds of \$80,000. Each unit consists of one common share and one non-transferable share purchase warrant to purchase an additional 160,000 shares at a price of \$0.62 per share until December 14, 2006. These securities issued were subject to a 4 month hold period that expired on April 16, 2006.

Under the terms of the offering closed January 9, 2006 the Company sold 130,000 flow-through common shares at \$0.50 per share for gross proceeds of \$65,000. These securities issued were subject to a 4 month hold period that expired on May 10, 2006. The Company paid finder's fees of \$3,000 on a portion of the flow-through private placement.

Under the terms of the offering closed January 27, 2006 the Company sold 460,589 units at a price of \$0.50 per unit for gross proceeds of \$230,295. 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 were subject to a 4 month hold period that expired on May 28, 2006.

Under the terms of the offering closed February 15, 2006 the Company sold 80,000 units at a price of \$0.50 per unit for gross proceeds of \$40,000. 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 were subject to a 4 month hold period that expired on June 16, 2006.

Under the terms of the offering closed July 27, 2006 the Company sold 379,773 units at a price of \$0.50 per unit for gross proceeds of \$189,887. 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 July 25, 2007. These securities issued were subject to a 4 month hold period that expired on November 28, 2006.

During the year the Company received a total of \$899,369 pursuant to the exercise of 2,938,925 warrants; 414,000 at a price of \$0.25 per share, 2,226,500 at a price of \$0.30 per share, 211,500 at a price of \$0.35 per share and 86,925 at a price of \$0.62 per share..

Subsequent to the year ended September 30, 2006 and up to January 15, 2007

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 are subject to a 4 month hold period expiring February 7, 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 448,655 units at a price of \$0.35 per unit. 208,000 of these units consist of one flow-through common share and one non-transferable share purchase warrant to purchase an additional common share at a price of \$0.50 per share until December 5, 2007. 240,655 units consist 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 December 5, 2007. These securities issued are subject to a 4 month hold period expiring April 8, 2007.

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 unit. Each unit consists of one flow-through common share and one non-transferable share purchase warrant to purchase an additional common share at a price of \$0.60 per share until December 11, 2007. These securities issued are subject to a 4 month hold period expiring April 13, 2007. The Company paid finder's fees of \$37,500 and 125,000 broker warrants, which are exercisable at a price of \$0.60 per share until December 11, 2007.

On January 8, 2007 the Company completed a private placement to raise gross proceeds of up to \$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 one non-transferable share purchase warrant to purchase one additional non flow-through common share at a price of \$0.60 per share until January 10, 2008. These securities issued are subject to a 4 month hold period expiring May 11, 2007.

On November 1, 2006 James W. Falkner resigned as a director of the Company.

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 its 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 2006 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 2005 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, 2006, the Company's net loss from operations was \$770,264 (2005 – \$135,804). The Company's loss included significant expenditures as follows: stock based compensation of \$549,420 (2005 – \$NIL) relating to the 1,280,000 stock options granted during the year; accounting, legal, and professional fees of \$52,985 (2005 – \$104,492), which related to ongoing professional work done on the Company's quarterly and regulatory filings and decreased as the Company's Initial Public Offering was closed in the prior year; investor relations of \$66,912 (2005 – \$14,003) which increased due to the hiring of investor relations consultants during the year; travel and promotion of \$13,530 (2005 – \$7,195) which increased due to management's executive travel; transfer agent, listing, and filing fees of \$24,997 (2005 – \$29,542) relating to payments made to regulatory bodies in Canada, which decreased as the Company's Initial Public Offering closed in the prior year; management fees of \$52,500 (2005 – \$30,000) which increased due to a raise in fees to management during the current year; and office and general of \$12,320 (2005 – \$4,967) which increased due to further administrative needs required by the Company.

The Company also incurred property acquisition costs of \$99,149 (2005 – \$14,708) and \$1,652,692 (2005 – \$70,218) in deferred exploration expenditures in the year ended September 30, 2006. 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.

Final results for the September-October drill program on the **Newmac Property** were received. Highlights for the October program include hole 05-02 which returned 216.5 metres grading 0.18 % copper and 0.063 g/t gold which ended in mineralization and hole 05-01, which returned 46.6

m grading 0.14% copper and 0.064 g/t gold. The remainder of the 2005 holes, 05-03 to 05-06, were drilled several kilometers to the north of hole 05-01. Hole 05-04, failed to penetrate overburden and was abandoned at 47.7 m. Holes 05-05 and 05-06 encountered heavy concentrations of pyrite which often exceeded 10% over much of the core length but did not encounter significant copper/gold intercepts. Interestingly a 1990 airborne survey indicates that an un-drilled magnetic anomaly is centered approximately 400 metres further to the east (approximately 1400 metres east of hole 05-01). The 2005 drill program has further confirmed that a large sulphide system open ended over more than 1000 metres by 3000 metres exists. The potential of the 100% owned property remains high. Ideally the company would like to find a partner to continue the exploration of this property.

The **Crazy Fox molybdenum project** is located 20 kilometres north-northwest of the village of Little Fort, BC. Molybdenum (“Mo”) has been explored for on the Crazy Fox property since 1938 but with recent renewed effort following the discovery of high-grade boulders in 2005 found as new logging roads were being constructed. Grab sample of the boulders yielded up to 7.26% Mo (11.66% MoS²). In October 2005 the company optioned the property and initiated a program of line cutting and soil geochemistry. Results of the soil survey were followed by a November mechanical trenching program with the highlights being a trench intercept of 49 metres grading 0.060% MoS² in trench OT-01. A diamond drill program commenced in February and was finished in June with final assays received in July. Results to date are very encouraging as we are encountering widespread molybdenum, tungsten and titanium. Results of this programme have been reported as drill hole results were received and compiled. Thirty-three diamond drill holes were completed and can be viewed on the Company’s website (newmacresources.com). This programme consisted of 7,490 meters (24,567 feet) of NQ-core. One of the most encouraging surprises of this programme was the discovery of large continuous intersections of tungsten mineralization. Large intersections of tungsten and molybdenum mineralization of up to 300 meters in length should lend itself to bulk mineable, open pit mining techniques. A summary of selected results is as follows:

Hole #	From (m)	To (m)	Width (m)	Width (ft)	W (%)	MTU WO ₃ / tonne	Mo (%)	MoS ₂ (%)
06-10	1.5	160.5	159.0	521.5	0.038	0.048		
06-12	154.6	160.6	6.0	19.6	0.085	0.107	0.080	0.130
06-19	5.2	358.2	353.0	1,157.5	0.071	0.089	0.020	0.033
Including	25.1	27.2	2.1	6.9	3.910	4.920	0.048	0.080
06-25	6.9	269.7	262.8	862.0	0.041	0.051	0.013	0.022
Including	154.9	243.2	88.3	289.6	0.077	0.097	0.024	0.040
06-27	7.6	279.1	271.5	890.5	0.044	0.055	0.014	0.023
Including	175.4	275.2	99.8	327.3	0.059	0.074	0.006	0.010
06-28	3.0	241.8	238.8	783.3	0.022	0.027	0.007	0.012
06-29	7.9	166.9	159.0	521.5	0.032	0.040	0.012	0.020
06-29	352.0	378.6	26.6	87.2	0.054	0.068	0.028	0.047
06-30	14.2	267.3	253.1	830.1	0.039	0.049	0.018	0.030
06-31	273.7	319.1	45.4	149.0	0.040	0.050	0.067	0.112
06-32	3.0	16.5	13.5	44.3	0.061	0.076	0.014	0.023
06-32	201.6	283.6	82.0	268.4	0.023	0.028	0.016	0.027
06-33	48.0	397.1	349.1	1,145.1	0.035	0.044	0.015	0.025
Including	48.0	217.3	169.3	555.3	0.043	0.054	0.017	0.028

The central area of the current drilling is a large hill which should be an additional bonus to open pit mining techniques. The extent of mineralization has not been reached by the drilling, and the prospect of significant expansion of the current drill indicated mineralization is excellent. A drill programme of infill drilling on the Crazy Fox project will be conducted during the summer of 2007.

The company purchased a 100% interest in the **Chilanko Copper** project located 170 kilometers west of Williams Lake, BC in November for \$20,000 from an unrelated individual. Chilanko Copper is located approximately 40 kilometers north the Newmac Project. Known mineralization at Chilanko Copper occurs in copper stained diotite to monzonite associated in fresher rock with pyrite and weak chalcopyrite. The mineralized intrusive is believed to be Jurassic aged and is exposed through a window in the Miocene age basalts which cover much of the Chilcotin plateau. Newmac has completed a programme of line cutting on the Chilanko project. Very little exploration has been completed on this occurrence, which requires an induced polarization survey to elucidate the size of the associated sulphide system preparatory to drill testing. Permits are now in place to conduct an initial work programme on the Chilanko Copper Project. A programme of induced polarization, magnetic survey and preliminary drilling will start in early February 2007.

Newmac has now completed a programme of line cutting induced polarization and a magnetic survey on the **Bluff Property**. The programme has outlined numerous drill targets coincident with samples taken by Sue Rolston during 2006. Newmac has now contracted D.J. Drilling to conduct a preliminary six hole drill programme to start in early February 2007.

The Company has hired Mr. Jens Marquaardt of Marquaardt Communications to assist the Company with European dissemination of Company news and to expand the Company's European shareholder base. Marquaardt Communications is working solely for the Company

The Company has been a mineral exploration company since its inception on August 20, 2003. The Company has four material properties in its portfolio, the Newmac Property, British Columbia and the Crazy Fox Property, British Columbia, the Bluff Property, British Columbia and the Chilanko Property, British Columbia.

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.

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 (50,000 issued) and make payments totaling \$100,000 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 3.0% 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% finder's fee is payable to Bolder Investment Partners in shares (50,000 of which 5,000 were issued).

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

During the summer and fall of 2006 Newmac acquired, by way of an option agreement, the Bluff Property from Sue Rolston of Tatla Lake, British Columbia. Newmac has the right to earn a 100% interest in the property by making certain cash payments and by issuing stock in the Company over a period of seven years.

SELECTED ANNUAL INFORMATION

The following table sets forth summary financial information for the years ended September 30, 2004, 2005 and 2006. This information has been summarized from the Company's audited financial statements for the years ended September 30, 2004, 2005, and 2006. This summary financial information should only be read in conjunction with the Company's financial statements, including the notes thereto.

	Year Ended September 30, 2006	Year Ended September 30, 2005	Year Ended September 30, 2004
Revenues	Nil	Nil	Nil
Administrative Expenses	\$224,795	\$190,254	\$67,742
Loss for the period	\$770,264	\$135,804	\$67,742
Deficit (end of period)	\$979,810	\$209,546	\$73,742
Loss per share	\$0.08	\$0.03	\$0.07
Assets:			
Current Assets	\$123,559	\$418,940	\$12,924
Resource Property Costs	\$1,974,114	\$222,273	\$137,347
Total Assets	\$2,115,552	\$644,643	\$152,771
Liabilities	\$36,257	\$90,636	\$50,356
Long Term Debt	Nil	Nil	Nil
Shareholders Equity (deficit)	\$2,079,295	\$554,007	\$102,415
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 administration costs increased for the year ended September 30, 2006 to \$224,795 as compared to \$190,254 for the prior year. Most aspects of administration remained the same during the year, such as, office, rent and telephone, management fees, and accounting and audit fees.

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, 2006	\$ Nil	\$ (52,547)	\$ (0.00)
June 30, 2006	Nil	(63,033)	(0.01)
March 31, 2006	Nil	(181,057)	(0.02)
December 31, 2005	Nil	(473,627)	(0.05)
September 30, 2005	Nil	(85,767)	(0.00)
June 30, 2005	Nil	(16,202)	(0.00)
March 31, 2005	Nil	(20,654)	(0.00)
December 31, 2004	Nil	(13,181)	(0.00)

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, 2006 the Company raised capital of \$1,642,002 on financing activities.

At September 30, 2006 the Company had a working capital of \$87,302 (2005 – \$328,304). There was no long-term debt at September 30, 2006 and current accounts payable was \$35,994 (2005 – 84,127). The Company's cash position as at September 30, 2006 was approximately \$112,656 as compared to \$405,240 at September 30, 2005. Subsequent to September 30, 2006 the Company completed four private placements to raise gross proceeds of \$807,029.

OFF BALANCE SHEET ARRANGEMENTS

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

TRANSACTIONS WITH RELATED PARTIES

During the year, the Company incurred management fees of \$52,500 (2005 – \$30,000) to David Hjerpe, the Company's President. The Company is indebted to the President in the amount of \$263 (September 30, 2005 - \$6,509), representing reimbursement of expenses and cash advances. These amounts are unsecured, non-interest bearing, and have no specific terms of repayment.

FOURTH QUARTER

During the three months ended September 30, 2006, the Company's net loss from operations was \$52,547 (2005 – \$140,218). The Company's loss included significant expenditures as follows: accounting, legal, and professional fees of \$20,496 (2005 – \$81,311), which were as a result of fees associated with ongoing professional work done in relation with the Company's quarterly and regulatory filings and decreased as the Company's Initial Public Offering was closed in the same period of the prior year; investor relations of \$7,974 (2005 – \$NIL) which increased due to a greater investor relations force during the current period; travel and promotion of \$911 (2005 – \$5,674) for management's executive travel; transfer agent, listing, and filing fees of \$4,533 (2005 – \$42,931) relating to payments made to regulatory bodies in Canada , which decreased as the Company's Initial Public Offering closed in the prior year; management fees of \$15,000 (2005 – \$7,500) the increase a result of a raise in fees to management during the current year; and office and general of \$3,295 (2005 – \$2,747) for administrative needs required by the Company.

The Company also incurred property acquisition costs of \$55,750 (2005 – \$1,530) and \$66,637 (2005 – \$65,722) in deferred exploration expenditures in the three months period ended September 30, 2006. 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.

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.

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

There have been no changes to accounting policies during the year.

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. The Company has accounts receivable, due to/from related parties and accounts payable.

OTHER MD&A REQUIREMENTS

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

The Company is authorized to issue an unlimited number of common shares. There were 12,037,643 shares issued and outstanding as at September 30, 2006 (14,162,965 as at January 15, 2007). The following is a list of outstanding warrants and stock options **as of January 15, 2007**.

Warrants Outstanding

Expiry dates	Exercise price	Outstanding
January 27, 2007	\$0.62	143,372
February 15, 2007	\$0.62	40,000
July 27, 2007	\$0.50	379,773
September 29, 2007	\$0.50	260,000
December 5, 2007	\$0.50	448,655
December 11, 2007	\$0.60	750,000
January 10, 2008	\$0.60	25,000
		2,046,800

Stock Options Outstanding

	Expiry Date	Exercise Price	Outstanding
	February 8, 2007	0.50	150,000
	February 14, 2007	0.54	100,000
	October 3, 2010	0.25	600,000
	October 3, 2010	0.50	200,000
	February 14, 2011	0.54	80,000
			1,130,000

Escrow and Pool Agreements

There are 2,550,002 shares held in escrow.

There are no shares subject to Pooling Agreements

BY ORDER OF THE BOARD

“David Hjerpe”

DAVID HJERPE

PRESIDENT AND DIRECTOR