

NEWMAC RESOURCES INC.
MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL RESULTS
FOR THE PERIOD ENDED MARCH 31, 2019

The following management discussion and analysis for *Newmac Resources Inc.* (“*Newmac*” or “the Company”) is prepared as of May 30, 2019, and should be read together with the condensed interim consolidated financial statements for the period ended March 31, 2019 and related notes attached thereto (financial statements), which were prepared in accordance with the International Financial Reporting Standards (“IFRS”). In addition, the following should be read in conjunction with the Company’s audited consolidated financial statements as at September 30, 2018 and for the year then ended and the related MD&A.

The condensed interim consolidated financial statements for the six months ended March 31, 2019, and comparative information presented therein, are prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”), applicable to the presentation of interim financial statements, including IAS 34, Interim Financial Reporting.

All dollar figures included therein and in the following MD&A are quoted in Canadian dollars. Additional information related to the Company is available for view on SEDAR under the Company’s profile at www.sedar.com and on the Company’s website at www.newmacresources.com.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this MD&A may constitute forward-looking statements. These statements relate to future events or the Company's future performance. All statements, other than statements of historical fact, may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", “propose”, "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Company believes that the expectations reflected in those forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this MD&A should not be unduly relied upon by investors as actual results may vary. These statements speak only as of the date of this MD&A and are expressly qualified, in their entirety, by this cautionary statement.

In particular, this MD&A contains forward-looking statements, pertaining to the following:

- capital expenditure programs;
- development of resources;
- treatment under governmental regulatory and taxation regimes;
- expectations regarding the Company's ability to raise capital;
- expenditures to be made by the Company to meet certain work commitments; and
- work plans to be conducted by the Company.

With respect to forward-looking statements listed above and contained in this MD&A, the Company has made assumptions regarding, among other things:

- the legislative and regulatory environment;
- the impact of increasing competition;
- unpredictable changes to the market prices for metal prices;

- anticipated results of exploration activities; and
- the Company's ability to obtain additional financing on satisfactory terms.

The Company's actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors set forth below and elsewhere in this MD&A:

- volatility in the market prices for metal prices;
- uncertainties associated with estimating resources;
- geological, technical, drilling and processing problems;
- liabilities and risks, including environmental liabilities and risks;
- fluctuations in currency and interest rates;
- incorrect assessments of the value of dispositions;
- unanticipated results of exploration activities;
- competition for, among other things, capital, acquisitions of reserves, undeveloped lands and skilled personnel; and
- unpredictable weather conditions.

The Company's actual results could differ materially from those anticipated in these forward-looking statements as a result of these risk factors set forth above.

DESCRIPTION OF BUSINESS

The Company is a BC registered company involved in the acquisition, exploration and development of mineral resource properties in Canada. The Company is a reporting issuer under the Reporting Jurisdictions of British Columbia. 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 Crazy Fox Property located in British Columbia. Management continues to evaluate high-quality projects in Canada for future opportunity, with an emphasis on projects that have the potential to be of interest to major mining companies.

The Company's subsidiary, Newmac (Shenzhen) Enterprises Ltd., started operations in April 2017 and is involved in the design and sales of clothing in China.

As of March 31, 2019, the Company had \$42,799 (September 30, 2018 - \$62,278) in cash and working capital of (\$165,633) (September 30, 2018 - (\$87,328)). The Company had a net loss of \$69,200 during the period ended March 31, 2019 (March 31, 2018 - \$104,923) and has incurred losses of \$7,637,637 since inception (September 30, 2018 - \$7,568,436).

MINERAL PROPERTIES

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 acquired the property by issuing 10,000 common shares (issued with a fair value of \$78,250) and making payments totaling \$100,000 (paid) 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% net smelter royalty ("NSR") is reserved for the vendors of which 2% may be purchased at any time for \$2,000,000 reducing the NSR to 1%.

Moira Property, British Columbia

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 (paid) and 2,500 common shares (issued with a fair value of \$43,000). A magnetometer survey on this property is under way and results from this survey are being reviewed to determine the future plans for the property.

The company has decided to discontinue exploration of the Moira Property and the mineral claims were allowed to lapse in the fall of 2016.

Exploration Update

Crazy Fox Property

Ownership of the Crazy Fox Property was transferred to Newmac Molybdenum Inc. a wholly owned subsidiary of Newmac Resources Inc. in the fall of 2014.

Preparation is continuing towards drilling the Crazy Fox Molybdenum deposit. Planning is underway for the next exploration program on the Crazy Fox Property to be done in the 2019 exploration season on the Crazy Fox deposit and Crazy Fox – Lemieux Creek parts of the Crazy Fox Property. Subject to new permitting, drilling of the Crazy Fox Molybdenum deposit may commence when the market price of molybdenum and tungsten improves in the future. A short program of diamond drilling of the Crazy Fox deposit is proposed for future years to test some potential high grade tungsten mineralization in the upper plate of the deposit and also, the company is weighing its options for the future of the Crazy Fox Property.

A preliminary Archeological Overview Assessment Survey was completed during the summer of 2014 and a Traditional Use Survey was completed during the early fall 2013. Both types of surveys are prerequisite for issuance of an “Area permit” which will allow the company to work within a designated area for a period of up to 5 years. An area permit will allow the company greater latitude in planning and completing a series of work programs designed to further the knowledge of the Crazy Fox deposit.

The surveys were completed with the assistance and by local First Nations Band Members from the Simpcw First Nation and the Canim Lake Band. Neither survey found any impediment to further exploration permitting of the Crazy Fox Project. Several recommendations in connection with the area’s traditional use were made and will be considered in our future planning. There were no item of archeological significance brought to our attention.

Moira Property

The company has decided to discontinue exploration of the Moira Property and the mineral claims were allowed to lapse in the fall of 2016.

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.

The Company's subsidiary, Newmac (Shenzhen) Enterprises Ltd., started operations in April 2016 and was involved in the design and sales of clothing in China. Because of unsatisfactory results, the Company's subsidiary, Newmac (Shenzhen) Enterprises Ltd. had closed the operations of the subsidiary and only kept minimum staff.

During the period ended March 31, 2019, the Company's net loss was \$69,200, as compared with a loss of \$104,923 during the period ended March 31, 2018. The decrease in loss this year was mainly due to reduced staff in Canada. The Company's loss consisted of expenditures as follows:

- amortization of \$270 - Canada \$270, China \$Nil (2018 - \$3,567 – Canada \$564, China \$3,003);
- insurance expense of \$1,213 – Canadian \$1,213, China \$Nil (2018 - \$1,190 – Canada \$1,190, China \$Nil) for general liability insurance;
- office and general administrative expenses of \$2,881 – Canada \$2,726, China \$155 (2018 - \$1,314 – Canada \$1,244, China \$70) for office supplies;
- accounting, legal, and professional fees of \$1,050 – Canada \$1,050, China \$Nil (2018 - \$638 – Canada \$638, China \$Nil);
- salaries and wages of \$45,800 – Canada \$32,616, China \$13,184 (2018 - \$88,035 – Canada \$74,708, China \$13,327) were decreased from last year due to reducing staff in Canada;
- transfer agent, listing, and filing fees of \$18,768 – Canada \$18,768, China \$Nil (2018 - \$14,291 – Canada \$14,291, China \$Nil) were increased;
- interest income of \$13 – Canada \$1, China \$12 (2018 - \$29 – Canada \$Nil, China \$29);
- exchange gain of \$769 – Canada \$72, China \$697 (2018 – \$4,120 – Canada \$4,979, China loss of \$859) due to the increase in value of US dollar on the Company's US dollar deposits;

During the period ended March 31, 2019, the Company incurred \$5,664 in exploration related expenditures on its mineral properties, which is comprised of \$5,664 on the Crazy Fox Property, and \$Nil on the Moira Property.

SUMMARY OF QUARTERLY RESULTS

	Three month period ended March 31, 2019	Three month period ended December 31, 2018	Three month period ended September 30, 2018	Three month period ended June 30, 2018	Three month period ended March 31, 2018	Three month period ended December 31, 2017	Three month period ended September 30, 2017	Three month period ended June 30, 2017
Total assets	8,083,864	8,078,695	8,097,823	8,174,493	8,233,272	8,273,463	8,335,819	8,405,530
Working capital	(165,633)	(128,498)	(87,328)	(1,098)	47,305	100,369	147,420	270,611
Shareholders' equity	7,834,144	7,869,019	7,907,022	7,996,150	8,043,245	8,097,133	8,149,169	8,273,405
Interest income	-	-	-	-	-	-	-	-
Net income (loss)	(34,875)	(34,681)	(91,777)	(47,864)	(52,966)	(51,957)	(123,537)	(50,343)
Loss per share	(0.00)	(0.00)	(0.01)	(0.00)	(0.01)	(0.01)	(0.01)	(0.01)

SECOND QUARTER OPERATION RESULTS

During the three months ended March 31, 2019, the Company's net loss was \$34,519, a decrease from a loss of \$52,966 during the three months ended March 31, 2018. The main reason of the Company's decrease in loss this year was mainly due to the reduction of staff in Canada.

TRANSACTIONS WITH RELATED PARTIES

- During the period ended March 31, 2019, the Company paid \$Nil (March 31, 2018 - \$Nil) of salary to directors of the Company. As of March 31, 2019, \$94,188 (September 30, 2018 - \$60,866) was owing to directors.
- During the period ended March 31, 2019, the Company paid \$3,000 (March 31, 2018 - \$18,000) of salary to the CEO of the Company. As of March 31, 2019, \$15,000 (September 30, 2018 - \$Nil) was owing to the CEO.
- During the period ended March 31, 2019, the Company paid \$15,000 (March 31, 2018 - \$15,000) of salary to the CFO of the Company. As of March 31, 2019, \$6,356 (September 30, 2018 - \$Nil) was owing to the CFO for expenses not yet reimbursed.
- During the period ended March 31, 2019, the Company paid \$Nil (March 31, 2018 - \$Nil) of salaries to close family members of a director and officer of the Company. As of March 31, 2019, \$13,296 (September 30, 2018 - \$12,582) was owing to close family members.

Key Management Compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel include the Company's executive officers and Board of Director members.

Other than the transactions disclosed above, there were no other compensation paid to key management during the period ended March 31, 2019 or 2018.

LIQUIDITY AND CAPITAL RESOURCES

The financial statements have been prepared on a going concern basis which assumes that the Company will be able realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future.

	December 31, 2018	September 30, 2018
Working capital	(\$ 165,633)	(\$ 87,328)
Deficit	(7,637,637)	(7,568,436)

Net cash used in operating activities for the period was \$15,261. This amount consists of a net operating loss of \$69,200, amortization of \$270, increase of taxes recoverable of \$1, increase in due to related parties of \$50,455, and increase in accounts payable and accrued liabilities of \$3,213. During the prior year, net cash used in operating activities was \$95,348.

Net cash used in investing activities for the period was \$5,664 consisted of exploration and evaluation expenditure. Net cash used in investing activities last year amounted to \$3,380 consisted of reclamation bond, and exploration and evaluation expenditure.

There was no net cash used in financing activities during the period ended March 31, 2019 or 2018.

There can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. If adequate financing is not available when required, the Company may be required to delay, scale back or eliminate various programs and may be unable to continue in operation. The Company may seek such additional financing through debt or equity offerings, but there can be no assurance that such financing will be available on terms acceptable to the Company or at all. Any equity offering will result in dilution to the ownership interests of the Company's shareholders and may result in dilution to the value of such interests.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

IFRS 7 establishes a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
 Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
 Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at March 31, 2019, the Company's financial instruments are comprised of cash and cash equivalents, reclamation bonds, accounts payable, and due to related parties. The carrying value of reclamation bonds, accounts payable, and due to related parties approximate their fair values due to the relatively short periods to maturity of these financial instruments.

As at March 31, 2019, the fair value of cash and cash equivalents of the Company was classified as Level 1 of the fair value hierarchy.

Financial risk factors

The Company has exposure to the following risks from its use of financial instruments: credit risk, liquidity risk and market risk. Management, the Board of Directors and the Audit Committee monitor risk management activities and review the adequacy of such activities.

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. Management believes that the credit risk concentration with respect to financial instruments included in cash and cash equivalents is remote. The Company's receivables are the loan receivable which was secured by properties of the borrower.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when they come due. As at March 31, 2019, the Company had current assets of \$46,587 to settle current liabilities of \$212,220. All of the Company's financial liabilities are subject to normal trade terms.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, and commodity and equity prices. These fluctuations may be significant and the Company, as all other companies in its industry, has exposure to these risks.

(a) Interest rate risk

The Company has cash balances and no interest-bearing debt. The Company's current policy is to maintain cash in its banking institutions and does not believe interest rate risk to be significant.

(b) Price risk

The Company is not a producing entity so is not directly exposed to fluctuations in commodity prices. The Company is exposed to price risk with respect to equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. The Company closely monitors individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

(c) Foreign currency risk

The Company has assets and liabilities denominated in Chinese Renminbi and Hong Kong Dollars. The Company otherwise has no other significant assets or liabilities in foreign currencies. Fluctuations in exchange rates among the Canadian dollar, Chinese Renminbi, and Hong Kong Dollars could have a significant effect on the business, results of operations and financial condition of the Company. Based on the balances as at March 31, 2019, other things being equal, a 10% increase (decrease) in the exchange rate of converting and Chinese Renminbi, and Hong Kong into Canadian dollars would have resulted in an increase (decrease) of approximately \$7,720 in earnings before income taxes during the six months period ended March 31, 2019.

Suspension from trading

Effective February 1, 2019, the TSX Venture Exchange suspended trading in the Company's securities as a result of a Cease Trade Order issued by the British Columbia Securities Commission due to the late filing of the Company's annual financial statements for the year ended September 30, 2018. The financial statements had since been filed.

OFF BALANCE SHEET ARRANGEMENTS

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

CAPITAL MANAGEMENT

The Company defines capital that it manages as its shareholders' equity. It manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The properties in which the Company currently has an interest are in the exploration stage; as

such the Company is dependent upon external financings to fund activities. In order to carry out planned exploration and pay for administrative costs, the Company will spend its existing working capital and will attempt to raise additional funds as needed.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

The Company's capital management objectives, policies and processes have not been changed over the period presented. The Company is not subject to any externally imposed capital requirements.

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

Please refer to Note 8 in the condensed interim consolidated financial statements for the period ended March 31, 2019, for description of the capitalized exploration and development costs presented on a property-by-property basis.

OUTSTANDING SHARE DATA

The following table summarizes the Company's outstanding share data as of the date of this Management Discussion and Analysis report:

Common shares	9,716,042
Stock options	Nil
Warrants	Nil

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates. Estimates are reviewed on an ongoing basis based on historical experience and other factors that are considered to be relevant under the circumstances. Revisions to estimates on the resulting effects of the carrying amounts of the Company's assets and liabilities are accounted for prospectively.

All of the Company's significant accounting policies and estimates are included in Note 3 and 4 of its condensed interim consolidated financial statements for the period ended March 31, 2019.

NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

Accounting standards adopted in the current period:

IFRS 15 Revenue from Contracts with Customers - In May 2014, the IASB issued IFRS 15 – Revenue from Contracts with Customers, which supersedes IAS 18 – Revenue, IAS 11 – Construction Contracts and other interpretive guidance associated with revenue recognition. IFRS 15 provides a single, principles-based five-step model to be applied to all contracts with customers to determine how and when an entity should recognize revenue. The standard also provides guidance on whether revenue should be recognized at a point in time or over time as well as requirements for more informative, relevant disclosures. IFRS 15

is

effective to the Company's annual period beginning October 1, 2018. The adoption of IFRS 15 is not expected to materially affect the Company's consolidated financial statements.

IFRS 9 *Financial Instruments* - The IASB intends to replace IAS 39 – Financial Instruments: Recognition and Measurement in its entirety with IFRS 9 – Financial Instruments (“IFRS 9”) which is intended to reduce the complexity in the classification and measurement of financial instruments. The effective date is for the Company's annual period beginning October 1, 2018. The adoption of IFRS 9 is not expected to materially affect the Company's consolidated financial statements.

IFRS 2 *Share based payment* - In November 2016, the IASB has revised IFRS 2 to incorporate amendments issued by the IASB in June 2016. The amendment provide guidance on the accounting for i) the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments; ii) share-based payment transactions with a net settlement feature for withholding tax obligations and iii) a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled. The amendments are effective for the Company's annual period beginning October 1, 2018. The adoption of this standard is not expected to materially affect the Company's consolidated financial statements.

New accounting standard not yet effective:

IFRS 16 *Leases* - In January 2016, the IASB issued IFRS 16 – Leases, which supersedes IAS 17 – Leases. IFRS 16 establishes principles for the recognition, measurement, presentation and disclosure of leases. The standard establishes a single model for lessees to bring leases on balance sheet while lessor accounting remains largely unchanged and retains the finance and operating lease distinctions. IFRS 16 is effective for Company's annual period beginning October 1, 2019 with earlier adoption permitted, but only if also applying IFRS 15 – Revenue from Contracts with customers. The adoption of IFRS 16 is not expected to materially affect the Company's consolidated financial statements.

RISKS AND UNCERTAINTIES

Exploration of mineral properties involves a high degree of risk and the successful achievement of a profitable operation cannot be assured. Costs of finding and evaluating an ore body are substantial, and may take several years to complete. The Company must overcome many risks associated with an early stage exploration property. Outstanding items to be completed include, but are not limited to, identification and quantification of a commercially viable ore body, confirmation of the Company's interest in the underlying claims and leases, completion of a feasibility study, funding of all costs related to a commercial operating venture, completion of the permitting process, detailed engineering and the procurement of a processing plant, and constructing a facility to support the property. Construction and operational risks including, but not limited to, equipment and plant performance, metallurgical, environmental, cost estimation accuracy, and workforce performance and dependability will all affect the profitability of an operating property.

External financing, primarily through the issuance of common shares will be required to fund future activities. There can be no assurance that such financings will be successful in the future.

CORPORATE GOVERNANCE

The Company's Board of Directors follows recommended corporate governance guidelines for public companies to ensure transparency and accountability to shareholders. The Audit Committee of the Company fulfills its role of ensuring the integrity of the reported information through its review of the interim and audited annual financial statements prior to their submission to the Board of Directors for approval. The Audit Committee, comprised of three directors, one of whom is independent, meets with management of the Company on a quarterly basis to review the financial statements, including the MD&A, and to discuss other financial, operating and internal control matters as required.

CONTROL AND PROCEDURES

The Company's President & Chief Executive Officer (CEO) and Chief Financial Officer (CFO) are responsible for establishing and maintaining disclosure controls and procedures and internal controls over financial reporting.

The Chief Executive Officer and the Chief Financial Officer of the Company have reviewed the financial statements and MD&A for the period ended March 31, 2019 and have certified that based on their knowledge, having exercised reasonable diligence that:

- the quarterly filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the quarterly filings.
- The quarterly financial report together with the other financial information included in the quarterly filings fairly present in all material respects the financial condition, financial performance and cash flows of the issuer, as of the date of and for the periods presented in the quarterly filings.

The Company disclosed that:

- it is not required to certify the design and evaluation of the Company's disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR) and has not completed such an evaluation, and
- inherent limitations on the ability of certifying officers of the Company to design and implement on a cost effective basis DC&P and ICFR may result in additional risks to the quality, reliability, transparency and timeliness of interim and quarterly filings and other reports provided under securities legislation.

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

"Han Xin (Harrison) Wu"

Han Xin (Harrison) Wu, CEO