

NEWMAC RESOURCES INC.

Consolidated Financial Statements

Years Ended September 30, 2023 and 2022

(Expressed in Canadian Dollars)

Mao & Ying LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of **Newmac Resources Inc.**

Opinion

We have audited the consolidated financial statements of **Newmac Resources Inc.** (the "Company"), which comprise the statements of financial position as at September 30, 2023 and 2022, and the statements of loss and comprehensive loss, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at September 30, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated financial statements* section of our report. We are independent of the Company in accordance with ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the consolidated financial statements, which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Other than the matter described in the "Material Uncertainty Related to Going Concern" section of this report, we determined there are no other key audit matters to be communicated in our auditor's report.

Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these **consolidated financial statements** in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the Audit of the Consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Linda Zhu.

Vancouver, Canada,
January 29, 2024

Mao & Ying LLP

Chartered Professional Accountants

Newmac Resources Inc.

Consolidated Statements of Financial Position

(Expressed in Canadian Dollars)

as at

	Note	September 30, 2023	September 30, 2022
Assets			
Current			
Cash and cash equivalents		9,388	37,270
Other receivables		-	4,163
Total current assets		9,388	41,433
Exploration and evaluation assets	6	1	1
Reclamation bonds	7	19,000	19,000
Total assets		28,389	60,434
Liabilities and shareholders' equity			
Current			
Accounts payable and accrued liabilities		99,328	156,538
Due to related parties	8	840,919	615,764
Decommissioning liabilities	9	73,850	65,050
CEBA loan	10	60,000	-
Total current liabilities		1,074,097	837,352
CEBA loan	10	-	60,000
Total liabilities		1,074,097	897,352
Shareholders' equity			
Share capital	11	13,306,748	13,306,748
Equity reserves		2,165,081	2,165,081
Accumulated other comprehensive loss		(8,220)	(8,220)
Deficit		(16,509,317)	(16,300,527)
Total shareholders' equity		(1,045,708)	(836,918)
Total liabilities and shareholders' equity		28,389	60,434

Going concern

2(c)

On behalf of the Board:

"Han Xin (Harrison) Wu" Director
 "Karmen Wu" Director

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

Newmac Resources Inc.

Consolidated Statements of Loss and Comprehensive Loss

(Expressed in Canadian Dollars)

		Year Ended September 30,	
	Note	2023	2022
Expenses			
Amortization		-	324
Office and general		6,574	4,361
Professional fees		126,498	20,537
Salaries and wages		30,000	39,437
Transfer agent and filing fees		11,774	10,995
Travel and promotion		194	-
Impairment of mineral properties	6	27,521	8,025,354
Total Expenses		202,561	8,101,008
Loss before other items		(202,561)	(8,101,008)
Other income (expenses)			
Exchange gain/loss		-	(277)
Write-down of GST receivable		(6,304)	-
Gain on dissolution of subsidiaries	5	-	1,058
Interest income		75	16
Total other income/(loss)		(6,229)	797
Net loss for the period		\$ (208,790)	\$ (8,100,211)
Other comprehensive income/(loss):			
Currency translation adjustment		-	(167)
Comprehensive loss for the period		\$ (208,790)	\$ (8,100,378)
Basic and diluted profit/(loss) per share		\$ (0.02)	\$ (0.83)
Weighted average number of common shares outstanding - basic and diluted		9,716,042	9,716,042

The accompanying notes are an integral part of these consolidated financial statements.

Newmac Resources Inc.

Consolidated Statements of Changes in Equity (Expressed in Canadian Dollars)

	Share Capital		Equity	Accumulated		
	No. of Shares	Amount	Reserves	Other Comprehensive Loss	Deficit	Total
Balance, September 30, 2021	9,716,042	\$ 13,306,748	\$ 2,165,081	\$ (8,053)	\$ (8,200,316)	\$ 7,263,460
Net loss	-	-	-	-	(8,100,211)	(8,100,211)
Other comprehensive loss	-	-	-	(167)	-	(167)
Balance, September 30, 2022	9,716,042	\$ 13,306,748	\$ 2,165,081	\$ (8,220)	\$ (16,300,527)	\$ (836,918)
Net loss	-	-	-	-	(208,790)	(208,790)
Other comprehensive loss	-	-	-	-	-	-
Balance, September 30, 2023	9,716,042	\$ 13,306,748	\$ 2,165,081	\$ (8,220)	\$ (16,509,317)	\$ (1,045,708)

The accompanying notes are an integral part of these consolidated financial statements.

Newmac Resources Inc.

Consolidated Statements of Cash Flows

For the periods ended June 30, 2023 and 2022

(Expressed in Canadian Dollars)

	2023	2022
Operating Activities		
Net loss for the year	\$ (208,790)	\$ (8,100,211)
Items not involving cash		
Amortization	-	324
Impairment of exploration and evaluation assets	27,521	8,025,354
Write-down of GST receivable	6,304	-
Gain on dissolution of subsidiaries	-	(1,121)
Changes in non-cash working capital		
Other recoverable	(2,141)	(2,802)
Prepaid expenses	-	333
Due to (from) related parties	225,155	28,950
Accounts payable and accrued liabilities	(57,210)	6,940
Cash used in operating activities	(9,161)	(42,233)
Investing Activities		
Exploration and evaluation assets	(18,721)	(46,043)
Proceeds from recovery of exploration and evaluation assets	-	70,800
Cash (used in)/provided by investing activities	(18,721)	24,757
Financing Activities		
Cash provided by financing activities	-	-
Change in cash and cash equivalents	(27,882)	(17,476)
Exchange differences on translation of foreign operations	-	294
Cash and cash equivalents, beginning of year	37,270	54,452
Cash and cash equivalents, end of period	\$ 9,388	\$ 37,270
Supplemental disclosures of cash flow information:		
Cash Paid for Interest	-	-
Cash Paid for Tax	-	-

The accompanying notes are an integral part of these consolidated financial statements.

NEWMAC RESOURCES INC.

Notes to the Consolidated Financial Statements

For the years ended September 30, 2023 and 2022

(Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS

Newmac Resources Inc. (the “Company” or “Newmac”) was incorporated under the laws of the province of British Columbia on August 20, 2003 and is involved in the acquisition, exploration and evaluation of mineral properties located in British Columbia, Canada. The Company is traded on the TSX Venture Exchange (“TSX-V”) under the symbol NER.

The head office and principal address are located at #203 – 601 North Road, Coquitlam, BC, Canada V3J 1P1 and the registered and records office of the Company is located at Suite 407, 1328 West Pender Street, Vancouver, BC, Canada V6E 4T1.

2. BASIS OF PREPARATION AND GOING CONCERN

a) Statement of Compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”) and Interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

These consolidated financial statements were authorized for issue by the Audit Committee and Board of Directors on January 29, 2024.

b) Basis of Measurement

These consolidated financial statements have been prepared on a historical cost basis except for financial instruments classified as financial instruments at fair value through profit or loss, which are stated at their fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting.

These consolidated financial statements are presented in Canadian dollars.

c) Going Concern

These consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations.

The Company has a working capital deficiency of \$1,064,709 and has incurred losses since its inception of \$16,509,317 as at September 30, 2023. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

The Company's ability to continue its operations and to realize assets at their carrying values is dependent upon management's plan to raise additional capital through equity markets. However, there is no assurance it will be able to raise funds in the future. These consolidated financial statements do not give effect to any adjustments required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying financial statements.

NEWMAC RESOURCES INC.

Notes to the Consolidated Financial Statements

For the years ended September 30, 2023 and 2022

(Expressed in Canadian Dollars)

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the consolidated statement of financial position date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

a) **Exploration and valuation of assets**

Management has determined that exploratory drilling, exploration evaluation, and related costs incurred which have been capitalized have future economic benefits and are economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including geologic and metallurgic information, scoping studies, accessible facilities and existing permits.

Management has considered IFRS 6 in assessing whether there are any indications that the Company's exploration and evaluation assets are impaired and has determined to write down the exploration and evaluation assets to \$1 as at September 30, 2023.

c) **Estimated decommissioning liabilities**

The Company assesses its provision for reclamation and remediation on an annual basis or when new material information becomes available. Mining and exploration activities are subject to various laws and regulations governing the protection of the environment. In general, these laws and regulations are continually changing and the Company has made, and intends to make in the future, expenditures to comply with such laws and regulations. Accounting for reclamation and remediation obligations requires management to make estimates of the future costs the Company will incur to complete the reclamation and remediation work required to comply with existing laws and regulations at each mining operation and exploration and development property. Actual costs incurred may differ from those amounts estimated. Also, future changes to environmental laws and regulations could increase the extent of reclamation and remediation work required to be performed by the Company. Increases in future costs could materially impact the amounts charged to operations for reclamation and remediation. The provision represents management's best estimate of the present value of the future reclamation and remediation obligation. The actual future expenditures may differ from the amounts currently provided.

NEWMAC RESOURCES INC.

Notes to the Consolidated Financial Statements

For the years ended September 30, 2023 and 2022

(Expressed in Canadian Dollars)

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (cont'd...)

e) Going concern assessment

The Company's ability to continue its operations and to realize assets at their carrying values is dependent upon its ability to fund its existing acquisition and exploration commitments on its exploration and evaluation assets when they come due, which would cease to exist if the Company decides to terminate its commitments, and to cover its operating costs. The Company may be able to generate working capital to fund its operations by the sale of its exploration and evaluation assets or raising additional capital through equity markets. However, there is no assurance it will be able to raise funds in the future. These consolidated financial statements do not give effect to any adjustments required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying consolidated financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES

Principles of consolidation

The consolidated financial statements include the financial statements of the parent company, Newmac Resources Inc., and its subsidiaries listed below:

	Jurisdiction	Nature of Operations	Equity Interest	
			2023	2022
Newmac Molybdenum Inc.	BC, Canada	Exploration	100%	100%
Newma Technology Inc.	BC, Canada	Inactive	100%	100%
Newmac Company Limited	Hong Kong	Dissolved	--	--
Newmac (Shenzhen) Co. Ltd.	Shenzhen, China	Dissolved	--	--
Newma (Guangzhou) Technology Co. Ltd.	Guangzhou, China	Dissolved	--	--

For the years ended September 30, 2023 and 2022 the consolidated financial statements include the accounts of Newmac Molybdenum Inc., Newma Technology Inc., Newmac Company Limited, Newmac (Shenzhen) Co. Ltd., and Newma (Guangzhou) Technology Co. Ltd.. The Company's two subsidiaries in China, Newmac (Shenzhen) Co. Ltd. and Newma (Guangzhou) Technology Co. Ltd. were dissolved in January 2022. Newmac Company Limited was dissolved on June 24, 2022.

The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. All inter-company balances and transactions have been eliminated.

Cash equivalents

The Company considers all highly liquid instruments with a maturity of three months or less at the time of issuance or are readily redeemed into known amounts of cash without significant penalties to be cash equivalents. As at September 30, 2023 and 2022, there are no cash equivalents.

NEWMAC RESOURCES INC.

Notes to the Consolidated Financial Statements

For the years ended September 30, 2023 and 2022

(Expressed in Canadian Dollars)

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Foreign currencies

The functional currency is the currency of the primary economic environment in which the entity operates and has been determined for each entity within the Company. The functional currency for the Company and its subsidiaries Newmac Molybdenum Inc. and Newmac Technology Inc. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21, *The Effects of Changes in Foreign Exchange Rates*.

The foreign operations have been translated into the Canadian dollar in following matter: assets and liabilities are translated using the exchange rate at period end, and income, expenses and cash flow items are translated using the rate that approximates the exchange rates at the dates of the transactions (i.e. the average rate for the period). All resulting exchange differences are recognized directly in other comprehensive income (loss).

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At each statement of financial position date, monetary assets and liabilities are translated using the period end foreign exchange rate. Non-monetary assets and liabilities are translated using the historical rate on the date of the transaction. Non-monetary assets and liabilities that are stated at fair value are translated using the historical rate on the date that the fair value was determined. All gains and losses on translation of these foreign currency transactions are included in profit or loss

Exploration and evaluation assets

Pre-exploration costs

Pre-exploration costs are expensed in the period in which they are incurred.

Exploration and evaluation expenditures

Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation expenditures are recognized and capitalized, in addition to the acquisition costs. These direct expenditures included such costs as material used, surveying costs, drilling costs, payments made to contractors and depreciation on plant and equipment during the exploration phase. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed in the period in which they occur.

When a project is deemed to no longer have commercially viable prospects to the Company, mineral property expenditures in respect of that project are deemed to be impaired. As a result, those mineral property expenditures, in excess of estimated recoveries, are written off to the statement of comprehensive loss or income.

The Company assesses mineral properties for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as "mine under construction". Mineral property assets are also tested for impairment before the assets are transferred to development properties.

As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities including the sale of mineral interests are applied as a reduction to capitalized acquisition and exploration costs.

NEWMAC RESOURCES INC.

Notes to the Consolidated Financial Statements

For the years ended September 30, 2023 and 2022

(Expressed in Canadian Dollars)

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Exploration tax credits

The Company recognizes exploration tax credit amounts when the Company's application is approved by the taxation authorities or when the amount to be received can be reasonably estimated and collection is reasonably assured. The amount of the exploration tax credits reduces the Company's capitalized exploration and evaluation assets.

Decommissioning liabilities

These provisions have been measured based on the Company's estimates. Assumptions, based on the current economic environment, have been made which management believes are a reasonable basis upon which to estimate the future liability. These estimates take into account any material changes to the assumptions that occur when reviewed regularly by management. Estimates are reviewed annually and are based on current regulatory requirements. Significant changes in estimates of contamination, restoration standards and techniques will result in changes to provisions from period to period. Actual rehabilitation costs will ultimately depend on future market prices for the rehabilitation costs which will reflect the market conditions at the time the rehabilitation costs are actually incurred. The final cost of the currently recognized rehabilitation provisions may be higher or lower than currently provided for.

The Company is subject to various government laws and regulations relating to environmental disturbances caused by exploration and evaluation activities. The Company records the present value of the estimated costs of legal and constructive obligations required to restore the exploration sites in the period in which the obligation is incurred. The nature of the rehabilitation activities includes restoration, reclamation and re-vegetation of the affected exploration sites.

The rehabilitation provision generally arises when the environmental disturbance is subject to government laws and regulations. When the liability is recognized, the present value of the estimated cost is capitalized by increasing the carrying amount of the related mining assets. Over time, the discounted liability is increased for the changes in present value based on current market discount rates and liability-specific risks. Additional environment disturbances or changes in rehabilitation costs will be recognized as additions to the corresponding assets and rehabilitation liability in the period which they occur.

Impairment

At each reporting date, the carrying amounts of the Company's assets are reviewed to determine whether there is any indication of impairment. If any indication exists, then the asset's recoverable amount is estimated to determine the extent of the impairment, if any. The recoverable amount of an asset is the higher of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the assets.

An impairment loss is recognized in operations if the carrying amount of an asset exceeds its recoverable amount. For an asset that does not generate independent cash flows, the recoverable amount is determined for the cash generating unit to which the asset belongs. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. An impairment loss in respect of goodwill is not reversed.

NEWMAC RESOURCES INC.

Notes to the Consolidated Financial Statements

For the years ended September 30, 2023 and 2022

(Expressed in Canadian Dollars)

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Equipment

Property and equipment is carried at cost, less accumulated amortization and accumulated impairment losses. Amortization is recognized using the straight line method over their estimated useful lives.

Property and equipment that is withdrawn from use, or has no reasonable prospect of being recovered through use or sale, is regularly assessed and written off if applicable.

Assets are measured at historical cost less accumulated amortization and impairment losses. Amortization is charged on the straight line basis over the useful lives of these assets. Residual values, amortization methods and useful economic lives are reviewed and adjusted if appropriate, at each reporting date.

Subsequent expenditures relating to an item of property and equipment are capitalized when it is probable that future economic benefits from the use of the assets will be increased. All other subsequent expenditures are recognized as repairs and maintenance.

Income taxes

Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting, nor taxable loss; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the consolidated financial statements date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it is probable that a future tax asset will be recovered, it provides a valuation allowance against that excess.

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

NEWMAC RESOURCES INC.

Notes to the Consolidated Financial Statements

For the years ended September 30, 2023 and 2022

(Expressed in Canadian Dollars)

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Share-based payment transactions

The Company may grant stock options to acquire common shares of the Company to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes, or provides services similar to those performed by an employee.

Stock options granted to directors, officers and employees are measured at their fair values determined on their grant date, using the Black-Scholes option pricing model, and are recognized as an expense over the vesting periods of the options. Options granted to consultants or other non-employees are measured at the fair value of goods or services received from these parties, or at their Black-Scholes fair values if the fair value of goods or services received cannot be readily measured. A corresponding increase is recorded to equity reserves for share-based compensation recorded.

When stock options are exercised, the cash proceeds along with the amount previously recorded as equity reserves are recorded as share capital. When the right to receive options is forfeited before the options have vested, any expense previously recorded is reversed.

Earnings (Loss) per share

Basic earnings (loss) per share is computed by dividing the net income or loss applicable to common shares of the Company by the weighted average number of common shares outstanding for the relevant period.

Diluted earnings per share is determined by adjusting the earnings or loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of dilutive instruments, which includes stock options and common share purchase warrants, as if their dilutive effect was at the beginning of the period. The calculation of the diluted number of common shares assumes that proceeds received from the exercise of "in-the-money" stock options and common share purchase warrants are used to purchase common shares of the Company at their average market price for the period. In periods that the Company reports a net loss, per share amounts are not presented on a diluted basis as the result would be anti-dilutive.

NEWMAC RESOURCES INC.

Notes to the Consolidated Financial Statements

For the years ended September 30, 2023 and 2022

(Expressed in Canadian Dollars)

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Financial instruments

The Company adopted IFRS 9, Financial Instruments ("IFRS 9"). The standard was adopted on a retrospective basis and its implementation had no impact on the Company's consolidated financial statements.

Financial Assets

Financial assets are measured at fair value on initial recognition of the instrument and classified as financial assets at fair value through profit and loss ("FVTPL"), amortized cost, or fair value through other comprehensive income ("FVTOCI"). The classification depends upon the Company's business model for managing its financial assets and the contractual terms of the cash flows. Management determines the classification of its financial asset at initial recognition. Subsequent measurement of financial instruments is based on their classification. Financial assets are de-recognized when the contractual rights to the cash flows from the financial asset expire or when the contractual rights to those assets are transferred.

(i) Financial assets at fair value through profit or loss

A financial asset shall be measured at FVTPL unless it is measured at amortized cost or FVTOCI. Financial assets and liabilities classified at FVTPL are measured at fair value with changes in those fair values recognized in the consolidated statement of loss and comprehensive loss for the year. The Company may however make the irrevocable option to classify particular investments as FVTPL.

(ii) Amortized Cost

Amortized cost are those assets which are held within a business whose objective is to hold financial assets to collect contractual cash flows; and the terms of the financial assets must provide on specified dates cash flows solely through the collection of principal and interest. Financial assets classified at amortized cost are measured at amortized cost using the effective interest method.

(iii) Financial assets at fair value through other comprehensive income

FVTOCI assets are those assets which are held within a business whose objective is achieved by both collecting contractual cash flows and selling financial assets; and the contractual terms of the financial assets give rise on specified dates to cash flows solely through the collection of principal and interest.

Impairment on Financial Assets

The Company assesses at each reporting date whether there is any objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired, if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets. The Company recognizes a loss allowance for expected credit losses on its financial assets using the simplified approach which permits the use of the lifetime expected loss provision for all amounts receivable. At each reporting date the Company assesses impairment of amounts receivable on a collective basis as its amounts receivable possess shared credit risk characteristics and have been grouped based on days past due. The loss allowance will be based upon the Company's historical credit loss experience over the expected life of trade receivables and contract assets, adjusted for forward looking estimates. Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

NEWMAC RESOURCES INC.

Notes to the Consolidated Financial Statements

For the years ended September 30, 2023 and 2022

(Expressed in Canadian Dollars)

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Financial instruments (cont'd...)

Financial Liabilities

The Company recognizes a financial liability when it becomes party to the contractual provisions of the instrument. At initial recognition, the Company measures financial liabilities at their fair value plus transaction costs that are directly attributable to their issuance, with the exception of financial liabilities subsequently measured at fair value through profit or loss for which transaction costs are immediately recorded in profit or loss. Financial liabilities are classified as either financial liabilities at FVTPL or at amortized cost. The Company determines the classification of its financial liabilities at initial recognition.

The following table summarizes the classification of the Company's financial instruments under IFRS 9:

Financial instruments	IFRS 9 Classification
Cash and cash equivalents	FVTPL
Other receivables	Amortized cost
Reclamation bonds	Amortized cost
Accounts payable and accrue liabilities	Amortized cost
Due to related parties	Amortized cost
CEBA loan	Amortized cost

Accounting standards adopted in the current year:

There are no new adopted accounting standards that have a material impact on the Company's consolidated financial statements for the year ended September 30, 2023.

Accounting standards issued but not yet effective

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended September 30, 2023, and have not been applied in preparing these consolidated financial statements. None of these pronouncements are expected to have material impact on the Company's consolidated financial statements.

5. DISSOLUTION OF SUBSIDIARIES

The Company's two subsidiaries in China, Newmac (Shenzhen) Co. Ltd. and Newma (Guangzhou) Technology Co. Ltd. were dissolved in January 2022 while the Company's subsidiary in Hong Kong, Newmac Company Limited was dissolved in June 2022. The net gain on the dissolution of the subsidiaries amounted to \$1,058.

NEWMAC RESOURCES INC.

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6. EXPLORATION AND EVALUATION ASSETS

The following mineral property acquisition and exploration costs were incurred on the Company's Crazy Fox mineral properties.

	September 30, 2023	September 30, 2022
	Total	Total
Acquisition costs		
Balance	1	183,702
Exploration costs		
Balance	-	7,866,410
Field supplies and rentals	-	498
Geological and field staff	11,921	37,216
Other	3,000	3,529
Administration	-	800
Reports and maps	3,800	4,000
Exploration for the period	18,721	46,043
Less:		
Write-down	(18,721)	(8,025,354)
Sale of portable assessment credits (PACs)	-	(70,800)
Net exploration for the period	-	(8,050,111)
Total exploration costs, September 30, 2023	-	(183,701)
Total mineral property costs, September 30, 2023	1	1

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral properties. The Company has investigated title to all of its mineral properties and to the best of its knowledge, titles to all of its properties are in good standing.

Crazy Fox Property, British Columbia

The Company entered into an agreement on September 22, 2005 to acquire a 100% interest in the Crazy Fox Molybdenum-Tungsten Property, located 20 km northwest of Little Fort, British Columbia. The Company acquired the property by issuing 10,000 shares (issued with a fair value of \$78,250) and making payments totalling \$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%.

As at September 30, 2023, the Company had no substantive exploration budgeted or planned for the next twelve months and, accordingly, the Company wrote down exploration and evaluation assets to \$1.

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7. RECLAMATION BONDS

The Company has posted reclamation bonds for \$19,000 (September 30, 2022 - \$19,000) including \$10,000 under a safekeeping arrangement with a financial institution relating to its exploration activities (Note 9) in British Columbia, Canada.

8. RELATED PARTY TRANSACTIONS AND BALANCES

The related party transactions are in the normal course of business and are measured at the exchange amount which is the amount agreed to by the related parties. Detailed of transactions with related parties that are not disclosed elsewhere in these consolidated financial statements are disclosed below:

Transactions	2023	2022
	\$	\$
Consulting fee:		
Chief Financial Officer	30,000	30,000
	30,000	30,000
Balances	2023	2022
	\$	\$
Due to related parties:		
Director	436,012	436,012
Chief Executive Officer	226,744	106,589
Chief Financial Officer	90,000	60,000
Close family members of a director	13,163	13,163
	765,919	615,764

The amounts due to related parties are unsecured, non-interest bearing and due on demand.

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 members of the Board of Director. Short-term key management compensation for the years ended September 30, 2023 and 2022 is presented in the above table.

Key management personnel were not paid post-employment benefit, termination fees or other long-term benefits during the years ended September 30, 2023 and 2022.

NEWMAC RESOURCES INC.

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9. DECOMMISSIONING LIABILITIES

The Company has recorded a decommissioning provision in connection with estimated reclamation costs with respect to its Crazy Fox property. The obligation is recognized based on the reclamation costs estimated by management to evaluate the Company's current liability to remediate and abandon its current property. The following table presents the reconciliation of the decommissioning liabilities:

	2023	2022
	\$	\$
Balance, beginning of year	65,050	65,050
Additional provisions made	8,800	-
Balance, end of year	73,850	65,050

Significant estimate and assumptions are made in determining the site restoration provision. These uncertainties may result in actual expenditures differing from the amount currently recorded. The Company carries \$10,000 in deposits as security against these liabilities (Note 7)

10. CEBA LOAN

The Company took advantage of the government's Canada Emergency Business Account and obtained a loan of \$60,000 from the program. The program provides interest-free loans of up to \$60,000 to small businesses. If the loan is not repaid in full on or before December 31, 2023, it may be extended from January 1, 2024 to December 31, 2025 at the interest rate of 5% p.a. Repaying the balance of the loan on or before December 31, 2023 will result in loan forgiveness of 25 percent on the first \$40,000 plus 50 percent on amounts above \$40,000 and up to \$60,000 (up to \$20,000). The loan was repaid on December 29, 2023.

11. SHAREHOLDERS' EQUITY

a. *Authorized*

Unlimited number of common shares without par value

b. *Issued and outstanding*

As of September 30, 2023, the Company has 9,716,042 (September 30, 2022 - 9,716,042) common shares outstanding.

c. *Warrants*

There were no warrants outstanding and exercisable as at and during the years ended September 30, 2023 and 2022.

d. *Options*

Effective March 30, 2012, the Company adopted a new stock option plan. In accordance with the stock option plan, the Company is authorized to grant options to directors, employees and consultants, to acquire up to 10% of its issued and outstanding common stock. The exercise price of each option equals the market price of the Company's stock as calculated on the date of grant. The options can be granted for a maximum term of 10 years. Options granted to employees vest fully on grant. Options issued to investor relations consultants vest in stages over 12 months with one quarter of the options vesting in any three-month period.

There were no stock options outstanding and exercisable as at and during the years ended September 30, 2023 and 2022.

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12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair value

As at September 30, 2023, the Company's financial instruments are comprised of cash, reclamation bonds, accounts payable and accrued liabilities, due to related parties and CEBA loan. The carrying values of reclamation bonds, accounts payable and amounts due to related parties approximate their fair values due to the relatively short periods to maturity or on demand nature of these financial instruments. Fair values of financial instruments are classified in a fair value hierarchy based on the inputs used to determine fair values. The levels of the fair value hierarchy are 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 September 30, 2023, the fair value of cash of the Company was classified as Level 1 of the fair value hierarchy and is the sole financial asset recorded at fair value on a recurring basis.

Financial risk factors

The Company has exposure various risks from its use of financial instruments. 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 is remote.

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 September 30, 2023, the Company had current assets of \$15,692 and current liabilities of \$891,633 (see Note 2(c)). All of the Company's financial liabilities are due within one year.

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.

Interest rate risk

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

Price risk

The Company's ability to raise financing may be impacted by 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.

NEWMAC RESOURCES INC.

Notes to the Consolidated Financial Statements

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12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd...)

Financial risk factors (cont'd...)

Foreign currency risk

Currency risk is the risk that the value of financial assets denominated in currencies, other than the functional currency of the Company, will fluctuate due to changes in foreign currency exchange rates. All financial instruments are denominated in the functional currency of the Company and its subsidiaries. The Company is not significantly exposed to currency risk as at September 30, 2023 and 2022.

13. 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 year presented. The Company is not subject to any externally imposed capital requirements.

14. INCOME TAXES

For the years ended September 30,	2023	2022
	\$	\$
Net loss for the year	(208,790)	(8,100,211)
Federal and provincial statutory income tax rate	27%	27%
Expected income tax recovery	(56,000)	(2,187,000)
Permanent difference and others	7,000	2,167,000
Tax rate difference in foreign subsidiaries	-	-
Deferred tax assets not recognized	49,000	20,000
Total income tax	-	-

NEWMAC RESOURCES INC.

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14. INCOME TAXES (cont'd...)

The significant components of the Company's unrecorded deferred tax assets and liabilities are as follows:

As at September 30,	2023	2022
	\$	\$
Deferred tax assets (liabilities)		
Property and equipment	28,000	38,000
Non-capital losses available for future periods	663,000	607,000
Mineral properties	2,153,000	(13,000)
	2,844,000	2,790,000
Deferred tax assets not recognized	(2,844,000)	(2,790,000)
Net deferred tax assets	-	-

As at September 30, 2023, the Company has total non-capital losses carried forward of approximately \$2,460,000 which are available to offset future years' taxable income in Canada expiring in various amounts from 2031 to 2043.

15. SEGMENTED INFORMATION

The Company has reporting segment. Its two geographical information is presented below:

The Company's net loss is allocated to geographical segments as follows:

	Year Ended September 30, 2023			Year Ended September 30, 2022		
	Canada	China	Total	Canada	China	Total
Net (loss)	\$ (208,790)	\$ -	\$ (208,790)	\$ (8,090,911)	\$ (9,300)	\$ (8,100,211)

The Company's assets are located in Canada and China as follows:

	As at September 30, 2023			As at September 30, 2022		
	Canada	China	Total	Canada	China	Total
Total assets	28,389	-	28,389	60,434	-	60,434

16. TRANSACTION WITH SIGNALCHEM

The Company entered into an amalgamation agreement with SignalChem Lifesciences Corporation ("SignalChem") dated February 16, 2022, setting out the terms of acquisition (the "Transaction") of SignalChem by the Company. Pursuant to the terms of the Transaction, the Company would acquire 100% of the issued and outstanding common shares of SignalChem. The Transaction would constitute both a reverse-takeover and a change of business for the Company.

The Transaction did not complete as at September 30, 2022. On December 7, 2022, the Company received a termination notice from SignalChem on the proposed reverse takeover transaction.

On December 11, 2023, the Company announced that it filed a Notice of Civil Claim against SignalChem Lifesciences Corporation with the Supreme Court of British Columbia on December 8, 2023. This legal action arises from SignalChem terminating the previously announced reverse-takeover transaction. The Company is seeking an order from the Court for Specific Performance or damages in the amount of US\$31,724,000 in lieu thereof.