Consolidated Financial Statements of

TheMAC Resources Group Limited
(A development-stage company)

March 31, 2011 and 2010

NOTICE THAT THESE FINANCIAL STATEMENTS HAVE NOT BEEN REVIEWED BY AN AUDITOR

THEMAC Resources Group Limited (the "Issuer")

Interim Consolidated Financial Statements for the period ended March 31, 2011

The accompanying unaudited interim consolidated financial statements of Themac Resources Group Limited (the "Company") for the three and nine months ended March 31, 2011 and 2010 have been prepared by and are the responsibility of management. These unaudited interim financial statements, together with the accompanying notes, have been reviewed and approved by the members of the Company's board of directors. In accordance with National Instrument 51-102, the Company discloses that these unaudited interim financial statements have not been reviewed by the Company's auditors.

TheMAC Resources Group Limited
(a development stage company)
(Expressed in Canadian Dollars)

CONSOLIDATED BALANCE SHEETS

[See note 1: Nature of operations and going concern uncertainty]
[See note 12: Subsequent events]

	March 31 2011 (unaudited) $	June 30 2010 (audited) $
ASSETS		
Current		
Cash	**4,738,411**	24,657
Taxes recoverable	**517,115**	7,396
Prepaid expenses and deposits	**2,849**	1,800
	5,258,375	33,853
Equipment *[note 3]*	**174**	225
Advance payments for purchase of Copper Flat *[note 11]*	**14,301,650**	1,799,702
	19,560,199	1,833,780
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	**230,364**	534,621
Due to related parties *[note 6]*	**82,000**	33,250
Subscriptions received *[notes 5 and 11]*	**—**	921,167
	312,364	1,489,038
Shareholders' equity (deficiency)		
Share capital *[note 5]*	**16,773,122**	5,487,840
Warrants *[note 5]*	**8,307,789**	151,964
Contributed surplus *[note 5]*	**1,717,399**	113,977
Deficit	**(7,550,475)**	(5,409,039)
	19,247,835	344,742
	19,560,199	1,833,780

On behalf of the Board:

"Barrett Sleeman"
Director

"Kevin W. Maloney"
Director

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

TheMAC Resources Group Limited
(a development stage company)
(Unaudited, prepared by management)
(Expressed in Canadian Dollars)

CONSOLIDATED STATEMENTS OF OPERATIONS, COMPREHENSIVE LOSS AND DEFICIT

	Three months ended March 31		Nine months ended March 31	
	2011	2010	**2011**	2010
	$	$	$	$
Expenses				
Stock-based compensation	**1,669,554**	—	**1,669,554**	—
Consulting *[note 6]*	**43,500**	13,500	**130,500**	40,500
Management fees	**66,623**	6,420	**101,146**	13,920
Accounting and audit	**32,557**	5,510	**62,255**	13,860
Filing fees and transfer agent fees	**45,025**	5,774	**60,228**	13,785
Office and sundry *[note 6]*	**39,605**	4,083	**47,307**	7,991
Travel	**15,411**	2,951	**38,038**	2,951
Rent	**16,457**	2,460	**21,377**	6,180
Legal fees	**2,466**	6,952	**10,587**	8,957
Investor communications	**—**	—	**10,000**	—
Interest and bank charges	**1,229**	100	**3,721**	242
Telephone and communications	**1,390**	124	**2,663**	393
Printing and photocopying	**171**	46	**733**	590
Amortization *[note 3]*	**17**	24	**51**	72
	1,934,005	47,944	**2,158,160**	109,441
Operating loss	**(1,934,005)**	(47,944)	**(2,158,160)**	(109,441)
Other item				
Foreign exchange loss	**(8,701)**	(849)	**16,724**	(849)
Loss on settlement of debt *[notes 5 and 6]*	**—**	—	**—**	(10,667)
Loss and comprehensive loss for the period	**(1,942,706)**	(48,793)	**(2,141,436)**	(120,957)
Deficit, beginning of the period	**(5,607,769)**	(5,270,028)	**(5,409,039)**	(5,197,864)
Deficit, end of the period	**(7,550,475)**	(5,318,821)	**(7,550,475)**	(5,318,821)
Loss per share - basic and diluted	**(0.09)**	(0.01)	**(0.11)**	(0.02)
Weighted average number of outstanding shares - basic and diluted	**22,634,498**	7,129,754	**19,004,177**	7,859,711

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

TheMAC Resources Group Limited
(a development stage company)
(Unaudited, prepared by management)
(Expressed in Canadian Dollars)

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three months ended March 31		Nine months ended March 31	
	2011	2010	**2011**	2010
	$	$	**$**	$
OPERATING ACTIVITIES				
Net loss for the period	**(1,942,706)**	(48,793)	**(2,141,436)**	(120,957)
Add non-cash items:				
Amortization	**17**	24	**51**	72
Loss on settlement of debt	**—**	—	**—**	10,667
Stock-based compensation	**1,669,554**	—	**1,669,554**	—
	(273,135)	(48,769)	**(471,831)**	(110,218)
Net change in non-cash working capital:				
Increase in taxes recoverable	**(502,292)**	(1,209)	**(509,719)**	(401)
Increase in prepaid expenses and deposits	**(977)**	(3,825)	**(1,049)**	(3,825)
Increase (decrease) in accounts payable and accrued liabilities	**50,615**	82,841	**(445,124)**	73,549
Increase in amounts due to related parties	**3,730**	6,000	**48,750**	18,000
Cash used in operating activities	**(722,059)**	35,038	**(1,378,973)**	(22,895)
INVESTMENT ACTIVITIES				
Advance payments for purchase of Copper Flat	**(977,180)**	(940,285)	**(4,591,080)**	(940,285)
Cash used in investment activities	**(977,180)**	(940,285)	**(4,591,080)**	(940,285)
FINANCING ACTIVITIES				
Loan payable	**6,344,287**	—	**10,200,000**	—
Exercise of warrants	**—**	—	**511,111**	—
Proceeds from private placements	**—**	460,000	**—**	460,000
Exercise of stock options	**—**	20,600	**56,480**	20,600
Share subscriptions received	**—**	610,000	**(83,784)**	610,000
Share issue cost	**—**	(100)	**—**	(200)
Cash provided by financing activities	**6,344,287**	1,090,500	**10,683,807**	1,090,400
Net increase in cash position	**4,645,048**	185,253	**4,713,754**	127,220
Cash position, beginning of the period	**93,363**	17,089	**24,657**	75,122
Cash position, end of the period	**4,738,411**	202,342	**4,738,411**	202,342
Supplemental cash flow information				
Interest paid in cash	**—**	—	**—**	—
Capital taxes in cash	**—**	—	**—**	—

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

TheMAC Resources Group Limited

(a development stage company)

For the nine months ended March 31, 2011

(Expressed in Canadian Dollars)

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Common shares		Warrants	Contributed		
	Amount	Value		surplus	Deficit	Total
		$	$	$	$	$
Balance, June 30, 2009	6,915,256	5,097,621	—	126,866	(5,197,864)	26,623
Transfer agent rounding adjustment	5	—	—	—	—	—
Settlement of debt [*note 5b*]	533,333	50,667	—	—	—	50,667
Private placement [*note 5b*]	5,111,111	308,036	151,964	—	—	460,000
Exercise of options	105,000	33,489	—	(12,889)	—	20,600
Share issue costs	—	(1,973)	—	—	—	(1,973)
Net loss and comprehensive loss for the year	—	—	—	—	(211,175)	(211,175)
Balance, June 30, 2010	12,664,705	5,487,840	151,964	113,977	(5,409,039)	344,742
Exercise of warrants	5,111,111	663,075	(151,964)	—	—	511,111
Exercise of options	353,000	123,550	—	(67,070)	—	56,480
Private placement [*note 5*]	40,000,000	5,550,000	4,650,000	—	—	10,200,000
Private placement [*note 5*]	5,582,556	600,275	237,109	—	—	837,384
Issuance of shares to acquire Electrum Resources plc	10,500,000	4,349,320	3,420,680	—	—	7,770,000
Cancellation of escrow shares	(93,750)	(938)	—	938	—	—
Stock-based compensation	—	—	—	1,669,554	—	1,669,554
Net loss and comprehensive loss for the period	—	—	—	—	(2,141,436)	(2,141,436)
Balance, March 31, 2011	74,117,622	16,773,122	8,307,789	1,717,399	(7,550,475)	19,247,835

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

1. NATURE OF OPERATIONS AND GOING CONCERN UNCERTAINTY

The Company was incorporated on February 24, 1997 under the Business Corporations Act (Yukon) by registration of its Articles of Incorporation. The Company is in the business of acquiring, exploring, and developing natural resource properties.

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles applicable to a going concern which assumes that the Company will realize its assets and discharge its liabilities in the normal course of business. Realization values may be substantially different from the carrying values as shown in these consolidated financial statements should the Company be unable to continue as a going concern. The Company has incurred losses since inception and has a deficit as at March 31, 2011 of $7,550,475 and working capital of $4,946,011. These factors create significant doubt as to the ability of the Company to continue as a going concern.

The Company's ability to meet its obligations and maintain its operations is contingent upon successful completion of additional financing arrangements, the continuing support of its creditors, and the obtaining of necessary financing to fund future business projects. If the Company were unable to continue as a going concern then adjustments may be required to the classification and the carrying value of certain assets and liabilities.

On March 12, 2011, the Company completed the acquisition of the Copper Flat property in the state of New Mexico, USA, receiving final approval from the TSX Venture Exchange ("TSXV") on March 17, 1011 (Note 11), and on March 18, 2011 the Company's shares began trading as a Tier 2 company on the TSXV.

2. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Company have been prepared in accordance with Canadian generally accepted accounting principles and reflect the following significant accounting policies.

Principles of consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned inactive subsidiary, New Mexico Copper Corporation, incorporated on June 15, 2010 in the state of New Mexico, USA.

Translation of foreign currencies

Monetary assets and liabilities denominated in foreign currencies have been translated into Canadian dollars at the rate of exchange prevailing at the end of the period. Non-monetary assets and liabilities have been translated at the rate prevailing at the date of the transaction. Revenue and expense items are translated at the average rate of exchange for the period. Gains and losses are included in income for the period.

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles 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 amounts of revenues and expenses reported during the periods. Actual results could differ from those estimates.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

Computer equipment

Computer equipment is recorded at cost less accumulated amortization. Amortization is recorded on a declining balance basis at an annual rate of 30%.

Income taxes

The Company follows the liability method of accounting for income taxes. Future taxes are recognized for the tax consequences of "temporary differences" by applying enacted or substantively enacted statutory tax rates applicable to future years to differences between the financial statement carrying amounts and the tax basis of existing assets and liabilities. The effect on future taxes for a change in tax rates is recognized in income in the period that includes the date of enactment or substantive enactment. Future tax benefits are recognized to the extent that realization of such benefits is more likely than not to occur.

Stock based compensation

The Company accounts for all stock-based payments and awards using the fair value-based method. Under the fair value-based method, stock-based payments to non-employees are measured at the fair value of the consideration received, or the fair value of the equity instruments issued, or liabilities incurred, whichever is more reliably measurable. The fair value of stock-based payments to non-employees is periodically re-measured until counterparty performance is complete, and any change therein is recognized over the vesting period of the award and in the same manner as if the Company had paid cash instead of paying with or using equity instruments. The cost of stock-based payments to non-employees that are fully vested and non-forfeitable at the grant date is measured and recognized at that date. Compensation cost attributable to awards to employees is measured at fair value at the grant date and recognized over the vesting period.

Earnings (loss) per share

Basic earnings (loss) per share is calculated using the weighted average number of common shares outstanding during the period. Diluted earnings (loss) per share amounts are calculated in accordance with the treasury stock method which assumes that proceeds received from the exercise of stock options and warrants would be used to repurchase common shares at the prevailing market rate. Under the treasury stock method, the basic and diluted loss per share is the same, as the effect of common shares issuable upon the exercise of warrants and stock options of the Company would be anti-dilutive.

Financial Instruments

The Company classifies all financial instruments as either held-to-maturity, available-for-sale, held-for-trading, loans and receivables, or other liabilities. Financial assets held to maturity, loans and receivables and financial liabilities other than those held for trading, are measured at amortized cost. Available-for-sale instruments are measured at fair value with unrealized gains and losses recognized in other comprehensive income. Instruments classified as held for trading are measured at fair value with unrealized gains and losses recognized in the statements of operations. Transaction costs are included in the carrying value of the related financial instrument except for those classified as held for trading.

The Company has designated its cash, and advances to Copper Flat Corporation ("CFC") as held-for-trading, which is measured at fair value. Receivable amounts are classified as loan and receivables, which are measured at amortized cost. Accounts payable and accrued liabilities, due to related parties, and subscriptions received are classified as other liabilities, which are measured at amortized cost. The fair values of cash and accounts payable approximate their carrying values due to the short term to maturity of these financial instruments. The Company has no derivative financial instruments.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

Adoption of new accounting policies

In February 2008, the CICA issued Handbook Section 3064 – Goodwill and Intangible Assets ("Section 3064"), which replaces CICA Handbook Sections 3062 – Goodwill and Other Intangible Assets ("Section 3062") and 3450 – Research and Development Costs and EIC -27- Revenues and Expenditures during the Pre-Operating Period. Section 3064 establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets. Standards concerning goodwill are unchanged from the standards included in Section 3062. The new section was applicable to the Company's financial statements for its fiscal year beginning July 1, 2009. The adoption of this section did not have a material impact on the Company's consolidated financial statements.

In June 2009, the Company adopted the amendments to CICA Section 3862, Financial Instruments Disclosures, to include enhanced disclosures on the liquidity risk of financial instruments and new disclosures on fair value measurements of financial instruments. The adoption of these amendments did not result in a material impact on the Company's consolidated financial statements.

Accounting policies to be implemented effective July 1, 2011

In January 2009, the CICA issued Handbook Sections 1582 – Business Combinations ("Section 1582"), 1601 – Consolidated Financial Statements ("Section 1601") and 1602 – Non-controlling Interests ("Section 1602") which replaces CICA Handbook Sections 1581 – Business Combinations and 1600 – Consolidated Financial Statements. Section 1582 establishes standards for the accounting for business combinations that is equivalent to the business combination accounting standard under International Financial Reporting Standards ("IFRS"). Section 1582 is applicable for the Company's business combinations with acquisition dates on or after January 1, 2011. Early adoption of this Section is permitted. Section 1601, together with Section 1602, establishes standards for the preparation of consolidated financial statements. Section 1601 is applicable for the Company's interim and annual consolidated financial statements for its fiscal year beginning July 1, 2011. Early adoption of this Section is permitted. If the Company chooses to early adopt any one of these Sections, the other two sections must also be adopted at the same time.

3. EQUIPMENT

	March 31, 2011			June 30, 2010		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Computer equipment	$539	$365	$174	$539	$314	$225

4. FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, accounts receivable, advances to CFC, accounts payable and accrued liabilities, amounts due to related parties, and subscriptions received. The fair value of cash is measured on the balance sheet using Level 1 of the fair value hierarchy as it is based on unadjusted quoted prices in active market. The fair value of accounts receivable, accounts payable and accrued liabilities approximate their carrying values due to their short term nature.

The Company's financial instruments are exposed to certain financial risks. The risk exposures and the impact on the Company's financial instruments are summarized below.

Currency Risk

The Company is subject to currency risks. The Company's proposed transaction (Note 11) is in the United States and many of its expenditures and obligations are, or will be denominated in US dollars. The Company maintains its principal office in Canada, and has monetary assets and liabilities in Canadian and US dollars. The currency exchange rate between the US and Canadian dollars fluctuated from a low of US$0.94 to a high of US$1.03 for C$1 during the nine months ended March 31, 2011. As such, the Company's results of operations are subject to foreign currency fluctuation risks and such fluctuations may adversely affect the financial position and operating results of the Company. The Company has not undertaken to mitigate transactional volatility in the Canadian dollar at this time. The Company does not use derivative instruments to reduce its exposure to currency risk.

Interest rate and credit risk

The Company has a cash balance and no debt other than current payables accrued liabilities. Amounts owed to related parties do not bear interest, and are therefore not exposed to interest rate variations. The Company has no credit risk arising from operations as the debt can only be called when the Company has sufficient funds to repay, or else it is to be repaid through the issuance of shares. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its bank.

Accounts receivable typically consist of goods and services tax due from the Federal Government of Canada. Management believes that the credit risk with respect to receivables is remote.

The loan payable (Note 7) is treated as an advance on an equity financing and the Company has no significant credit risk on it.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations with respect to financial liabilities as they fall due. The Company's financial liabilities are comprised of accounts payable and accrued liabilities. The Company frequently assesses its liquidity position by reviewing the timing of amounts due and future obligations compared to the Company's current cash position and expected cash receipts. The objective of the Company is to manage its liquidity risk by maintaining sufficient cash to meet its anticipated operational needs. Due to the relatively low cash position of the Company, the Company is exposed to liquidity risk.

5. SHARE CAPITAL, WARRANTS AND CONTRIBUTED SURPLUS

[a] **Authorized:**

Unlimited common shares without par value.

[b] **Issued and fully paid:**

(i) On September 2, 2010, the Company received $19,500 in proceeds for subscription receipts that were previously subscribed to in a private placement that closed during the previous year.

(ii) On July 21, 2010, the Company received cash proceeds of $511,111 on the exercise of 5,111,111 share purchase warrants with an exercise price of $0.10 per share. Of the total amount, $83,784 had been advanced prior to June 30, 2010.

(iii) During the nine months ended March 31, 2011, the Company received cash proceeds of $56,480 on the exercise of 353,000 stock options with an exercise price of $0.16 per share.

(iv) During the nine months ended March 31, 2011, 93,750 shares held in escrow on behalf of founding shareholders of the company were cancelled pursuant to provisions of an August 25, 1997 escrow agreement.

(v) On March 4, 2011, the Company issued 10,500,000 units to ECR Minerals in connection with the closing of the acquisition of the Copper Flat project (Note 11). Each unit is comprised of one common share and one share purchase warrant. Each warrant is exercisable into one common share at a price of $0.28 per share until March 4, 2016.

(vi) On March 4, 2011, the Company issued 40,000,000 units to Tulla Resources Group Pty Ltd. (“Tulla”) for cash proceeds of $10,200,000. Each unit was comprised of one common share and one share purchase warrant. Each warrant is exercisable into one common share at a price of $0.34 per share until March 4, 2016

(vii) On March 4, 2011, in connection with the completion of the acquisition of the Copper Flat project, the Company converted 5,582,556 subscription receipts into units. Each unit is comprised of one common share and one share purchase warrant. Each warrant is exercisable into one common share at a price of $0.28 per share until May 3, 2013. Of the total amount, 4,000,000 units were issued to ECR Minerals.

[c] **Shares and warrants in escrow**:

	Shares	Warrants
Balance, June 30, 2009 and 2010	93,750	-
Cancelled (i)	(93,750)	-
Placed in escrow (ii)	50,806,879	40,000,000
Released from escrow (ii)	(12,701,720)	(10,000,000)
Balance, March 31, 2011	38,105,159	30,000,000

(i) On January 5, 2011, 93,750 common shares that were held in escrow for the founding shareholders of the Company were cancelled and returned to treasury.

5. SHARE CAPITAL, WARRANTS AND CONTRIBUTED SURPLUS (cont'd)

[c] **Shares and warrants in escrow (cont'd)**:

(ii) On March 4, 2011, in connection with the closing of the acquisition of the Copper Flat project (Note 11) and the concurrent financing by Tulla, an aggregate of 50,806,879 common shares and 40,000,000 share purchase warrants belonging to the controlling shareholders, including Tulla, were placed in escrow pursuant to an escrow agreement dated February 28, 2011. Pursuant to this agreement, 25% of the shares and warrants were released on Closing, with the rest to be released in three equal tranches of 25% every six months following. As of March 31, 2011, there were 38,105,159 shares and 30,000,000 warrants remaining in escrow.

[d] **Warrants:**

	Number	Exercise price	Expiry Date
Balance, June 30, 2009	-	-	
Issued	5,111,111	$0.10	February 19, 2011
Balance, June 30, 2010	5,111,111	$0.10	
Exercised [note 5(b)(ii)]	(5,111,111)	$0.10	February 19, 2011
Issued for Copper flat property	10,500,000	$0.28	March 4, 2016
Issued with units of subscription receipts	5,582,556	$0.28	May 4, 2013
Issued with cash private placement units [note 5(c)(ii)]	40,000,000	$0.34	March 4, 2016
Balance, March 31, 2011	56,082,556	$0.32	

[e] **Stock options:**

During the 2004 fiscal year, the Company adopted a formal stock option plan [the "Plan"]. The Plan was most recently ratified by shareholders during the December 8, 2009, annual general meeting. The Plan is referred to as a "rolling" plan and provides for an aggregate number of shares reserved for issuance of up to 10% of the Company's issued common shares at the time of the grant of a stock option under the Plan. Stock options are granted with an exercise price in accordance with the TSX Venture Exchange policy.

During the year ended June 30, 2010, an aggregate of 105,000 stock options were exercised, with exercise prices between $0.20 and $0.16, for proceeds of $20,600.

During the nine months ended March 31, 2011, 353,000 stock options with an exercise price of $0.16 per share were exercised for proceeds of $56,480.

During the nine months ended March 31, 2011, 3,623,063 stock options were granted to directors, officers, employees and consultants of the Company. Each option is exercisable into one common share at a weighted-average exercise price of $0.56 for a period of five years from the date of granting. The fair value of these options was estimated at $1,669,554 using the Black-Scholes option pricing model with the following weighted average parameters: volatility: 99.25%, risk-free interest rate: 2.74% and expected life of five years.

5. SHARE CAPITAL, WARRANTS AND CONTRIBUTED SURPLUS (cont'd)

[e] **Stock options (cont'd.):**

Stock options outstanding and exercisable:

	Options Outstanding & Exercisable	Weighted average exercise price	Expiry date
Balance, June 30, 2009	458,000	$0.17	
Exercised	(105,000)	$0.20	
Balance, June 30, 2010	353,000	$0.16	January 16, 2011
Exercised	(353,000)	$0.16	January 16, 2011
Granted	1,812,882	$0.51	March 4, 2016
Granted	1,535,181	$0.60	March 4, 2016
Granted	200,000	$0.65	March 27, 2016
Granted	75,000	$0.74	March 31, 2016
Balance, March 31, 2011	3,623,063	$0.56	
Exercisable, March 31, 2011	3,623,063	$0.56	

6. RELATED PARTY TRANSACTIONS

The aggregate of amounts paid during the nine months ended March 31, 2011, to parties not at arm's length to the Company consist of the following:

Paid or accrued $112,500 [2010 - $22,500] in consulting fees and $4,500 [2010 - $4,400] in office expenses to a company controlled by the president of the Company. As of March 31, 2011 a total of $50,000 (June 30, 2010 - $19,250) was owed to this company for consulting fees and office expenses.

Accrued $18,000 [2010 - $18,000] in consulting fees to a company controlled by a director of the Company. As of March 31, 2011 a total of $32,000 (June 30, 2010 - $14,000) was owed to this company.

The Company issued 5,111,111 common shares priced at $0.10 per share, for gross proceeds of $511,111 to a company controlled by a director of the Company for the exercise of 5,111,111 share purchase warrants. $103,294 of this amount had been previously advanced.

The Company issued 40,000,000 units to Tulla, a Company controlled by a director of the Company, for cash proceeds of $10,200,000. Each unit was comprised of one common share and one share purchase warrant. Each warrant is exercisable into one common share at a price of $0.34 per share until March 4, 2016.

The amounts due to related parties is non-interest bearing and is without stated terms of repayment.

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to be the related parties.

7. LOAN PAYABLE

On November 8, 2010, the Company announced that a company controlled by director Kevin Maloney, had agreed to directly or through affiliated company Tulla, provide THEMAC with the financing necessary to complete the proposed acquisition of the Copper Flat project (the “Transaction”). Marley Holdings Pty Ltd. (“Marley”) had agreed to purchase 40,000,000 units of the Company (Note 5(c)) which was initially treated as a loan until the closing of the transaction, at which time it was converted into such units.

In connection with the completion of the acquisition of the Copper Flat project, the TSXV also approved a loan from Tulla to the Company for $5,250,000. The loan bears interest at 10% per annum and will mature 15 months after being made. The loan may be repaid by the Company at any time without penalty, and will be required to be repaid if the Company completes an equity financing for greater than $20 million. The loan will be advanced upon closing of the acquisition and will be used to execute the Company’s business plan.

See note 12, Subsequent Events.

8. NON-CASH TRANSACTIONS

During the nine months ended March 31, 2011, the Company entered into the following non-cash transactions:

- Incurred $140,868 of advance payments to Copper Flat through accounts payable.
- Cancelled 93,750 escrowed shares valued at $938 (Note 5(c)).

During the year ended June 30, 2010, the Company entered into the following non-cash transactions:

- Settlement of a debt of $40,000 through the issuance of 533,333 common shares at a price of $0.075 per share.

9. INCOME TAXES

Please refer to Note #9 to the Audited Financial Statements for the fiscal year ended June 30, 2010. There is no tax calculation specifically performed for this interim period.

10. CAPITAL DISCLOSURES

The Company’s objective when managing capital is to maintain a flexible capital structure for the benefit of its stakeholders. The Company's main source of funds is from the issuance of common shares.

The Company keeps its cash only in chequing accounts with one of the major Canadian banks, which is an institution of high credit worthiness. At March 31, 2011, the Company had cash of $4,738,411 (June 30, 2010: $24,657).

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

11. PURCHASE OF COPPER FLAT

On March 12, 2010, the Company entered into a Heads of Agreement with Electrum Resources plc (formerly Mercator Gold plc) ("Electrum"), a UK public corporation listed on the Alternative Investment Market (AIM) of the London Stock Exchange (ticker: ECR), followed by a definitive transaction agreement on June 28, 2010 (the "Transaction Agreement"). Pursuant to the Transaction Agreement, the Company would acquire all of the assets of Copper Flat Corporation ("CFC"), a private New Mexico, USA, company that holds an option to acquire 100% of a project known as Copper Flat, subject only to a 3.25% Overriding Royalty (the "Acquisition").

In consideration for the Acquisition, the Company issued Electrum 10,500,000 common shares and 10,500,000 warrants. Each warrant entitles the holder to acquire an additional common share for a period of 5 years after closing of the acquisition, at a price of $0.28 per share.

CFC held the right to acquire the Copper Flat property pursuant to the terms of an option and purchase agreement dated July 23, 2009 with the Hydro Resources Corporation, a New Mexico corporation, Cu Flat, LLC, a New Mexico limited liability company, and GCM, Inc. as amended by a First Amendment of Option and Purchase Agreement dated January 20, 2010 (the "CFC Option Agreement"). In order to earn a 100% interest in the Copper Flat Property, CFC was required to pay:

- i) USD $150,000 on or before August 14, 2009 (paid);
- ii) USD $150,000 on or before January 31, 2010 (paid);
- iii) USD $850,000 to be paid on or before March 31, 2010 (paid);
- iv) USD $1,850,000 to be paid on or before August 14, 2010 (paid);
- v) USD $7,000,000 to be paid on or before February 14, 2011 (a deferral fee of $150,000 paid on this date, with the last option payment deferred to May 16, 2011, paid then).

The property is subject to a 3.25% net smelter return royalty, and quarterly advance royalty payments of US$50,000 (for copper prices under US$2.00/lb) or US$112,500 (for copper prices greater than $2.00/lb).

As an interim commitment, Electrum and/or its nominees purchased, through a non-brokered private placement, a total of 5,582,556 subscription receipts of the Company at a price $0.15 per subscription receipt for cash proceeds of $837,383. This placement closed on May 3, 2010. Each subscription receipt converted to one unit upon completion of the Acquisition on March 8, 2011, each unit consisting of one common share of the Company and one common share purchase warrant. Each warrant will entitle the holder to purchase one common share of the Company until May 3, 2013. ECR directly owns 4,000,000 of these units.

Pursuant to the terms of the Transaction Agreement, the Company incurred all of the obligations of CFC in respect of the Copper Flat project until closing. This funding was originally characterized as a loan to CFC, repayable within six months of termination of the Transaction Agreement in the event that the Acquisition is not completed. On closing of the Acquisition, the Company forgave the indebtedness owed by CFC to the Company and the amount was allocated to the acquisition price.

The final option payment was made on May 16, 2011 (Note 12), with the Company now owning 100% of the Copper Flat project.

12. SUBSEQUENT EVENTS

[a] Subsequent to March 31, 2011, the Company has received $5,000,000 in further advances pursuant to the loan with Marley Holdings Pty Ltd. (Note 7). This amount was used towards the last option payment of the Copper Flat project.

[b] On May 18, 2011, the Company completed the acquisition of the Copper Flat project through the completion of the last option payment of USD$7,000,000 (Note 11).

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