# MACMILLAN GOLD CORP.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTH PERIOD ENDED

MARCH 31, 2006

**In accordance with National Instrument 51-102 release by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the unaudited financial statements for the six month period ended March 31, 2006.**

# MACMILLAN GOLD CORP.
# INTERIM CONSOLIDATED BALANCE SHEETS

**(Unaudited-Prepared by Management)**

| | March 31, 2006<br>$ | September 30, 2005<br>$<br>(Audited) |
|---|---|---|
| **ASSETS** | | |
| **CURRENT** | | |
| Cash | **2,302,709** | 123,545 |
| Marketable securities (Note 5) | **72,000** | 164,501 |
| Prepaid expense | **4,799** | 21,155 |
| Amounts receivable | **106,530** | 4,834 |
| | **2,486,038** | 314,035 |
| **INVESTMENTS** (Note 5(b)) | **2** | 2 |
| **EXPLORATION PROPERTIES** (Note 3) | **2,768,078** | 2,813,965 |
| | **5,254,118** | 3,128,002 |
| **LIABILITIES** | | |
| **CURRENT** | | |
| Accounts payable and accrued liabilities | **108,266** | 183,473 |
| Advances from exploration partners | **24,107** | 148,294 |
| | **132,373** | 331,767 |
| **SHAREHOLDERS' EQUITY** | | |
| **CAPITAL STOCK** (Note 4(b)) | **19,689,594** | 17,154,331 |
| **WARRANTS** (Note 4(d)) | **172,900** | 172,900 |
| **CONTRIBUTED SURPLUS** | **461,732** | 496,532 |
| **DEFICIT** | **(15,202,481)** | (15,027,528) |
| | **5,121,745** | 2,796,235 |
| | **5,254,118** | 3,128,002 |

On behalf of the Board

Signed "Greg Van Staveren" , Director

Signed "Ross D. Lawrence" , Director

# MACMILLAN GOLD CORP.
## CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT
## FOR THE SIX MONTHS ENDED MARCH 31,2006
## (Unaudited-Prepared by Management)

| | Three Months Ended March 31, | | Six Months Ended March 31, | |
|---|---|---|---|---|
| | **2006** | **2005 (re-stated)** | **2006** | **2005 (re-stated)** |
| | | **$** | | **$** |
| **EXPENSES** | | | | |
| Administrative and general | **103,709** | 110,685 | **181,655** | 227,126 |
| Stock based compensation | **-** | 6,000 | **-** | 6,000 |
| **NET LOSS BEFORE THE FOLLOWING** | **103,709** | 116,685 | **181,655** | 233,126 |
| Gain on sale of securities | **-** | - | **(6,701)** | **-** |
| **NET LOSS FOR THE PERIOD** | **103,709** | 116,685 | **174,954** | 233,126 |
| Deficit at beginning of period | **15,098,773** | 14,255,732 | **15,027,528** | 14,139,291 |
| Deficit at end of period | **15,202,482** | 14,372,417 | **15,202,482** | 14,372,417 |
| **LOSS PER SHARE** – basic and diluted | **0.001** | 0.001 | **0.001** | 0.001 |

# MACMILLAN GOLD CORP.
## CONSOLIDATED STATEMENTS OF CASH FLOW
## FOR THE SIX MONTHS ENDED MARCH 31, 2006
## (Unaudited-Prepared by Management)

| | Three Months Ended March 31, | | Six Months Ended March 31, | |
|---|---|---|---|---|
| | **2006** | **2005 (re-stated)** | **2006** | **2005 (re-stated)** |
| | **$** | | **$** | |
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | | |
| Net (loss) for the period | **(103,709)** | (116,685) | **(174,954)** | (233,126) |
| Gain on sale of investments | **-** | - | **(6,701)** | **-** |
| Stock base compensation | **-** | 6,000 | **-** | 6,000 |
| | **(103.709)** | (110,685) | **(181,655)** | (227,126) |
| Changes in non-cash working capital balances: | | | | |
| Decrease (increase) in prepaid expenses | **5,269** | (10,054) | **16,356** | 11,108 |
| Decrease (increase) in amounts receivable | **64,008** | (34,817) | **(101,696)** | 9,530 |
| (Decrease) increase in accounts payable and accrued liabilities | **(68,378)** | 39,965 | **(33,136)** | 236,224 |
| Increase in investments | **-** | - | **-** | (116,000) |
| Cash flows from operating activities | **(102,810)** | (115,591) | **(300,131)** | (86,264) |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | | |
| Exploration property expenditures | **(68,581)** | (358,247) | **(257,587)** | (682,268) |
| Recoveries from exploration partners | **(8,404)** | 11,038 | **189,404** | 127,078 |
| Proceeds on sales of marketable securities | **-** | - | **171,202** | - |
| Cash flows from investing activities | **(76,985)** | (347,209) | **103,019** | (555,190) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | | |
| Issuance of capital stock/increase in share subscriptions | **2,337,963** | 5,000 | **2,337,963** | 541,800 |
| Exercise of stock options | **155,000** | **-** | **162,500** | - |
| Advances from exploration partners | **(83,660)** | **-** | **(124,187)** | - |
| Cash flows from financing activities | **2,409.303** | 5,000 | **2,376,276** | 541,800 |
| **(Decrease) Increase in cash** | **2,229,508** | (457,800) | **2,179,164** | (99,654) |
| **Cash at beginning of period** | **73,201** | 652,455 | **123,545** | 294,309 |
| **Cash at end of period** | **2,302,709** | 194,655 | **2,302,709** | 194,655 |
| **SUPPLEMENTAL CASH FLOW INFORMATION** | | | | |
| Change in exploration expenditures payable | **26,469** | - | **42,072** | **-** |
| Exercise of stock options | **33,360** | - | **34,800** | **-** |
| Shares received for interest in exploration properties | **64,000** | - | **72,000** | **-** |

# MACMILLAN GOLD CORP.
## FOR THE SIX MONTHS ENDED MARCH 31,2006
## (Unaudited-Prepared by Management)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 1. BASIS OF PRESENTATION AND ONGOING OPERATIONS

MacMillan Gold Corp. (the "Company") is a publicly listed company continued under the Canada Business Corporations Act. The Company's common shares are listed on the TSX Venture Exchange. The Company, directly and through exploration partners, is engaged in the exploration of mineral properties primarily in North and South America and considers itself to be an exploration stage company. The Company's head office is located in Canada and substantially all of the Company's operating expenses are incurred in Canada.

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The recoverability of the carrying value of exploration properties and the Company's continued existence is dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, or the ability of the Company to raise alternative financing, if necessary, or alternatively upon the Company's ability to dispose of its interests on an advantageous basis. Changes in future conditions could require material write-downs of the carrying values. The Company's mining assets are located outside of Canada and are subject to the risk of foreign investment, including increases in taxes and royalties, renegotiation of contracts, currency exchange fluctuations and political uncertainty.

### 2. SIGNIFICANT ACCOUNTING POLICIES

The interim consolidated financial statements of the Company have been prepared by management in accordance with accounting principles generally accepted in Canada. The preparation of the consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the interim consolidated financial statements and accompanying notes. Actual results could differ from those estimates. The interim consolidated financial have, in management's opinion, been properly prepared using careful judgement with the reasonable limits of materiality. These interim consolidated financial statements should be read in conjunction with the most recent annual consolidated financial statements. The significant accounting polices follow those of the September 30, 2005 audited consolidated financial statements. Comparative figures for the quarter ended March 31, 2005 were re-stated to reflect the presentation adopted in the September 30, 2005 audited financial statements. The value of shares received as a result of property option agreements and the 10% administration fees earned from property option agreements were previously reported as revenue in the March 2005 quarterly financial statements. This revenue is now included in the comparative results in these financial statements as a reduction of exploration expenditures.

# MACMILLAN GOLD CORP.
## FOR THE SIX MONTHS ENDED MARCH 31,2006
## (Unaudited-Prepared by Management)

**3. EXPLORATION PROPERTIES**

| | Balance at September 30, 2005 $ | Additions (Recoveries) $ | Balance at March 31, 2006 $ |
|---|---|---|---|
| **Mexican Exploration Projects** | | | |
| Acquisition costs | 105,811 | 39,936 | 145,747 |
| Deferred exploration costs | 3,082,339 | 175,579 | 3,257,918 |
| Shares received from exploration partners | (164,500) | (72,000) | (236,500) |
| Expenditure recoveries | (281,660) | (172,309) | (453,969) |
| Management fees received | (26,950) | (17,093) | (44,043) |
| | 2,715,040 | (45,887) | 2,669,153 |
| **Peruvian Exploration Projects** | | | |
| Acquisition costs | 64,000 | - | 64,000 |
| Deferred exploration costs | 44,295 | - | 44,295 |
| Expenditure recoveries | (10,000) | - | (10,000) |
| | 98,925 | - | 98,925 |
| | 2,813,965 | (45,887) | 2,768,078 |

The details of the Company's various exploration projects are described more fully in the September 30, 2005 audited consolidated financial statements**.**

**Property Option Agreements**

In February 2006, MacMillan Gold and Young-Shannon Gold Mines, Limited resolved all issues that were outstanding between the companies regarding the La Cucharas Property in Mexico. The La Cucharas Property was optioned to Young-Shannon under a 50% earn-in agreement as per the terms outlined in a news release dated September 06, 2005. Young-Shannon terminated the agreement as per a news release dated November 07, 2005. MacMillan Gold accepted US$5,000 as settlement of all outstanding exploration expenditures to the termination date and 300,000 shares of Young-Shannon, as settlement of all shares due under the earn-in agreement.

In February 2006, the Company and Consolidated Spire Ventures Ltd. resolved all issued regarding the Tetasiari project option in Mexico. The settlement received in February was US$ 65,529 and 100,000 shares valued at $34,000 which is reflected as marketable securities (Note 5(a)).

**4. CAPITAL STOCK, COMMON SHARE OPTIONS AND WARRANTS**

**a) Authorized**

The Company's authorized capital consists of an unlimited number of common shares without par value.

| **b) Common shares issued** | Shares # | Amount $ |
|---|---|---|
| Balance, September 30, 2005 | 35,738,912 | 17,154,331 |
| Issued on exercise of stock options | 30,000 | 8,940 |
| Balance, December 31, 2005 | 35,768,912 | 17,163,271 |
| Issued in private placement (net of Issue cost of $ 241,787) | 10,319,000 | 2,337,963 |
| Issued on exercise of stock options | 620,000 | 188,360 |
| Balance, March 31, 2006 | 46,707,912 | 19,689,594 |

**4. CAPITAL STOCK, COMMON SHARE OPTIONS AND WARRANTS** (Continued)

On February 17, 2006, the Company received final approval from the TSX Venture Exchange for a private placement. The Company raised $2,500,000 by way of a non-brokered private placement. The financing consisted of 10,000,000 shares at a price of $0.25 with a warrant expiring February 7, 2008. Each warrant entitles the purchaser to obtain a share at a price of $0.35 until February 7, 2007 or at $0.50 until February 7, 2008. The shares and warrants are restricted until June 8, 2006. Finder's fees in cash and shares as allowed by the TSX Venture Exchange were paid pertaining to this private placement.

**c) Common share options and stock-based compensation**

Under the Company's stock option plan (the "Plan"), the directors of the Company can grant options to acquire common shares of the Company to qualified directors, officers, employees and persons providing ongoing services to the Company. The stock options are non-transferable and may be granted for a term not exceeding five years. The exercise price of the stock options cannot be less than the closing price of the Company's shares on the trading day preceding the date of grant.

The aggregate number of common shares reserved for issuance under this plan is limited to 20% of the aggregate number of common shares of the Company that are issued and outstanding to a maximum 8,700,000 common shares.

The options granted in December 2003 vested over nine months and 50% of the options granted in March 2004 vested immediately on the date of grant with the remaining 50% of the options vesting on the first anniversary. The options granted in October 2004 and in 2005 vest over two years.

A summary of changes in stock option grants as at March 31, 2006 is as follows:

| | Number | Weighted average exercise price $ |
|---|---|---|
| Balance, September 30, 2005 | 2,110,000 | 0.39 |
| Exercised | (30,000) | (0.25) |
| Balance, December 31, 2005 | 2,080,000 | 0.39 |
| Exercised | (620,000) | (0.25) |
| Expired | (150,000) | (0.25) |
| Expired | (25,000) | (0.29) |
| Expired | (100,000) | (0.50) |
| Balance, March 31, 2006 | 1,185,000 | 0.47 |

As at March 31, 2006, the following options granted to directors, officers, employees, and key consultants of the Company remain outstanding:

| Date of Grant | Options Granted # | Exercise Price $ | Expiry Date |
|---|---|---|---|
| July 2003 | 100,000 | 0.29 | July 2006 |
| December 2003 | 15,000 | 0.50 | December 2006 |
| March 2004 | 970,000 | 0.50 | March 2007 |
| October 2004 | 100,000 | 0.50 | October 2007 |
| | 1,185,000 | | |

# MACMILLAN GOLD CORP.
## FOR THE SIX MONTHS ENDED MARCH 31,2006
## (Unaudited-Prepared by Management)

**4. CAPITAL STOCK, COMMON SHARE OPTIONS AND WARRANTS** (Continued)

**d) Warrants**

As at March 31, 2006, the following warrants remain outstanding:

| Date of Grant | Warrants Granted # | Exercise Price $ | Expiry Date |
|---|---|---|---|
| December 23, 2004 | 1,080,000 | 1.00 | December 23, 2006 |
| July 6, 2005 | 929,000 | 0.50 | July 11, 2007 |
| August 9, 2005 | 80,000 | 0.35 | August 9, 2007 |
| August 9, 2005 | 1,164,286 | 0.50 | August 9, 2007 |
| February 7, 2006 | 10,000,000 | 0.35 | February 7, 2007 |
| | 13,253,286 | | |

2,000,000 warrants at $1.00 expired unexercised on February 5, 2006.

**5. MARKETABLE SECURITIES AND LONG-TERM INVESTMENTS**

**a) Marketable securities consist of the following:**

| | Number of common shares | Book Value March 31, 2006 $ |
|---|---|---|
| *Gold World Resources Inc. | 36,364 | 8,000 |
| Consolidated Spire Venture Ltd. | 100,000 | 34,000 |
| Young-Shannon Gold Mines Ltd. | 300,000 | 30,000 |
| | | 72,000 |

*Formerly 200,000 shares of Strikezone Minerals (Canada) Ltd.

**b) Long-term investments consist of the following:**

| | Number of common shares # | Book Value March 31, 2006 $ |
|---|---|---|
| Virtual Resources Inc. (i) | 2,207,344 | 1 |
| Ravenshead Recovery Corporation (ii) | 153,166 | 1 |
| | | 2 |

(i) In settlement of an old receivable which had previously been written down for accounting purposes, the Company accepted in 2003 and continues to hold 2,207,344 common shares representing 18.9% of the outstanding common shares of Virtual Resources Inc., a public company that is currently not listed or trading. The shares are carried at a nominal $1 value.

(ii) The Company has 153,166 shares of Ravenshead Recovery Corporation, formerly International Damascus Resources Inc., purchased in 1988 and 1989. The shares were suspended from trading and were written down in 2001 to a nominal $1 value.

## 6. RELATED PARTY INFORMATION

During the quarter ended March 31, 2006, the Company was charged $6,000 (2005 -$6,000) for rent and administrative services by a Company controlled by a director and officer. Geological consulting fees in the amount of $28,263 (2005 - $39,837) charged to exploration properties, were paid or accrued to an officer of the Company. Included in accounts payable and accrued liabilities at March 31, 2006 is $26,385 (2005 - $43,279) owing to these related parties.

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

## 7. SUBSEQUENT EVENTS

### Property Option Agreements

Subsequent to March 31, 2006, the Company and Au Martinique Silver Inc. mutually agreed to terminate the El Socorro Property Option Agreement and the Bautiste Mine Property Option Agreement. No further shares of Au Martinique are due to MacMillan Gold and all project expenditures have been received from Au Martinique. The companies reached the decision to terminate jointly and amicably.

In April 2006, the Company received notice from First Star Resources Inc. that they have terminated the Alpha, Beta, Gamma Property Option Agreement.

### Stock Options

On April 12, 2006, the TSX Venture Exchange accepted for filing the Company's Stock Option Plan as amended and approved by shareholders at the March 31, 2006 Annual General Meeting. The board of MacMillan Gold granted 1,200,000 stock options exercisable at $0.30 for a period of three years. The grants include 550,000 options to the four directors including an officer/director, 250,000 options to three non-director officers, and 400,000 were granted to five consultants to the Company.