

# **NEW PACIFIC METALS CORP.**

## **Management's Discussion and Analysis**

**For the three months ended September 30, 2011**

*(Expressed in Canadian dollars, unless otherwise stated)*

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**DATE OF REPORT: November 17, 2011**

*Management's Discussion and Analysis ("MD&A") is intended to help the reader understand the significant factors that have affected New Pacific Metals Corp. and its subsidiaries' ("NUX" or the "Company") performance and such factors that may affect its future performance. This MD&A should be read in conjunction with the Company's unaudited condensed consolidated interim financial statements for the three months ended September 30, 2011 and the related notes contained therein. In addition, the following should be read in conjunction with the audited consolidated financial statements of the Company for the year ended June 30, 2011, the related MD&A, the Annual Information Form (available on SEDAR at [www.sedar.com](http://www.sedar.com)). The Company reports its financial position, results of operations and cash flow in accordance with International Financial Reporting Standards ("IFRS"). The Company's fiscal 2012 and certain fiscal 2011 comparatives included in this MD&A have been presented in accordance with IFRS. As the Company's IFRS transition date was July 1, 2010, comparative information prior to this date has not been restated. NUX's significant accounting policies are set out in Note 2 of the unaudited condensed consolidated interim financial statements.*

### **FORWARD LOOKING STATEMENTS**

*Except for statements of historical fact relating to the Company, certain information contained herein constitutes forward-looking statements. Forward-looking statements are frequently characterized by words such as "plan", "expect", "project", "intend", "believe", "anticipate", and other similar words, or statements that certain events or conditions "may" or "will" or "can" occur. Forward-looking statements are based on the opinions and estimates of management on the date the statements are made, and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. These factors include the inherent risks involved in the exploration, development, and mining of mineral properties, the uncertainties involved in interpreting drilling results and other geological data, fluctuating metal prices, the possibility of project cost overruns or unanticipated costs and expenses, uncertainties relating to the availability and costs of financing needed in the future and other factors described in this report under the heading "Outlook". There can be no assurance that such forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on such statements. Except as required by applicable securities laws, the Company expressly disclaims any obligation to update any forward-looking statements or forward-looking statements that are incorporated by reference herein.*

*Additional information relating to the Company can be obtained from SEDAR at [www.sedar.com](http://www.sedar.com), and from the Company's website at [www.newpacificmetals.com](http://www.newpacificmetals.com).*

### **BUSINESS STRATEGY**

New Pacific Metals Corp. is a Canadian-based near-term gold and silver production mining company engaged in the exploration and development of gold poly-metallic properties in Yukon, Canada. The Company's current project is the Tagish Lake Gold Property in Yukon Territory. With experienced management and sufficient technical and financial resources, the Company is well positioned to build shareholder value through discovery, exploration and resource development.

The Company is a reporting issuer in British Columbia, Alberta, Manitoba, Ontario, and Quebec, trades on the TSX Venture Exchange under the symbol NUX.

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### PROJECTS OVERVIEW

#### 1. Tagish Lake Gold Property

In December 2010, the Company completed the acquisition of 100% of Tagish Lake Gold Property through the acquisition of Tagish Lake Gold Corp. ("TLG"). TLG is currently a wholly owned subsidiary of the Company. The Tagish Lake Gold Property is located 80 kilometres by road south of Whitehorse, Yukon, Canada, and consists of 1546 mineral claims covering approximately 270 square kilometres. Within the property, three geographically distinct projects have been identified: the Skukum Creek, Goddell, and Mt. Skukum projects.

Mineral resources conforming to National Instrument 43-101 ("NI 43-101") have been developed at the Skukum Creek and Goddell projects. The undiluted Measured & Indicated mineral resources at the Tagish Lake Gold Property are 1,435,000 tonnes grading 7.4 g/t gold and 139 g/t silver, representing 468,000 ounces of gold plus gold-equivalent silver (50:1 silver to gold ratio). Undiluted inferred mineral resources total 516,000 tonnes grading 8.0 g/t gold and 61.9 g/t silver, representing 153,000 ounces gold plus gold-equivalent silver. An historic gold-only mineral resource estimate for the Mt. Skukum Project is known from reports prior to NI 43-101, but is not included in the Company's current resource inventory.

In January 2007, the Carcross/Tagish First Nation ("CTFN") and TLG signed a Memorandum of Understanding ("MOU") which provides the framework for a more comprehensive development agreement that will contain measures for participation by the CTFN in project activities and stewardship of the land. CTFN supports mining in its traditional territory that adheres to its values, interests and principles. Opportunities for the CTFN on the Skukum property include employment, training, and service contracts.

#### 2. Exploration Progress

The exploration field season at the Tagish Lake Gold Project commenced on May 18, 2011, after expansion of the project site camp from 25 to 50 persons was completed, and continued to October 9, 2011. Field activities comprised prospecting, surface geological mapping, soil surveying, surface drilling, underground diamond drilling, as well as supplementary sampling of historical drill cores. Other work to support the exploration program included camp upgrading, road repair and construction, underground rehabilitation, dewatering and "de-icing," water sampling, staking new claims, and satellite image processing of the entire project site.

As of this MD&A date, the summary of exploration progress by project is as follows:

##### *(a) Skukum Creek*

Skukum Creek is a mesothermal quartz-sulphide vein type gold-silver deposit hosted in Cretaceous granodiorite. The deposit is comprised of a stockwork of separate sub-vertical mineralized veins; the prominent one is called the Rainbow Zone. Historically from 1985 to 2008, a total of 348 diamond drill holes were completed with a total metreage of 44,097 core, plus a total of 4,050 metres of underground tunnel development. In the summer of 2011, underground drilling was carried out at the south end of Xcut-3 of the 1300m level, targeting an area about 150 metres long by 60 metres wide of the Rainbow Zone near the bottom of the 1225m ramp. A total of 1,709.3 metres in 14 holes was drilled from July 23 to August 19, 2011 with one hole abandoned. Assay results from the 2011 underground drilling confirmed mineralization of the Rainbow Zone that was evidenced by historical drillholes: hole 86-R8 which yielded 2.95m @ 30.01 g/t gold and 603.55 g/t silver; and hole 87-UG17R which had 25.6m @ 11.24 g/t gold and 291.78 g/t silver, including 8.29m @ 28.19 g/t gold and 748.54 g/t silver.

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The Raca prospect is located along the northeast structural extension of the Skukum Creek mineralization zones (Rainbow zone), and the Chieftain Hill site is located at the northeast extension of the Raca prospect. Mineralization at Raca is characterized by quartz-sulphide veins and breccia containing high grade silver, hosted along the contacts of a rhyolite dyke with volcanics in the hanging wall, and Cretaceous K-feldspar megacrystic Bennett granite in the footwall.

Typically at Raca, lower gold based metal grades are seen. Four holes were historically drilled totalling 1050.34 metres in 1986 and 1997, with the best intercept of 3.61m @ 2.66g/t gold and 561.37g/t silver from hole RACA97-1. Drilling in 2011 at Raca was designed to test the depth extension and strike extent of known mineralization zone for which about 3,900 metres of core drilling was planned at the beginning of this year. Drilling started on June 26, 2011 and terminated on July 31, 2011. A total of five holes totalling 1,251.45 metres was drilled with two holes completed to planned depth, and the rest abandoned due to down-hole problems such as thick overburden and fault zones in a tuffaceous andesite unit. Both of the two completed holes intersected mineralization zones at planned depth; the first hole, Raca11-01, intersected a new zone of high grade silver in the hangingwall volcanics.

### ***(b) Goddell***

Goddell is a shear zone hosted gold deposit, in a five kilometre strike length structure, associated with fine disseminated sulphides in altered andesite and rhyolite dykes, breccias and quartz monzonite. From 1987 to 2004, substantial drilling was completed by previous owners to define an area of the shear structure with a strike length of about 1,000 metres to a depth extent of 600 metres from surface, yielding some very wide gold intercepts. The summary of completed historical work includes 77 diamond drill holes totalling 20,722 metres plus 780 metres of underground decline development.

In 2011, the Company planned an underground drill program at Goddell aimed at testing the down dip extension of the PD zone known as the "Merged Zone"; the current geological interpretation points to a merging of the Goddell Gully Zone with the PD zone. Due to ground conditions encountered in the decline during dewatering, surface drilling was carried out in place of underground drilling. Three drill holes were completed to the planned depth: these consistently intersected the anticipated wide "Merged Zone" of disseminated sulphide mineralization, characterized by fine disseminated pyrite and fine acicular arsenopyrite, overprinted by minor stibnite and quartz veinlets. However, some holes failed to reach the target depth due to faults and drilling performance.

The Company is very pleased with the assay results from the mineralized intervals; such results confirmed the previously determined wide gold intercepts that look promising for large "bulk-mining" sized stopes, envisioned for a future potential mining operation. The drilled section accounts only for a small strike sector of the five kilometres long mineralized Goddell shear structure. As work on Goddell re-commences in 2012, the Company will engage contractors with deep drilling ability to fully test the down-dip and along strike potentials of the entire structure with drill fences.

### ***(c) Mt. Skukum***

Mt. Skukum is a high-level low-sulfidation epithermal gold deposit characterized by high-grade auriferous quartz-calcite-adularia veins, hosted in Tertiary andesitic volcanic rocks. The deposit hosts multiple mineralized veins. The historic Mt. Skukum Gold Mine extracted 233,400 tons of ore from 1986 to 1988, producing 77,790 ounces of gold from the Main Cirque Vein, which is one of the veins related to this system.

In the 1980's, drilling and underground development were completed at the Lake Vein, as well as other veins. The Company reviewed the historical exploration data and concluded that the deposit was not

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adequately explored. Consequently, the Company initiated a surface drilling program at the Lake Vein in the summer of 2011; 16 holes were completed totaling 2,482 metres. The aim was to confirm the high-grade nature of the mineralization, to infill drill the gap areas of historical data, and to define potential step-outs of the high grade pockets demonstrated by historical drilling. Drilling occurred between September 8, 2011 and October 1, 2011. Stockwork vein zones of quartz-calcite-adularia veins of various widths were intersected. In addition, wide zones of disseminated sulphides dominated by fine pyrite and pyrrhotite in altered volcanic tuff were documented beneath the vein zones.

The Company is very pleased with the results from the stockwork vein zones of the first three drill holes. The Company is planning future drilling to fully explore the potential of the deposit, and to fully define and calculate these potential additional resources. The assay results of the disseminated sulphide zones and other holes are pending.

Summary of the completed exploration physicals is as set out in the table below:

	Holes	Metres
Surface drilling	37	10,778.47
Underground drilling	14	1,709.3
<b>Sub-total</b>	<b>51</b>	<b>12,487.77</b>
Surface mapping	1.8 square kilometres at Raca-Chieftain Hill	
Surface sampling	293 rock chip samples, 25 grab samples, 180 soil samples and 2 talus samples	
Supplementary core sampling	314 samples from 50 holes	
Road repair and construction	32.3 kilometres of road repaired; and 2.46 kilometres new road constructed	
Underground de-watering and refurbishment	460 metres	
Water sampling	348 samples	
Staking	571 claims	
Image processing	276 square kilometres	

During the three months ended September 30, 2011, a total of \$4,407,311 exploration expenditures were incurred at Tagish Lake Gold Property (three months ended September 30, 2010 - \$nil). As of September 30, 2011, a total of \$7,018,679 exploration expenditures have been incurred since acquisition by NUX.

For further information about the exploration activities and assay results of Tagish Lake Gold Property, please refer to the Company's news releases dated on August 2, 2011, October 5, 2011, October 25, 2011, November 8, 2011 and November 14, 2011 on the Company's website.

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### 3. Exploration Expenditures

The following table summarizes the exploration expenditures of the Tagish Lake Gold Property for the three months ended September 30, 2011:

<b>Cost</b>	<b>Total</b>
Balance, June 30, 2011	30,765,038
<u>Capitalized exploration expenditures</u>	
Reporting and assessment	123,662
Staking and mapping	31,085
Drilling and assay	2,151,307
Camp services	921,055
Site preparation	845,192
Permitting	63,403
Environmental Study	59,454
Other	212,153
<b>Balance, September 30, 2011</b>	<b>\$ 35,172,349</b>

## RESULTS OF OPERATIONS

### 1. Highlights

For the three months ended September 30, 2011 ("Q1 2012"), the Company recorded a net income of \$884,175 or \$0.013 per share. For the three months ended September 30, 2010 ("Q1 2011"), the Company recorded a loss of \$307,816 or \$0.009 per share, of which loss from continuing operations and discontinued operations was \$177,734 and \$130,082, respectively.

Net income recorded in the current quarter was mainly attributable to the foreign exchange gain recognized due to the strengthening of US dollar against Canadian dollar.

### 2. Expenses

In Q1 2012, excluding foreign exchange gain, the Company recorded total expenses of \$678,375, a decrease of \$626,809 or 48% compared to \$1,305,184 in Q1 2011. The Company initiated the take-over bid to acquire Tagish Lake Gold Corp. in July 2010 and incurred various transaction costs totalling \$850,050, which were expensed under IFRS. An analysis of major expense items are as follows:

**Audit and accounting fees** in Q1 2012 were \$26,100, a decrease of \$42,800 or 62% compared to \$68,900 in Q1 2011. Audit fees in Q1 2011 were mainly for audit services related to the TLG acquisition.

**Filing and listing fees** in Q1 2012 were \$21,755, a decrease of \$19,521 or 47% compared to \$41,276 in Q1 2011. Higher filing and listing fees were incurred in Q1 2011 due to the TLG acquisition.

**Foreign exchange gain** in Q1 2012 was \$1,556,895 due to the strengthening of US dollar against Canadian dollar as the Company holds a large portion of cash and cash equivalents in US dollar. In Q1 2011, a foreign exchange loss of \$6,945 was recorded.

**Investor relations expense** in Q1 2012 was \$133,300, a decrease of \$97,063 or 42% compared to \$230,363 in Q1 2011. In Q1 2011, the Company incurred a total of \$213,681 in investor relations expense related to the TLG acquisition.

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**Legal and professional fees** in Q1 2012 were \$960, a decrease of \$569,160 or 100% compared to \$570,120 in Q1 2011. Higher legal and professional fees were incurred in Q1 2011 as part of the TLG acquisition.

**Salaries and benefits expense** in Q1 2012 was \$87,050, a decrease of \$41,391 or 32% compared to \$128,441 in Q1 2011. The decrease was mainly due to the capitalization of geologist salaries as they exclusively worked on Tagish Lake Gold Property during the quarter. In Q1 2011, all geologist salaries were expensed.

**Office and administration** in Q1 2012 was \$123,327, an increase of \$106,470 or 632% compared to \$16,857 in Q1 2011. The increase was mainly due to increased administrative activities to support the Company's expanded operations after the acquisition of TLG.

**Rent** in Q1 2012 was \$52,447, an increase of \$33,972 or 184% compared to \$18,475 in Q1 2011 as the Company expanded office space to accommodate increased number of employees.

**Stock-based compensation** in Q1 2012 was \$174,991, comparable to the \$176,305 recorded in Q1 2011.

### 3. Gain on revaluation of previously owned shares upon acquisition of TLG

In Q1 2011, the Company recognized a gain of \$1,120,529 on the revaluation of previously owned TLG shares based on the market value on the acquisition date.

### 4. Loss from Discontinued Operations

In Q1 2011, the Company recorded loss of \$130,082 from two discontinued operations located in China. As the operations were disposed of during the 2011 fiscal year, no such loss occurred in Q1 2012.

## SUMMARY OF QUARTERLY RESULTS

	For the Quarters Ended			
	30-Sep-11	30-Jun-11	31-Mar-11	31-Dec-10
Expenses	\$ 878,610	\$ (824,848)	\$ (889,857)	\$ (1,280,072)
Other income and expenses	5,565	83,094	87,803	(18,288)
Income (loss) from continuing operations	884,175	(741,754)	(802,054)	(1,298,360)
Income (loss) from discontinued operations	-	581,406	16,239,618	(210,483)
Net income (loss) attributable to equity holders of the Company	884,175	(156,088)	15,441,320	(1,471,291)
Basic and diluted earning (loss) per share from continuing operations	0.013	(0.011)	(0.012)	(0.027)
Basic earnings (loss) per share from discontinued operations	-	0.009	0.247	(0.004)
Diluted earnings (loss) per share from discontinued operations	0.013	0.008	0.240	(0.004)
Total assets	73,146,976	71,676,694	72,695,411	56,561,178

	For the Quarters Ended			
	30-Sep-10	30-Jun-10 <sup>(1)</sup>	30-Mar-10 <sup>(1)</sup>	31-Dec-09 <sup>(1)</sup>
Expenses	\$ (1,312,129)	\$ (445,770)	\$ (363,408)	\$ (370,010)
Other income and expenses	1,134,395	6,039	17,669	18,498
Loss from continuing operations	(177,734)	(439,731)	(345,739)	(351,512)
(Loss) income from discontinued operations	(130,082)	(23,000)	(71,928)	(87,939)
Net loss attributable to equity holders of the Company	(306,229)	(462,731)	(417,667)	(439,451)
Basic and diluted loss per share from continuing operations	(0.005)	(0.014)	(0.011)	(0.011)
Basic and diluted loss per share from discontinued operations	(0.004)	(0.001)	(0.002)	(0.003)
Total assets	43,459,570	14,511,208	14,623,548	14,967,730

<sup>1</sup> As the Company's IFRS transition date was July 1, 2010, comparative information prior to this date has not been restated and is presented in accordance to Canadian GAAP.

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Significant items from the quarterly results:

- For the quarter ended September 30, 2011, included in expenses is a foreign exchange gain of \$1,556,985 attributed to the Company holding approximately \$20 million of US dollar denominated cash equivalents and the strengthening of the US dollar in the quarter.
- For the quarter ended June 30, 2011, the Company recorded income of \$581,406 from its discontinued operations attributable to gain recognized on the disposition of a subsidiary.
- For the quarter ended March 31, 2011, the Company recorded income of \$16,239,618 from its discontinued operations attributable to gain on the disposition of a subsidiary.

The expenses incurred by the Company are typical of junior exploration companies that have not yet established mineral reserves. In addition to the significant items noted above, the Company's fluctuations in expenditures from quarter to quarter were mainly related to exploration activities conducted during the respective quarter. The fluctuation of other income and expenses from quarter to quarter is mainly attributed to interest income which fluctuate along with the changes of interest rates and the balances of cash and cash equivalents and short term investments, as well as the timing to recognize gain or loss on the disposal of mineral property interest and plant and equipment.

## LIQUIDITY AND CAPITAL RESOURCES

### 1. Working Capital

As at September 30, 2011, the Company had a working capital position of \$33,608,304 (June 30, 2011 - \$37,232,868) comprised of cash and cash equivalents of \$22,072,284 (June 30, 2011 - \$20,625,672), short term investments of \$12,057,500 (June 30, 2011 - \$17,023,000), trade and other receivables of \$1,585,964 (June 30, 2011 - \$1,444,810), and inventories of \$93,736 (June 30, 2011 - \$41,412), offset by current liabilities of \$2,201,180 (June 30, 2011 - \$1,902,026). With a strong working capital, the Company is well positioned financially to continue the development of the Tagish Lake Gold Property in the upcoming fiscal year.

### 2. Cash Flows

*Cash provided by operating activities* in Q1 2012 was \$1,017,137 (Q1 2011 – used \$1,418,651), mainly resulted from income of \$884,175 (Q1 2011- loss \$307,816) including loss from discontinued operations of \$nil (Q1 2011 – loss \$130,082), cash used in operating activities of discontinued operations of \$nil (Q1 2011 – 236,388), decrease of non-cash working capital of \$49,734 (Q1 2011 – decrease \$61,326), add items not affecting cash of \$182,696 (Q1 2011 deduct – \$943,203).

*Cash provided by investing activities* in Q1 2012 was \$309,166 (Q1 2011 – used \$394,435) mainly resulted from: net redemption of short term investments of \$4,965,500 (Q1 2011 – purchase \$95,640) offset by expenditures for mineral property interests of \$4,179,790 (Q1 2011 - \$42,536), acquisition of plant and equipment of \$476,544 (Q1 2011 - \$nil), net cash used for acquisition of net assets of TLG \$nil ( Q1 2011 - \$72,649), cash disposed as a result of disposition of a subsidiary \$nil (Q1 2011 - \$200,295).

*Cash provided by financing activities* in Q1 2012 was \$120,309 (Q1 2011– used \$5,425) mainly resulted from increase in amounts due to related parties of \$102,434 (Q1 2011 – decrease \$43,025) and shares issued for cash upon exercise options of \$17,875 (Q1 2011 - \$37,600).

*Foreign exchange effect* was \$nil and negative \$7,761 in Q1 2012 and 2011, respectively.

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### 3. Liquidity and Capital Resources

As at September 30, 2011, the Company had working capital of \$33,608,304, mainly derived from net proceeds of \$23.2 million from the private placement in December 2010 and net proceeds of \$19.5 million from the disposition of its Chinese subsidiary in March 2011. Management believes that the Company has sufficient funds for planned capital expenditures, as well as to discharge liabilities as they come due.

The Company is in the exploration stage and does not generate revenues. The Company relies on equity or debt financing for its working capital requirements and to fund its exploration activities.

The Company has no purchase commitments and contractual obligations as at September 30, 2011.

### FINANCIAL INSTRUMENTS

The Company manages its exposure to financial risks, including liquidity risk, foreign exchange rate risk, interest rate risk and credit risk in accordance with its risk management framework. The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework and reviews the Company's policies on an ongoing basis.

#### 1. Fair Value

The following table sets forth the Company's financial assets that are measured at fair value on a recurring basis by level within the fair value hierarchy. As at September 30, 2011, those financial assets are classified in their entirety based on the level of input that is significant to the fair value measurement.

	Level 1	Level 2	Level 3	Total
<b>Financial Assets</b>				
Cash and cash equivalents	\$ 22,072,284	\$ -	\$ -	\$ 22,072,284
Short term investments	12,057,500	-	-	12,057,500

#### 2. Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its short term business requirements. The Company has in place a planning and budgeting process to help determine the funds required to support the Company's normal operating requirements on an ongoing basis and its expansion plans. As of September 30, 2011, the Company has sufficient funds to meet its short-term financial liabilities.

In the normal course of business, the Company enters into contracts that give rise to commitments for future minimum payments. The following summarizes the remaining contractual maturities of the Company's financial liabilities:

	September 30, 2011	June 30, 2011	July 1, 2010
	<b>Due within a year</b>		
Trade and other payables	\$ 2,074,207	\$ 1,877,487	\$ 131,108
Due to related parties	126,973	24,539	98,272
Liabilities held for sale	-	-	565,566
	\$ 2,201,180	\$ 1,902,026	\$ 794,946

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### 3. Exchange Rate Risk

The Company undertakes transactions denominated in foreign currencies and as such is exposed to risks due to fluctuations in foreign exchange rates.

The Company does not hedge its foreign currency risk, and the exposure of the Company's financial assets and financial liabilities to foreign exchange risk is summarized as follows:

The amounts are expressed in CAD equivalents	September 30, 2011	June 30, 2011	July 1, 2010
United States dollar	\$ 20,820,024	\$ 19,268,762	\$ 562,157
Chinese yuan	814,000	746,000	408,903
Total financial assets	\$ 21,634,024	\$ 20,014,762	\$ 971,060
Chinese yuan	-	-	565,566
Total financial liabilities	\$ -	\$ -	\$ 565,566

As at September 30, 2011, with other variables unchanged, a 1% strengthening (weakening) of the U.S. Dollar against the CAD would have increased (decreased) net income by approximately \$200,000.

As at September 30, 2011 with other variables unchanged, a 1% strengthening (weakening) of the Chinese Yuan ("CNY") against the CAD would have increased (decreased) net income by approximately \$8,000.

### 4. Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company's cash equivalents and short term investments primarily include highly liquid investments that earn interest at market rates that are fixed to maturity. The Company also holds a portion of cash and cash equivalents in bank accounts that earn variable interest rates. Due to the short-term nature of these financial instruments, fluctuations in market rates do not have significant impact on the fair values of the financial instruments as of September 30, 2011.

### 5. Credit Risk

Credit risk is the risk of financial loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company is exposed to credit risk primarily associated with cash and cash equivalents, short term investments, trade and other receivables. The carrying amount of financial assets included on the balance sheet represents the maximum credit exposure.

The Company has deposits of cash equivalents that meet minimum requirements for quality and liquidity as stipulated by the Company's Board of Directors. Management believes the risk of loss to be remote, as majority of its cash and cash equivalents, short term investments are with major financial institutions in Canada.

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### RELATED PARTY TRANSACTIONS

Related party transactions not disclosed elsewhere in this MD&A are as follows:

<b>Transactions with related parties</b>	<b>Three months ended September 30,</b>	
	<b>2011</b>	<b>2010</b>
Silvercorp Metals Inc. (a)	\$ 182,592	\$ 96,144
R. Feng Consulting Ltd. (b)	18,000	18,000
	<b>\$ 200,592</b>	<b>\$ 114,144</b>

As at September 30, 2011, the balances with related parties, which are unsecured, non-interest bearing, and due on demand, are as follows:

<b>Due to related parties</b>	<b>September 30, 2011</b>	<b>July 30, 2011</b>	<b>July 1, 2010</b>
Silvercorp Metals Inc. (a)	\$ 106,813	\$ 24,539	\$ 79,372
R. Feng Consulting Ltd. (b)	20,160	-	18,900
	<b>\$ 126,973</b>	<b>\$ 24,539</b>	<b>\$ 98,272</b>

- (a) Silvercorp Metals Inc. ("SVM") has a director and officers in common with the Company and shares office space and provides various general and administrative services to the Company. During the three months ended September 30, 2011, the Company recorded total expenses of \$182,592 (three months ended September 30, 2010 - \$96,144) for services rendered and expenses incurred by SVM on behalf of NUX.
- (b) During the three months ended September 30, 2011, the Company incurred \$18,000 (three months ended September 30, 2010 - \$18,000) in consulting fees for consulting services rendered by R. Feng Consulting Ltd., a company controlled by a director and an officer of the Company.
- (c) Compensation of key management personnel

The remuneration of directors and other members of key management personnel for the three months ended September 30, 2011 and 2010 are as follows:

	<b>Three months ended September 30,</b>	
	<b>2011</b>	<b>2010</b>
Directors' fee	\$ 7,500	\$ 7,500
Salaries/consulting fees for key management personnel	137,083	44,250
Stock-based compensation	138,103	-
	<b>\$ 282,686</b>	<b>\$ 51,750</b>

Salaries/consulting fees for key management personnel include consulting fees disclosed in (b) above. Stock-based compensation expenses were measured at grant date fair value.

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### **OFF-BALANCE SHEET ARRANGEMENTS**

The Company does not have any off-balance sheet financial arrangements.

### **PROPOSED TRANSACTIONS**

There are no proposed acquisitions or disposals of assets or businesses, other than those in the ordinary course of business, approved by the board of directors as at the date of this report.

### **CRITICAL ACCOUNTING POLICIES AND ESTIMATES**

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the amounts reported on the consolidated financial statements. These critical accounting estimates represent management estimates that are uncertain and any changes in these estimates could materially impact the Company's financial statements. Management continuously reviews its estimates and assumptions using the most current information available. The Company's critical accounting policies and estimates are described in Note 2 of the accompanied unaudited condensed consolidated interim financial statements.

Management has identified: (a) Mineral rights and properties and (b) Stock-based payments, and (c) Deferred income taxes as the critical estimates for the following discussion:

- (a) Mineral rights and properties are the most significant assets of the Company, representing \$35.2 million on the balance sheet as at September 30, 2011. The Company has determined that acquisition costs, direct exploration, evaluation and development expenditures, including costs incurred during production to increase future output by providing access to additional sources of mineral resource, are capitalized where costs related to specific properties for which resources exists.

Upon commencement of commercial production, mineral rights and properties and capitalized expenditures are depleted over the mine's estimated life using the units of production method calculated based on proven and probable reserves. Changes to estimates of proven and probable reserves can result in a change of future depletion rates.

Mineral rights and properties are reviewed and tested for impairment when indicators of impairment are considered to exist. Indicators are assessed based on a number of factors such as market prices of commodities, production costs, recovery rates, and overall economic and legal environment. An impairment loss is recognized for any excess of the carrying amount over its recoverable amount, which is the greater of its fair value less costs to sell and value in use. For mineral rights and properties, the fair value less costs to sell is estimated as the discounted future net cash flow expected to be derived from parameters such as expected future production, metal prices, and net proceeds from the disposition of assets on retirement, less operating and capital costs. The Company estimates these parameters based on the information available.

- (b) Stock-based payments. The Company accounts for stock options granted to employees, officers, directors, and consultants using the fair value method. The fair value of options granted to employees, officers, and directors is determined using the Black-Scholes option pricing model with market related inputs as of the date of grant. The fair value of stock options granted to consultants is measured at the fair value of the services delivered. Market related inputs using the Black-Scholes option pricing model are subject to estimation and includes risk free interest rate, expected life of option, expected volatility, expected dividend yield, and estimated forfeiture rate.
- (c) Deferred income taxes assets and liabilities are recognized using the balance sheet liability method on temporary differences at the reporting date between the tax bases of assets and liabilities, and their

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**For the three months ended September 30, 2011**

*(Expressed in Canadian dollars, unless otherwise stated)*

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carrying amounts for financial reporting purposes. The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and reduced to the extent that management believes it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at the end of each reporting period and are recognized to the extent that management believes it has become probable that future taxable profit will be available to allow the deferred tax asset to be recovered. Management's expectation on future taxable income is based on information available and is subject to estimation.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Any changes to tax rates and laws will have an impact on the carrying amount of deferred income tax assets and liabilities.

### **FUTURE ACCOUNTING CHANGES**

The IASB and IFRIC have issued certain new standards, interpretations, amendments and improvements to existing standards, mandatory for future accounting periods. The most significant of these are as follows, and are all effective for annual periods beginning on or after January 1, 2013, with earlier adoption permitted, unless otherwise specified:

IFRS 9 – Financial Instruments will be the new standard for financial reporting of financial instruments that is set to replace the existing IAS 39. IFRS 9 is principles-based and is aimed to be less complex than IAS 39.

IFRS 11 – Joint Arrangements provides a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form. The standard addresses inconsistencies in the reporting of joint arrangements by requiring a single method to account for interests in jointly controlled entities. IFRS 11 supersedes IAS 31 and SIC-13.

IFRS 12 – Disclosures of Interests in Other Entities will be the new standard for disclosure requirements for subsidiaries, joint-ventures, associates and unconsolidated structured entities. As previous disclosure requirements segregated in different standards – IAS 27, IAS 28, and IAS 31 – had overlaps in numerous areas, the new combined disclosure standard will present a uniformed requirement that is easier to understand and apply.

IFRS 10 – Consolidated Financial Statements will be the new standard replaces the consolidation guidance in IAS 27 and SIC-12, by establishing a consistent application of the concept of control as the basis for determining which entities are consolidated in the consolidated financial statements.

IFRS 13 – Fair Value Measurement will be the new standard that replaces the guidance on fair value measurement in existing IFRS. It defines and provides guidance on measuring fair value and requires disclosures about fair value measurements in a single standard.

The Company is currently evaluating the impact of the future accounting standards on the consolidated financial statements.

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### **INTERNATIONAL FINANCIAL REPORTING STANDARDS**

The Company has adopted IFRS effective July 1, 2011 with the transition date being July 1, 2010. The unaudited condensed consolidated interim financial statements as at and for the three months ending September 30, 2011 have been prepared in accordance with IFRS and represents the Company's first report since adopting IFRS. The significant accounting policies adopted by the Company are described in Note 2 of the accompanied unaudited condensed consolidated financial statements.

The conversion from Canadian GAAP to IFRS as the basis of preparing the Company's financial statements has resulted in changes in the Company's accounting policies, financial reporting process and systems, incremental controls relating to financial reporting, and additional financial expertise and training requirements. The conversion did not have any significant impact on the Company's key financial performance indicators, financial covenants, capital requirements or compensation plans.

#### **1. First-time adoption exemptions applied**

In preparing the unaudited condensed consolidated interim financial statements in accordance with IFRS 1, First-time Adoption of IFRS ("IFRS 1"), the Company has applied certain of the optional exemptions from full retrospective application of IFRS. The optional exemptions applied are described below:

- (i) Business combinations – the Company has elected the business combinations exemption in IFRS 1 to not apply IFRS 3, Business Combinations retrospectively to past business combinations. Accordingly, the company has not restated business combinations that took place prior to the transition date.
- (ii) Cumulative translation differences – the Company has elected to set the previously accumulated cumulative translation account, which was included in accumulated other comprehensive income ("AOCI"), to zero as at the transition date, and absorbed the balance to retained earnings.
- (iii) Non-controlling interests – the Company has elected to apply the requirements related to non-controlling interests in IAS 27, Consolidation and Separate Financial Statements, prospectively from the transition date. Therefore, non-controlling interests that may have a deficit balance prior to the transition date will not be restated.
- (iv) Share-based payment – the Company has elected to not apply IFRS 2, Share-based Payment to equity instruments granted on or before November 7, 2002, or equity instruments that were granted subsequent to November 7, 2002 and vested before the date of transition to IFRS.

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### 2. Summary of IFRS conversion impact

The following is a summary of the impact of IFRS conversion on the Company. For full details on the IFRS conversion, please refer to Note 14 of the accompanied unaudited condensed consolidated interim financial statements.

Balance Sheet / Equity as at July 1, 2010:

	Canadian GAAP	Transitional Adjustments					IFRS
		(i)	(ii)	(iii)			
Current Assets	\$ 9,759,627	\$ -	\$ -	\$ -	\$ -	\$ -	9,759,627
Non-current Assets	4,751,581	(226,541)	-	-	-	-	4,525,040
<b>Total Assets</b>	<b>\$ 14,511,208</b>	<b>\$ (226,541)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>14,284,667</b>
Current Liabilities	\$ 794,946	\$ -	\$ -	\$ -	\$ -	\$ -	794,946
Total Liabilities	794,946	-	-	-	-	-	794,946
Total equity attributable to:							
Equity holders of the Company	13,716,262	(226,541)	-	-	-	-	13,489,721
Non-controlling interest	-	-	-	-	-	-	-
Total Equity	13,716,262	(226,541)	-	-	-	-	13,489,721
<b>Total Liabilities and Equity</b>	<b>\$ 14,511,208</b>	<b>\$ (226,541)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>14,284,667</b>

Balance Sheet / Equity as at September 30, 2010:

	Canadian GAAP	Transitional Adjustments					IFRS
		(i)	(ii)	(iii)	(iv)	(v)	
Current Assets	\$ 11,638,024	\$ -	\$ -	\$ -	\$ -	\$ -	11,638,024
Non-current Assets	27,800,954	(6,577)	(226,541)	-	4,253,711	-	31,821,547
<b>Total Assets</b>	<b>\$ 39,438,978</b>	<b>\$ (6,577)</b>	<b>\$ (226,541)</b>	<b>\$ -</b>	<b>\$ 4,253,711</b>	<b>\$ -</b>	<b>43,459,571</b>
Current Liabilities	\$ 11,722,274	\$ -	\$ -	\$ -	\$ -	\$ -	11,722,274
Total Liabilities	11,722,274	-	-	-	-	-	11,722,274
Total equity attributable to:							
Equity holders of the Company	27,716,704	(6,577)	(226,541)	-	403,413	2,720	27,889,719
Non-controlling interest	-	-	-	-	3,850,298	(2,720)	3,847,578
Total Equity	27,716,704	(6,577)	(226,541)	-	4,253,711	-	31,737,297
<b>Total Liabilities and Equity</b>	<b>\$ 39,438,978</b>	<b>\$ (6,577)</b>	<b>\$ (226,541)</b>	<b>\$ -</b>	<b>\$ 4,253,711</b>	<b>\$ -</b>	<b>43,459,571</b>

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Balance Sheet / Equity as at June 30, 2011:

	Canadian GAAP	Transitional Adjustments					IFRS
		(i)	(ii)	(iii)	(iv)	(v)	
Current Assets	\$ 39,134,894	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 39,134,894
Non-current Assets	32,478,320	-	-	(10,520)	74,000	-	32,541,800
<b>Total Assets</b>	<b>\$ 71,613,214</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (10,520)</b>	<b>\$ 74,000</b>	<b>\$ -</b>	<b>\$ 71,676,694</b>
Current Liabilities	\$ 1,902,026	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,902,026
Total Liabilities	1,902,026	-	-	-	-	-	1,902,026
Total equity attributable to:							
Equity holders of the Company	69,711,188	-	-	(10,520)	74,000	-	69,774,668
Non-controlling interest	-	-	-	-	-	-	-
Total Equity	69,711,188	-	-	(10,520)	74,000	-	69,774,668
<b>Total Liabilities and Equity</b>	<b>\$ 71,613,214</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (10,520)</b>	<b>\$ 74,000</b>	<b>\$ -</b>	<b>\$ 71,676,694</b>

Comprehensive income for the three months ended September 30, 2010:

	Canadian GAAP	Transitional Adjustments					IFRS
		(i)	(ii)	(iii)	(iv)	(v)	
Loss from continuing operations	(468,015)	-	-	19,802	270,479	-	(177,734)
Loss from discontinued operations	(181,281)	51,199	-	-	-	-	(130,082)
Net loss for the period	\$ (649,296)	\$ 51,199	\$ -	\$ 19,802	\$ 270,479	\$ -	\$ (307,816)
Net loss attributable to:							
Equity shareholders of the Company	\$ (649,296)	\$ 51,199	\$ -	\$ 19,802	\$ 270,479	\$ 1,587	\$ (306,229)
Non-controlling interest	-	-	-	-	-	(1,587)	(1,587)
	\$ (649,296)	\$ 51,199	\$ -	\$ 19,802	\$ 270,479	\$ -	\$ (307,816)
Other comprehensive loss	(73,948)	(57,776)	-	-	-	-	(131,724)
Comprehensive loss	\$ (723,244)	\$ (6,577)	\$ -	\$ 19,802	\$ 270,479	\$ -	\$ (439,540)
Attributable to:							
Equity shareholders of the Company	\$ (723,244)	\$ (5,444)	\$ -	\$ 19,802	\$ 270,479	\$ 1,587	\$ (436,820)
Non-controlling interest	-	(1,133)	-	-	-	(1,587)	(2,720)
	\$ (723,244)	\$ (6,577)	\$ -	\$ 19,802	\$ 270,479	\$ -	\$ (439,540)

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Comprehensive income for the year ended June 30, 2010

	Canadian GAAP	Transitional Adjustments					IFRS
		(i)	(ii)	(iii)	(iv)	(v)	
<b>Loss from continuing operations</b>	\$ (2,994,080)	\$ -	\$ -	\$ 56,307	\$ (82,130)	\$ -	\$ (3,019,903)
<b>Income from discontinued operations</b>	16,253,918	-	226,541	-	-	-	16,480,459
<b>Net income for the period</b>	\$ 13,259,838	\$ -	\$ 226,541	\$ 56,307	\$ (82,130)	\$ -	\$ 13,460,556
<b>Attributable to</b>							
Equity shareholders of the Company	\$ 13,259,838	\$ -	\$ 226,541	\$ 56,307	\$ (82,130)	\$ 47,157	\$ 13,507,713
Non-controlling interest	-	-	-	-	-	(47,157)	(47,157)
	\$ 13,259,838	\$ -	\$ 226,541	\$ 56,307	\$ (82,130)	\$ -	\$ 13,460,556
<b>Other comprehensive loss</b>	\$ (46,862)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (46,862)
<b>Comprehensive income for the year</b>	\$ 13,212,976	\$ -	\$ 226,541	\$ 56,307	\$ (82,130)	\$ -	\$ 13,413,694
<b>Attributable to</b>							
Equity shareholders of the Company	\$ 13,212,976	\$ -	\$ 226,541	\$ 56,307	\$ (82,130)	\$ 47,157	\$ 13,460,851
Non-controlling interest	-	-	-	-	-	(47,157)	(47,157)
	\$ 13,212,976	\$ -	\$ 226,541	\$ 56,307	\$ (82,130)	\$ -	\$ 13,413,694

Transitional adjustments are made according to the following notes:

**(i) Foreign exchange impact on translation**

Upon adoption of IFRS, the functional currency of the Company's discontinued Chinese subsidiaries was changed from CAD to CNY. CAD no longer serves as the functional currency for all entities in the group as it did under Canadian GAAP. Such change results in a foreign exchange difference between the two accounting standards on certain financial items. Under Canadian GAAP, these items were translated from CNY to CAD by using historical rates under Canadian GAAP. However under IFRS, they are translated from CNY to CAD directly using the exchange rate prevailing as at the period end.

July 1, 2010: Foreign exchange differences of \$226,541 were adjusted to the respective non-current assets and AOCI.

September 30, 2010: Foreign exchange differences of \$6,577 were adjusted to respective non-current assets, \$57,776 to AOCI with an exchange gain of \$51,199 recognized in net income in the period.

June 30, 2011: Foreign exchange differences of \$51,923 recognized in net income was offset by the same amount recognized as part of the gain from disposition of the discontinued Chinese subsidiaries. As a result, a net effect of \$nil was included on the consolidated statement of income for year ended June 30, 2011.

**(ii) Cumulative translation difference**

The Company has elected to eliminate its cumulative translation difference for its discontinued Chinese subsidiaries that existed at the date of transition to IFRS. A total of \$226,541 cumulated translation difference was reclassified from AOCI to deficit as at July 1, 2010. The same adjustment was carried forward to the subsequent periods' balance sheets up to the period of disposition.

As the \$226,541 cumulated translation difference reduced the carrying amount of the related non-current assets, it resulted in an increase of the same amount for gain recognized from disposition of the discontinued Chinese subsidiaries for the year ended June 30, 2011.

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### (iii) Stock-based compensation

Under the Canadian GAAP, forfeitures of grants were recognized as they occur. Under IFRS, forfeiture estimates are recognized in the period they are estimated, and are revised for actual forfeitures in subsequent periods.

July 1, 2010: Stock-based compensation was reduced by \$20,190 with respective adjustments made to contributed surplus and deficit.

September 30, 2010: Stock-based compensation was reduced by \$19,802 with the respective adjustments made to contributed surplus and stock-based compensation expenses.

June 30, 2011: Stock-based compensation was reduced by \$56,307 with the respective adjustments made to contributed surplus and stock-based compensation expenses.

### (iv) Acquisition of Tagish Lake Gold Corp.

During the fiscal year ended June 30, 2011, the Company acquired TLG, a Canadian publicly traded company involved in exploration and development of gold-silver mineral deposits in Yukon, Canada. This transaction was accounted for as a business combination using the purchase method under Canadian GAAP. Under IFRS, this transaction is accounted for as a business combination using the acquisition method.

Under Canadian GAAP, the consideration was determined by the fair value of the shares based on their market price over a reasonable period before and after the date the terms of the business combination are agreed to and announced. The cost of the purchase included the transaction costs of business combination.

Under IFRS, the previously held equity interest in the acquiree is re-measured at its acquisition-date fair value and any resulting gain or loss is recognized in net income. Also, the cost of purchase shall be measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the acquirer, the liabilities incurred by the acquirer to former owners of the acquiree, and the equity interest issued by the acquirer. All acquisition related costs are accounted for as expenses, except the costs to issue equity securities, in which case, the related costs is to reduce the carrying amount of equity securities. A comparison of total cost of purchase is as the follows:

	Canadian GAAP	IFRS
14.3 million TLG held prior to take-over bid offer	\$ 595,472	\$ 595,472
Revaluation of TLG shares owned prior to acquisition		1,120,528
15,613,122 New Pacific common shares issued:		
- Under Canadian GAAP, at \$1.09 per share, equal to average closing share prices from September 13 to September 17, 2010		
- Under IFRS, at \$1.10 per share, equal to closing share price on September 15, 2010	17,018,303	17,174,434
Cash consideration	1,476,286	1,476,286
Replacement options	99,689	99,689
Transaction costs	1,202,659	-
<b>Total cost of purchase</b>	<b>\$ 20,392,409</b>	<b>\$ 20,466,409</b>

# NEW PACIFIC METALS CORP.

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### (v) *Non-controlling interest*

Canadian GAAP does not allow debit balance of non-controlling interest on the balance sheet, while IFRS requires picking up the non-controlling interests' share of changes in equity since the date of combination, even if the resulting non-controlling interest balance becomes debit.

As a result, there was a minor adjustment to total equity as at September 30, 2010. There was no adjustment to total equity as at June 30, 2011 as the related subsidiary had been disposed. This adjustment did not impact total comprehensive income for the three months ended September 30, 2010 and the year ended June 30, 2011.

### OUTSTANDING SHARE DATA

As at the date of this report, the following securities were outstanding:

#### (a) *Share Capital*

Authorized - unlimited number of common shares without par value

Issued and outstanding - 67,346,703 common shares with a recorded value of \$56,407,430

Shares subject to escrow or pooling agreements is nil.

#### (b) *Options*

The outstanding options as at the date of this report are summarized as follows:

<b>Options outstanding</b>	<b>Exercise prices \$</b>	<b>Expiry Date</b>
<b>23,000</b>	1.25	November 30, 2011
<b>214,000</b>	1.55	July 16, 2012
<b>40,000</b>	1.55	January 30, 2013
<b>525,000</b>	0.50	January 18, 2014
<b>1,330,000</b>	0.65	June 13, 2015
<b>250,000</b>	1.44	November 1, 2015
<b>510,000</b>	1.60	November 29, 2015
<b>218,750</b>	1.65	December 21, 2015
<b>10,000</b>	2.04	December 28, 2015
<b>170,000</b>	1.42	June 15, 2016
<b>140,000</b>	1.33	September 14, 2016
<b>3,430,750</b>		

#### (c) *Warrants*

As at the date of this report, the outstanding warrants are comprised of the following:

<b>Warrants Outstanding</b>	<b>Exercise Price</b>	<b>Expiration Date</b>
<b>9,000,000</b>	2.00	June 22, 2012

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### **RISK FACTORS**

The Company is subject to many risks which are outlined in the Annual Information Form 51-102F2, which is available on SEDAR at [www.sedar.com](http://www.sedar.com). In addition, please refer to the *Financial Instruments Section* for the analysis of financial risk factors.

### **DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING**

The management of the Company is responsible for establishing and maintaining appropriate information systems, procedures and controls to ensure that information used internally and disclosed externally is complete, reliable and timely. Management is also responsible for establishing adequate internal controls over financial reporting to provide sufficient knowledge to support the representations made in this MD&A and the unaudited condensed consolidated interim financial statements for the three months ended September 30, 2011.

The management of the Company has filed the Venture Issuer Basic Certificate with the Annual Filings on SEDAR at [www.sedar.com](http://www.sedar.com).

In contrast to the certificate required under National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), the venture issuer certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109. In particular, the certifying officers filing certificates for venture issuers are not making any representations relating to the establishment and maintenance of:

- (i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation, and
- (ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's generally accepted accounting principles.

The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in their certificates(s).

Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency, and timeliness of interim and annual filings and other reports provided under securities legislation.