



**New Pacific Metals Corp.**

**TSX: NUX**

**UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

March 31, 2015

(Expressed in Canadian Dollars)

**Notice to Readers of the Unaudited Condensed Consolidated Interim Financial Statements  
For the three and nine months ended March 31, 2015**

The unaudited condensed consolidated interim financial statements of New Pacific Metals Corp. (the "Company") for the three and nine months ended March 31, 2015 (the "Financial Statements") have been prepared by management and have not been reviewed by the Company's independent auditors. The Financial Statements should be read in conjunction with the Company's audited financial statements for the year ended June 30, 2014 which are available at the SEDAR website at [www.sedar.com](http://www.sedar.com). The Financial Statements are stated in terms of Canadian dollars and are prepared in accordance with International Financial Reporting Standards.

# New Pacific Metals Corp.

## Unaudited Consolidated Interim Balance Sheets

(Expressed in Canadian dollars)

|   | Notes | March 31, 2015       | June 30, 2014        |
|---|-------|----------------------|----------------------|
| <b>ASSETS</b>   |       |                      |                      |
| <b>Current Assets</b>   |       |                      |                      |
| Cash and cash equivalents                                       | 3     | \$ 15,184,025        | \$ 21,642,748        |
| Short term investments  | 4     | 8,933,972            | 80,500               |
| Deposit and other receivables                                   | 5     | 140,919              | 120,148              |
|   |       | <b>24,258,916</b>    | <b>21,843,396</b>    |
| <b>Non-current Assets</b>                                       |       |                      |                      |
| Reclamation deposits  |       | 15,075               | 15,075               |
| Plant and equipment   | 6     | 118,174              | 137,408              |
| Mineral property interests                                      | 7     | 8,297,412            | 6,743,281            |
| <b>TOTAL ASSETS</b>   |       | <b>\$ 32,689,577</b> | <b>\$ 28,739,160</b> |
| <b>LIABILITIES AND EQUITY</b>                                   |       |                      |                      |
| <b>Current Liabilities</b>                                      |       |                      |                      |
| Trade and other payables  | 8     | \$ 945,593           | \$ 988,798           |
| Provisions  | 9     | 81,000               | 81,000               |
| Due to related parties  | 10    | -                    | 111,978              |
| <b>Total Liabilities</b>  |       | <b>1,026,593</b>     | <b>1,181,776</b>     |
| <b>Equity</b>   |       |                      |                      |
| Share capital   | 11    | 57,149,481           | 57,149,481           |
| Share-based payment reserve                                     |       | 17,469,936           | 17,324,178           |
| Accumulated other comprehensive income                          |       | 1,390,191            | 213,715              |
| Deficit   |       | (45,248,735)         | (47,797,284)         |
| <b>Equity attributable to the equity holders of the Company</b> |       | <b>30,760,873</b>    | <b>26,890,090</b>    |
| Non-controlling interest  | 12    | 902,111              | 667,294              |
| <b>Total Equity</b>   |       | <b>31,662,984</b>    | <b>27,557,384</b>    |
| <b>TOTAL LIABILITIES AND EQUITY</b>                             |       | <b>\$ 32,689,577</b> | <b>\$ 28,739,160</b> |

Approved on behalf of the Board:

**(Signed) David Kong**

Director

**(Signed) Rui Feng**

Director

# New Pacific Metals Corp.

## Unaudited Consolidated Interim Statements of Income (Loss)

(Expressed in Canadian dollars)

|   | Three months ended March 31, |                   | Nine months ended March 31 |                     |
|---|------------------------------|-------------------|----------------------------|---------------------|
|   | 2015                         | 2014              | 2015                       | 2014                |
| <b>Expenses</b>                                       |                              |                   |                            |                     |
| Audit and accounting                                  | \$ 21,831                    | \$ 1,100          | \$ 25,831                  | \$ 1,100            |
| Consulting  | 4,350                        | 18,000            | 49,144                     | 61,084              |
| Depreciation  | 10,016                       | 15,161            | 29,245                     | 44,820              |
| Filing and listing                                    | 14,206                       | 28,282            | 32,047                     | 37,691              |
| Foreign exchange gain                                 | (1,892,559)                  | (813,939)         | (3,497,283)                | (868,959)           |
| General exploration                                   | -                            | -                 | -                          | 35,117              |
| Investor relations                                    | 2,863                        | 4,084             | 11,065                     | 13,765              |
| Legal and professional fees                           | 3,263                        | 23,200            | 31,422                     | 123,897             |
| Salaries and benefits                                 | 193,271                      | 184,717           | 497,617                    | 634,671             |
| Office and administration                             | 39,598                       | 42,853            | 119,444                    | 117,952             |
| Rent  | 26,751                       | 28,258            | 92,838                     | 88,273              |
| Share-based compensation                              | 29,740                       | 116,436           | 159,078                    | 226,432             |
| Travel and promotion                                  | 12,903                       | 48,742            | 63,624                     | 95,461              |
| <b>(Income) loss before other income and expenses</b> | <b>(1,533,767)</b>           | <b>(303,106)</b>  | <b>(2,385,928)</b>         | <b>611,304</b>      |
| <b>Other (income) expense</b>                         |                              |                   |                            |                     |
| Gain on disposal of plant and equipment               | (10,560)                     | (10,661)          | (20,324)                   | (2,241)             |
| Finance expense                                       | 794                          | 375               | 2,344                      | 1,370               |
| Finance income  | (40,149)                     | (108,687)         | (122,096)                  | (132,692)           |
| Other expense   | 29                           | 722               | 888                        | 28,416              |
|   | <b>(49,886)</b>              | <b>(118,251)</b>  | <b>(139,188)</b>           | <b>(105,147)</b>    |
| <b>Net income (loss)</b>                              | <b>\$ 1,583,653</b>          | <b>\$ 421,357</b> | <b>\$ 2,525,116</b>        | <b>\$ (506,157)</b> |
| <b>Attributable to:</b>                               |                              |                   |                            |                     |
| Equity holders of the Company                         | 1,588,543                    | 418,310           | 2,548,549                  | (460,896)           |
| Non-controlling interests                             | (4,890)                      | 3,047             | (23,433)                   | (45,261)            |
|   | <b>\$ 1,583,653</b>          | <b>\$ 421,357</b> | <b>\$ 2,525,116</b>        | <b>\$ (506,157)</b> |
| <b>Basic and diluted earnings (loss) per share</b>    | <b>\$ 0.02</b>               | <b>\$ 0.01</b>    | <b>\$ 0.04</b>             | <b>\$ (0.01)</b>    |
| <b>Weighted average number of shares - basic</b>      | <b>66,938,229</b>            | <b>66,927,562</b> | <b>66,938,229</b>          | <b>66,904,981</b>   |
| <b>Weighted average number of shares - diluted</b>    | <b>66,938,229</b>            | <b>66,927,562</b> | <b>66,938,229</b>          | <b>66,904,981</b>   |

See accompanying notes to the unaudited condensed consolidated financial statements

# New Pacific Metals Corp.

## Unaudited Consolidated Interim Statements of Comprehensive Income (Loss)

(Expressed in Canadian dollars)

|  | Three months ended March 31, |                   | Nine Months ended March 31, |                     |
|--|------------------------------|-------------------|-----------------------------|---------------------|
|  | 2015                         | 2014              | 2015                        | 2014                |
| <b>Net income (loss)</b>   | \$ 1,583,653                 | \$ 421,357        | \$ 2,525,116                | \$ (506,157)        |
| <b>Other comprehensive income (loss)</b>                           |                              |                   |                             |                     |
| Items that may subsequently be reclassified to net income or loss: |                              |                   |                             |                     |
| Currency translation adjustment                                    | 779,249                      | 99,677            | 1,434,727                   | 306,966             |
| <b>Other comprehensive income</b>                                  | <b>779,249</b>               | <b>99,677</b>     | <b>1,434,727</b>            | <b>306,966</b>      |
| <b>Comprehensive income (loss)</b>                                 | <b>\$ 2,362,902</b>          | <b>\$ 521,034</b> | <b>\$ 3,959,843</b>         | <b>\$ (199,191)</b> |
| <b>Attributable to:</b>  |                              |                   |                             |                     |
| Equity holders of the Company                                      | \$ 2,227,537                 | 500,045           | \$ 3,725,025                | (209,184)           |
| Non-controlling interest   | 135,375                      | 20,989            | 234,818                     | 9,993               |
|  | <b>\$ 2,362,912</b>          | <b>\$ 521,034</b> | <b>\$ 3,959,843</b>         | <b>\$ (199,191)</b> |

See accompanying notes to the unaudited condensed consolidated financial statements

# New Pacific Metals Corp.

## Unaudited Consolidated Interim Statements of Cash Flows

(Expressed in Canadian dollars)

|  | Three months ended March 31, |                      | Nine months ended March 31, |                      |
|--|------------------------------|----------------------|-----------------------------|----------------------|
|  | 2015                         | 2014                 | 2015                        | 2014                 |
| <b>Cash (used in) provided by</b>                            |                              |                      |                             |                      |
| <b>Operating activities</b>                                  |                              |                      |                             |                      |
| Net income (loss)  | \$ 1,583,653                 | \$ 421,357           | \$ 2,525,116                | \$ (506,157)         |
| Add (deduct) items not affecting cash :                      |                              |                      |                             |                      |
| Depreciation   | 10,016                       | 15,161               | 29,245                      | 44,820               |
| Finance income   | (40,149)                     | -                    | (122,096)                   | -                    |
| Provisions and other items                                   | -                            | -                    | (30,000)                    | -                    |
| (Gain) Loss on disposal of plant and equipment               | (10,560)                     | (10,661)             | (20,324)                    | (2,241)              |
| Share-based compensation                                     | 29,740                       | 116,436              | 159,078                     | 226,432              |
| Unrealized foreign exchange gain                             | (1,892,559)                  | (813,939)            | (3,497,283)                 | (868,959)            |
| Interest received  | 40,149                       | -                    | 122,096                     | -                    |
|  | (279,710)                    | (271,646)            | (834,168)                   | (1,106,105)          |
| Change in non-cash working capital                           |                              |                      |                             |                      |
| Trade receivables  | 1,299                        | 55,667               | 53,044                      | 769,573              |
| Trade and other payables                                     | (75,242)                     | (168,311)            | (94,448)                    | (395,215)            |
| Due to related parties                                       | -                            | 46,788               | (111,978)                   | 65,848               |
| <b>Cash used in operating activities</b>                     | <b>(353,653)</b>             | <b>(337,502)</b>     | <b>(987,550)</b>            | <b>(665,899)</b>     |
| <b>Investing activities</b>                                  |                              |                      |                             |                      |
| Expenditures on mineral property interests                   | (27,296)                     | (1,090,632)          | (256,264)                   | (4,572,219)          |
| Acquisition of plant and equipment                           | -                            | (3,338)              | -                           | (26,356)             |
| Proceeds from disposition of plant and equipment             | 10,562                       | 10,661               | 23,212                      | 10,661               |
| Net (purchase) redemption of short term investments          | (8,910,972)                  | 16,579,500           | (8,910,972)                 | 16,579,500           |
| <b>Cash (used in) provided by investing activities</b>       | <b>(8,927,706)</b>           | <b>15,496,191</b>    | <b>(9,144,024)</b>          | <b>11,991,586</b>    |
| <b>Financing activities</b>                                  |                              |                      |                             |                      |
| Shares issued for cash                                       | -                            | 37,500               | -                           | 42,500               |
| <b>Cash provided by financing activities</b>                 | <b>-</b>                     | <b>37,500</b>        | <b>-</b>                    | <b>42,500</b>        |
| Effect of exchange rate changes on cash and cash equivalents | 1,984,972                    | 252,081              | 3,672,852                   | 182,363              |
| <b>(Decrease) increase in cash and cash equivalents</b>      | <b>(7,296,387)</b>           | <b>15,448,270</b>    | <b>(6,458,722)</b>          | <b>11,550,550</b>    |
| Cash and cash equivalents, beginning of the period           | 22,480,412                   | 7,380,985            | 21,642,747                  | 11,278,705           |
| <b>Cash and cash equivalents, end of the period</b>          | <b>\$ 15,184,025</b>         | <b>\$ 22,829,255</b> | <b>\$ 15,184,025</b>        | <b>\$ 22,829,255</b> |

See accompanying notes to the unaudited condensed consolidated financial statements

# New Pacific Metals Corp.

## Unaudited Consolidated Interim Statements of Changes in Equity

(Expressed in Canadian dollars, except for share figures)

|                                 | Share Capital |                                      |  | Share-based<br>payment reserve | Accumulated<br>other<br>comprehensive<br>income | Deficit             | Equity<br>attributable to<br>equity holders<br>of the Company | Non-controlling<br>interest | Total equity   |                      |
|---------------------------------|---------------|--------------------------------------|--|--------------------------------|---|---------------------|---|-----------------------------|----------------|----------------------|
|                                 | Notes         | Number of<br>common shares<br>issued | Number of<br>shares held for<br>cancellation |                                |   |                     |   |                             |                | Amount               |
| <b>Balance, July 1, 2013</b>    |               | <b>66,853,229</b>                    | <b>27,336</b>                                | <b>57,084,157</b>              | <b>17,051,605</b>                               | <b>170,949</b>      | <b>(6,308,080)</b>  | <b>67,998,631</b>           | <b>715,065</b> | <b>68,713,696</b>    |
| Options exercised               |               | 85,000                               | -  | 71,768                         | (29,267)  | -                   | -   | 42,501                      | -              | 42,501               |
| Normal course issuer bid        |               | -                                    | (27,336)                                     | (6,444)                        | -   | -                   | 6,444   | -                           | -              | -                    |
| Share-based compensation        |               | -                                    | -  | -                              | 301,840   | -                   | -   | 301,840                     | -              | 301,840              |
| Net loss                        |               | -                                    | -  | -                              | -   | -                   | (41,495,648)  | (41,495,648)                | (57,159)       | (41,552,807)         |
| Currency translation adjustment |               | -                                    | -  | -                              | -   | 42,766              | -   | 42,766                      | 9,388          | 52,154               |
| <b>Balance, June 30, 2014</b>   |               | <b>66,938,229</b>                    | <b>-</b>                                     | <b>57,149,481</b>              | <b>17,324,178</b>                               | <b>213,715</b>      | <b>(47,797,284)</b>   | <b>26,890,090</b>           | <b>667,294</b> | <b>27,557,384</b>    |
| Options exercised               |               | -                                    | -  | -                              | -   | -                   | -   | -                           | -              | -                    |
| Share-based compensation        |               | -                                    | -  | -                              | 145,758   | -                   | -   | 145,758                     | -              | 145,758              |
| Net income                      |               | -                                    | -  | -                              | -   | -                   | 2,548,549   | 2,548,549                   | (23,433)       | 2,525,116            |
| Currency translation adjustment |               | -                                    | -  | -                              | -   | 1,176,476           | -   | 1,176,476                   | 258,250        | 1,434,726            |
| <b>Balance, March 31, 2015</b>  |               | <b>66,938,229</b>                    | <b>-</b>                                     | <b>\$ 57,149,481</b>           | <b>\$ 17,469,936</b>                            | <b>\$ 1,390,191</b> | <b>\$ (45,248,735)</b>  | <b>\$ 30,760,873</b>        | <b>902,111</b> | <b>\$ 31,662,984</b> |

See accompanying notes to the unaudited condensed consolidated financial statements

# New Pacific Metals Corp.

## Notes to Unaudited Condensed Consolidated Interim Financial Statements For the three and nine months ended March 31, 2015 and 2014

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*(Expressed in Canadian dollars)*

### 1. CORPORATE INFORMATION

New Pacific Metals Corp. along with its subsidiaries (collectively the “Company” or “New Pacific”), is a Canadian-based mining company, engaged in the exploration and development of mineral properties in Yukon, Canada and Qinghai, China.

The Company’s common shares are listed on the Toronto Stock Exchange. The Company was continued into the Province of British Columbia under the Business Corporation Act in November 2004. The head office, registered address and records office of the Company are located at 200 Granville Street, Suite 1378, Vancouver, British Columbia, Canada, V6C 1S4.

The Company is in the business of exploring and developing its mineral properties and has not yet determined whether its mineral property interests contain economically recoverable mineral reserves. The underlying value and the recoverability of the amounts shown for mineral property interests are entirely dependent upon the existence of economically recoverable mineral reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of the mineral property interests, and future profitable production or proceeds from the disposition of the mineral property interests.

These unaudited condensed consolidated interim financial statements have been prepared on a going concern basis. The Company has a history of losses and no operating revenues from its operations. As at March 31, 2015, the Company had a working capital position of \$23,232,323 and sufficient cash resources to meet the Company’s planned exploration and development expenditures for the foreseeable future, for, but not limited to, the next 12 months. These financial statements do not reflect adjustments, which could be material, to the carrying value of assets and liabilities, which may be required should the Company be unable to continue as a going concern.

The unaudited condensed consolidated interim financial statements of the Company as at and for the three and nine months ended March 31, 2015 were authorized for issue in accordance with a resolution of the Board of Directors dated on May 13, 2015.

### 2. SIGNIFICANT ACCOUNTING POLICIES

#### *(a) Statement of Compliance and Basis of Preparation*

These unaudited condensed consolidated interim financial statements have been prepared in accordance with *IAS 34 – Interim Financial Reporting*. These unaudited condensed consolidated interim financial statements should be read in conjunction with the Company’s audited consolidated financial statements for the year ended June 30, 2014. These unaudited condensed consolidated interim financial statements follow the same significant accounting policies set out in note 2 to the audited consolidated financial statements for the year ended June 30, 2014, and the policies set forth in note 2(b).

The unaudited condensed interim consolidated financial statements have been prepared on a going concern basis using historical costs except for certain items such as cash and cash equivalents and short term investments, which are measured at fair value. The consolidated financial statements are presented in Canadian dollars (“CAD”), which is the Company’s functional and presentation currency, except where otherwise noted.



# New Pacific Metals Corp.

## Notes to Unaudited Condensed Consolidated Interim Financial Statements

### For the three and nine months ended March 31, 2015 and 2014

(Expressed in Canadian dollars)

#### (b) Changes in Accounting Standards

##### For annual periods beginning on or after July 1, 2014:

Amendments to IAS 32 - *Financial Instruments* - this amends IAS 32 - *Financial Instruments: Presentation* to provide clarifications on the application of the offsetting rules. The Company does not anticipate the application of this amendment to have a significant impact on the consolidated financial statements.

IFRIC 21 – *Levies*, an interpretation of IAS 37 was issued by the IASB in May 2013 and provides interpretation on when to recognize a liability for a levi imposed by a government and clarifies the criteria for the recognition of a liability. The Company is still in the process of assessing the impact of the application of IFRIC 21 on the consolidated financial statements.

##### For annual periods beginning on or after July 1, 2015:

IFRS 9 – *Financial Instruments* is intended to replace IAS 39 – *Financial Instruments: Recognition and Measurement*. IFRS 9 will be the new standard for the financial reporting of financial instruments that is principle-based and less complex than IAS 39. IFRS 9 requires that all financial assets be classified as subsequently measured at amortized cost or at fair value based on the Company's business model for managing financial assets and the contractual cash flow characteristics of the financial assets. Financial liabilities are classified as subsequently measured at amortized cost except for financial liabilities classified as at FVTP, financial guarantees and certain other exceptions. The IASB issued amendments to IFRS 9 which deferred the mandatory effective date of IFRS 9 from January 1, 2013 to annual periods beginning on or after January 1, 2015. The amendments also provided relief from the requirement to restate comparative financial statements for the effects of applying IFRS 9. The Company is currently evaluating the impact the final standard is expected to have on the consolidated financial statements.

### 3. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

|              | March 31, 2015 | June 30, 2014 |
|--------------|----------------|---------------|
| Cash in bank | \$ 15,184,025  | \$ 21,642,748 |

Cash and cash equivalents includes US dollar denominated deposits of US\$10,457,369 (June 30, 2014 – US\$18,312,866) in premium rate savings accounts redeemable at any time with an average annual interest rate of 0.38% (June 30, 2014 – 0.47%) calculated daily and paid monthly. The remaining funds are held in Canadian dollars and Chinese Renminbi.

### 4. SHORT TERM INVESTMENTS

As at March 31, 2015, short term investments consist of the following:

|                                   | Carrying Value | Interest Rates | Maturity                        |
|-----------------------------------|----------------|----------------|---------------------------------|
| Guranteed investment Certificates | \$ 23,000      |                |                                 |
| Bonds                             | 8,910,972      | 2.53% - 2.81%  | July 17, 2017 to March 17, 2020 |
|                                   | 8,933,972      |                |                                 |

# New Pacific Metals Corp.

## Notes to Unaudited Condensed Consolidated Interim Financial Statements

### For the three and nine months ended March 31, 2015 and 2014

(Expressed in Canadian dollars)

As at June 30, 2014, short term investments consist of the following:

|                                    | Carrying Value | Interest Rates | Maturity |
|------------------------------------|----------------|----------------|----------|
| Guaranteed investment Certificates | \$ 80,500      |                |          |
|                                    | 80,500         |                |          |

#### 5. DEPOSIT AND OTHER RECEIVABLES

Deposit and other receivables consist of:

|                               | March 31, 2015 | June 30, 2014 |
|-------------------------------|----------------|---------------|
| GST/HST receivable            | \$ 7,470       | \$ 6,882      |
| Interest receivable           | -              | 8,000         |
| Deposits and prepaid expenses | 133,449        | 105,266       |
|                               | \$ 140,919     | \$ 120,148    |

#### 6. PLANT AND EQUIPMENT

| Cost                                | Buildings         | Machinery           | Motor vehicles    | Office equipment and furniture | Computer software | Total               |
|-------------------------------------|-------------------|---------------------|-------------------|--------------------------------|-------------------|---------------------|
| Balance, July 1, 2013               | \$ 890,754        | \$ 1,123,462        | \$ 115,726        | \$ 128,594                     | \$ 155,982        | \$ 2,414,518        |
| Additions                           | -                 | -                   | -                 | 26,610                         | -                 | 26,610              |
| Disposals                           | -                 | -                   | -                 | (2,523)                        | (29,758)          | (32,281)            |
| Foreign currency translation impact | -                 | 30                  | 196               | (178)                          | 1                 | 49                  |
| Balance, June 30, 2014              | \$ 890,754        | \$ 1,123,492        | \$ 115,922        | \$ 152,503                     | \$ 126,225        | \$ 2,408,896        |
| Disposals                           | -                 | -                   | -                 | (8,104)                        | -                 | (8,104)             |
| Foreign currency translation impact | -                 | 1,210               | 7,956             | 9,739                          | 56                | 18,961              |
| <b>Balance, March 31, 2015</b>      | <b>\$ 890,754</b> | <b>\$ 1,124,702</b> | <b>\$ 123,878</b> | <b>\$ 154,138</b>              | <b>\$ 126,281</b> | <b>\$ 2,419,753</b> |

#### Accumulated depreciation and amortization

|  |                     |                       |                    |                     |                    |                       |
|--|---------------------|-----------------------|--------------------|---------------------|--------------------|-----------------------|
| Balance as at July 1, 2013             | \$ (87,951)         | \$ (367,366)          | \$ (27,174)        | \$ (41,005)         | \$ (74,977)        | \$ (598,473)          |
| Depreciation and amortization          | (44,732)            | (245,255)             | (22,419)           | (31,753)            | (27,645)           | (371,804)             |
| Disposals                              | -                   | -                     | -                  | 2,066               | 21,795             | 23,861                |
| Impairment of TLG Project (see Note 9) | (758,071)           | (505,926)             | (35,521)           | (25,730)            | -                  | (1,325,248)           |
| Foreign currency translation impact    | -                   | 6                     | 59                 | 113                 | (2)                | 176                   |
| Balance, June 30, 2014                 | \$ (890,754)        | \$ (1,118,541)        | \$ (85,055)        | \$ (96,309)         | \$ (80,829)        | \$ (2,271,488)        |
| Depreciation and amortization          | -                   | (335)                 | (4,897)            | (11,253)            | (12,758)           | (29,243)              |
| Disposals                              | -                   | -                     | -                  | 5,216               | -                  | 5,216                 |
| Foreign currency translation impact    | -                   | (307)                 | (2,491)            | (3,217)             | (49)               | (6,064)               |
| <b>Balance, March 31, 2015</b>         | <b>\$ (890,754)</b> | <b>\$ (1,119,183)</b> | <b>\$ (92,443)</b> | <b>\$ (105,563)</b> | <b>\$ (93,636)</b> | <b>\$ (2,301,579)</b> |

#### Carrying amount

|                                |             |                 |                  |                  |                  |                   |
|--------------------------------|-------------|-----------------|------------------|------------------|------------------|-------------------|
| Balance, June 30, 2014         | \$ -        | \$ 4,951        | \$ 30,866        | \$ 56,194        | \$ 45,396        | \$ 137,408        |
| <b>Balance, March 31, 2015</b> | <b>\$ -</b> | <b>\$ 5,519</b> | <b>\$ 31,435</b> | <b>\$ 48,575</b> | <b>\$ 32,645</b> | <b>\$ 118,174</b> |

During the three and nine months ended March 31, 2015, certain plant and equipment were disposed for proceeds of \$10,562 and \$23,212, respectively (three and nine months ended March 31, 2014 - \$nil and \$nil) and gain of \$ \$10,560 and \$20,324, respectively (three and nine months ended March 31, 2014 - gain of \$10,661 and \$2,241, respectively).

# New Pacific Metals Corp.

## Notes to Unaudited Condensed Consolidated Interim Financial Statements For the three and nine months ended March 31, 2015 and 2014

(Expressed in Canadian dollars)

### 7. MINERAL PROPERTY INTERESTS

#### (a) Tagish Lake Gold Property

The Tagish Lake Gold Property, covering an area of 254 square kilometres, is located in Yukon Territory, Canada, and consists of 1,510 mining claims with three identified gold and gold-silver mineral deposits: Skukum Creek, Goddell Gully and Mount Skukum.

#### (b) RZY Project

The RZY Project, located in Qinghai, China is an early stage silver-lead-zinc exploration project, situated on a high plateau with an average elevation of 5,000 metres above sea level. The RZY Project is located approximately 237 kilometres via paved and gravel roads from the capital city of Yushu Tibetan Autonomous Prefecture, or 820 kilometres via paved highway from Qinghai Province's capital city of Xining.

The continuity schedule of mineral property acquisition costs and deferred exploration and development costs is summarized as follows:

| <b>Cost</b>                                 | <b>Tagish Lake</b> |                | <b>RZY Project</b> |                  | <b>Total</b>        |
|---|--------------------|----------------|--------------------|------------------|---------------------|
| Balance, July 1, 2013                       | \$                 | 37,854,357     | \$                 | 2,117,666        | \$ 39,972,023       |
| <b>Capitalized exploration expenditures</b> |                    |                |                    |                  |                     |
| Reporting and assessment                    |                    | 10,073         |                    | -                | 10,073              |
| Drilling and assaying                       |                    | -              |                    | 1,870,033        | 1,870,033           |
| Staking and mapping                         |                    | -              |                    | -                | -                   |
| Surveying                                   |                    | -              |                    | 727,858          | 727,858             |
| Camp services                               |                    | 425,830        |                    | 484,581          | 910,411             |
| Site preparation                            |                    | -              |                    | 453,750          | 453,750             |
| Permitting                                  |                    | 131            |                    | 1,083,565        | 1,083,696           |
| Environmental study                         |                    | 6,053          |                    | -                | 6,053               |
| Care and maintenance                        |                    | -              |                    | -                | -                   |
| Other                                       |                    | 345,139        |                    | 57,624           | 402,763             |
| Impairment of TLG Project                   |                    | (38,641,583)   |                    | -                | (38,641,583)        |
| Foreign currency translation impact         |                    | -              |                    | (51,796)         | (51,796)            |
| Balance, June 30, 2014                      | \$                 | -              | \$                 | 6,743,281        | \$ 6,743,281        |
| <b>Capitalized exploration expenditures</b> |                    |                |                    |                  |                     |
| Reporting and assessment                    |                    | 10,394         |                    | -                | 10,394              |
| Drilling and assaying                       |                    | -              |                    | 2,827            | 2,827               |
| Staking and mapping                         |                    | 2,510          |                    | -                | 2,510               |
| Camp services                               |                    | 191,917        |                    | 70,315           | 262,232             |
| Permitting                                  |                    | 252            |                    | 5,879            | 6,131               |
| Other                                       |                    | (13,079)       |                    | 1,929            | (11,150)            |
| Foreign currency translation impact         |                    | -              |                    | 1,281,187        | 1,281,187           |
| <b>Balance, March 31, 2015</b>              | <b>\$</b>          | <b>191,994</b> | <b>\$</b>          | <b>8,105,418</b> | <b>\$ 8,297,412</b> |

# New Pacific Metals Corp.

## Notes to Unaudited Condensed Consolidated Interim Financial Statements

### For the three and nine months ended March 31, 2015 and 2014

*(Expressed in Canadian dollars)*

#### 8. TRADE AND OTHER PAYABLES

Trade and other payables consist of:

|                          | March 31, 2015 |                | June 30, 2014 |                |
|--------------------------|----------------|----------------|---------------|----------------|
| Trade payable            | \$             | 339,903        | \$            | 287,210        |
| Acquisition cost payable |                | 441,903        |               | 441,903        |
| Accrued liabilities      |                | 163,788        |               | 259,685        |
|                          |                | <b>945,593</b> | \$            | <b>988,798</b> |

Acquisition cost payable represents estimated consideration and legal costs payable to settle untendered shares as a result of the TLG acquisition. The liability for the settlement of untendered shares is on demand and is effective until October 28, 2016, which is the expiry date of the plan of arrangement.

#### 9. PROVISIONS

The Company is involved in legal action associated with the normal course of operations. As at March 31, 2015, the Company has a provision for certain legal matters of \$81,000 (June 30, 2014 - \$81,000). The legal provision is based on management's best estimate of the amount and timing of the potential settlements.

#### 10. RELATED PARTY TRANSACTIONS

Related party transactions not disclosed elsewhere in the consolidated financial statements are as follows:

| Transactions with related parties | Three months ended March 31, |           | Nine months ended March 31, |            |
|-----------------------------------|------------------------------|-----------|-----------------------------|------------|
|                                   | 2015                         | 2014      | 2015                        | 2014       |
| Silvercorp Metals Inc. (a)        | 62,900                       | \$ 79,364 | \$ 232,593                  | \$ 226,825 |
| Parkside Management Ltd.(b)       | -                            | 18,000    | -                           | 54,000     |
|                                   | \$ 62,900                    | \$ 97,364 | \$ 232,593                  | \$ 280,825 |

Related party transactions are entered into based on normal market conditions at the amounts agreed on by the parties. As at March 31, 2015, the balances with related parties, which are unsecured, non-interest bearing, and due on demand, are as follows:

| Due to related parties       | March 31, 2015 |   | June 30, 2014 |         |
|------------------------------|----------------|---|---------------|---------|
| Silvercorp Metals Inc. (a)   | \$             | - | \$            | 21,978  |
| Parkside Management Ltd. (b) |                | - |               | 90,000  |
|                              | \$             | - | \$            | 111,978 |

(a) Silvercorp has two common directors and officers with the Company and shares office space and provides various general and administrative services to the Company. During the three and nine months ended March 31, 2015, the Company recorded total expenses of \$62,900 and \$232,593 (three and nine months ended March 31, 2014 - \$79,364 and \$226,825) for services rendered and expenses incurred by Silvercorp on behalf of the Company.

(b) During the three and nine months ended March 31, 2015, the Company paid \$ nil and \$nil (three and nine months ended March 31, 2014 - \$18,000 and \$54,000) in consulting fees for consulting services

# New Pacific Metals Corp.

## Notes to Unaudited Condensed Consolidated Interim Financial Statements

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rendered by Parkside Management Ltd., a company controlled by director and an officer of the Company. The \$90,000 owed to Parkside Management Ltd. at June 30, 2014 was settled as at December 31, 2014.

#### 11. SHARE CAPITAL

##### *(a) Share Capital - authorized share capital*

Unlimited number of common shares without par value.  
Unlimited number of Class A preferred shares without par value.

##### *(b) Stock Options*

The continuity schedule of stock options, as at March 31, 2015, is as follows:

|                                | Number of options | Weighted average<br>exercise price |
|--------------------------------|-------------------|------------------------------------|
| Balance, July 1, 2014          | 4,695,000         | 0.73                               |
| Options forfeited              | (770,000)         | 0.81                               |
| <b>Balance, March 31, 2015</b> | <b>3,925,000</b>  | <b>0.72</b>                        |

Option pricing model requires the input of highly subjective assumptions including the expected volatility. Changes in the assumptions can materially affect the fair value estimate and therefore, the existing models do not necessarily provide a reliable estimate of the fair value of the Company's stock options. The Company's expected volatility is based on the historical volatility of the Company's share price on the Toronto Stock Exchange.

The fair value of the options granted were estimated using the Black-Scholes options pricing model with the following assumptions:

|                                   | <b>Nine months ended March 31,</b> |             |
|-----------------------------------|------------------------------------|-------------|
|                                   | <b>2015</b>                        | <b>2014</b> |
| Risk free interest rate           | -                                  | 1.50%       |
| Expected volatility               | -                                  | 67%         |
| Expected life of options in years | -                                  | 3.25        |
| Expected dividend yield           | -                                  | 0%          |
| Estimated forfeiture rate         | -                                  | 19%         |

The weighted average grant date fair value for the options granted during the period was \$nil (year ended June 30, 2014 – \$0.26).

For the three and nine months ended March 31, 2015, a total of \$29,740 and \$159,078 (three and nine months ended March 31, 2014 - \$116,436 and \$226,432) was recorded as share-based compensation expense. For the three and nine months ended March 31, 2015, 760,000 options were cancelled, which resulted in adjustments of \$(25,636) and \$(13,321), respectively in previously capitalized share-based compensations to mineral property interests (three and nine months ended March 31, 2014 – \$7,012 and \$32,711 were capitalized to mineral property interests).

**New Pacific Metals Corp.**  
**Notes to Unaudited Condensed Consolidated Interim Financial Statements**  
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*(Expressed in Canadian dollars)*

The following table summarizes information about stock options outstanding as at March 31, 2015:

| Exercise prices | Number of options outstanding as at March 31, 2015 | Weighted average remaining contractual life (years) | Weighted average exercise price | Number of options exercisable as at March 31, 2015 | Weighted average exercise price |
|-----------------|--|---|---------------------------------|--|---------------------------------|
| \$ 0.57         | 510,000  | 3.48  | \$ 0.57                         | 191,250  | \$ 0.57                         |
| 0.61            | 1,205,000  | 2.48  | 0.61                            | 753,125  | 0.61                            |
| 0.62            | 815,000  | 3.02  | 0.62                            | 305,625  | 0.62                            |
| 0.65            | 975,000  | 0.20  | 0.65                            | 975,000  | 0.65                            |
| 1.44            | 100,000  | 0.59  | 1.44                            | 100,000  | 1.44                            |
| 1.60            | 320,000  | 0.67  | 1.60                            | 320,000  | 1.60                            |
| 0.57-1.6        | 3,925,000  | 2.19  | \$ 0.73                         | 2,645,000  | \$ 0.81                         |

**12. NON-CONTROLLING INTEREST**

|                                     | Qinghai Found |                |
|-------------------------------------|---------------|----------------|
| Balance, July 1, 2013               | \$            | 715,065        |
| Share of net loss                   |               | (57,159)       |
| Share of other comprehensive income |               | 9,388          |
| Balance, June 30, 2014              | \$            | 667,294        |
| Share of net loss                   |               | (23,433)       |
| Share of other comprehensive income |               | 258,251        |
| <b>Balance, March 31, 2015</b>      | <b>\$</b>     | <b>902,111</b> |

As at March 31, 2015, non-controlling interests in Qinghai Found Mining Co. Ltd. was 18%.

**13. 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.

*(a) Fair Value*

The Company classifies its fair value measurements within a fair value hierarchy, which reflects the significance of inputs used in making the measurements as defined in IFRS 7 – Financial Instruments: Disclosures ("IFRS 7").

Level 1 – Unadjusted quoted prices at the measurement date for identical assets or liabilities in active markets.

Level 2 – Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3 – Unobservable inputs which are supported by little or no market activity.

# New Pacific Metals Corp.

## Notes to Unaudited Condensed Consolidated Interim Financial Statements For the three and nine months ended March 31, 2015 and 2014

*(Expressed in Canadian dollars)*

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 March 31, 2015, 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 | \$ 15,184,025 | \$ -    | \$ -    | \$ 15,184,025 |
| Short term investments    | 8,933,972     | -       | -       | 8,933,972     |

### *(b) Liquidity Risk*

The Company has a history of losses and no operating revenues from its operations. Liquidity risk is the risk that the Company will not be able to meet its short term business requirements. As at March 31, 2015, the Company had a working capital position of \$23,232,323 and sufficient cash resources to meet the Company's short term financial liabilities and its planned exploration and development expenditures for the foreseeable future, for, but not limited to, the next 12 months.

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:

|                          | March 31, 2015           | June 30, 2014 |
|--------------------------|--------------------------|---------------|
|                          | <b>Due within a year</b> |               |
| Trade and other payables | \$ 945,593               | \$ 988,798    |
| Due to related parties   | -                        | 111,978       |
|                          | \$ 945,593               | \$ 1,100,776  |

### *(c) Currency 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 | March 31, 2015 | June 30, 2014 |
|--|----------------|---------------|
| United States dollars                        | \$ 22,174,053  | \$ 19,550,815 |
| Chinese RMB                                  | 1,004,566      | 27,538        |
| Financial assets in foreign currency         | \$ 23,178,618  | \$ 19,578,353 |
| Chinese RMB                                  | \$ 318,137     | \$ 275,953    |
| Financial liabilities in foreign currency    | \$ 318,137     | \$ 275,953    |

As at March 31, 2015, with other variables unchanged, a 1% strengthening (weakening) of the U.S. Dollar against the CAD would have increased (decreased) net income by approximately \$222,000.

# **New Pacific Metals Corp.**

## **Notes to Unaudited Condensed Consolidated Interim Financial Statements**

### **For the three and nine months ended March 31, 2015 and 2014**

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*(Expressed in Canadian dollars)*

As at March 31, 2015, with other variables unchanged, a 1% strengthening (weakening) of the Chinese RMB against the CAD would have increased (decreased) net income by approximately \$7,000.

#### *(d) 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 March 31, 2015.

#### *(e) 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, deposit 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. As at March 31, 2015, the Company has a deposit and other receivables balance of \$140,919 (June 30, 2014 - \$120,148).

#### **14. CAPITAL MANAGEMENT**

The Company's objectives of capital management are intended to safeguard the entity's ability to support the Company's normal operating requirement on an ongoing basis, continue the development and exploration of its mineral properties, and support any expansionary plans.

The capital of the Company consists of the items included in equity. The Board of Directors does not establish a quantitative return on capital criteria for management. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets.

The Company's overall strategy with respect to capital risk management remained unchanged during the period. The Company is not subject to any externally imposed capital requirement as at March 31, 2015.

#### **15. SEGMENTED INFORMATION**

The Company operates in one reportable operating segment, which is the acquisition, exploration and development of mineral property interests, which financial information is evaluated regularly by the Company's Chief Executive Officer, the chief operating decision maker. The format for segment reporting is based on major project segments segregated by geographic locations.



**New Pacific Metals Corp.**  
**Notes to Unaudited Condensed Consolidated Interim Financial Statements**  
**For the three and nine months ended March 31, 2015 and 2014**

*(Expressed in Canadian dollars)*

(a) Geographic information for certain long-term assets are as follows:

|                            | March 31, 2015      |                      |                      |
|----------------------------|---------------------|----------------------|----------------------|
|                            | China               | Canada               | Total                |
| Mineral property interests | \$ 8,105,418        | \$ 191,994           | \$ 8,297,412         |
| Plant and equipment        | \$ 74,467           | \$ 43,707            | 118,174              |
| Reclamation deposits       | -                   | \$ 15,075            | 15,075               |
| <b>Total Assets</b>        | <b>\$ 9,286,204</b> | <b>\$ 23,403,373</b> | <b>\$ 32,689,577</b> |
| <b>Total Liabilities</b>   | <b>(318,137)</b>    | <b>(708,456)</b>     | <b>(1,026,593)</b>   |

|                            | June 30, 2014       |                      |                      |
|----------------------------|---------------------|----------------------|----------------------|
|                            | China               | Canada               | Total                |
| Mineral property interests | \$ 6,743,281        | \$ -                 | \$ 6,743,281         |
| Plant and equipment        | 75,230              | 62,178               | 137,408              |
| Reclamation deposits       | -                   | 15,075               | 15,075               |
| <b>Total Assets</b>        | <b>\$ 7,939,478</b> | <b>\$ 20,799,682</b> | <b>\$ 28,739,160</b> |
| <b>Total Liabilities</b>   | <b>(275,953)</b>    | <b>(905,823)</b>     | <b>(1,181,776)</b>   |

(b) Geographic information for operating results are as follows:

|  | Three Months Ended March 31, 2015 |                |                | Nine Months Ended March 31, 2015 |                |                |
|--|-----------------------------------|----------------|----------------|----------------------------------|----------------|----------------|
|  | China                             | Canada         | Total          | China                            | Canada         | Total          |
| Salaries and benefits                          | \$ 6,080                          | \$ 187,191     | \$ 193,271     | \$ 33,312                        | \$ 464,305     | \$ 497,617     |
| Share-based compensation                       | -                                 | 29,740         | 29,740         | -                                | 159,078        | 159,078        |
| Foreign exchange (gain) loss                   | (4,104)                           | (1,888,457)    | (1,892,561)    | 1,111                            | (3,498,396)    | (3,497,285)    |
| Other operating expenses                       | 25,166                            | 110,617        | 135,783        | 94,875                           | 359,787        | 454,662        |
| Loss (income) before other income and expenses | \$ 27,142                         | \$ (1,560,909) | \$ (1,533,767) | \$ 129,298                       | \$ (2,515,226) | \$ (2,385,928) |
| Gain on disposal of equipment                  | -                                 | (10,560)       | (10,560)       | -                                | (20,324)       | (20,324)       |
| Finance income                                 | -                                 | 794            | 794            | -                                | 2,344          | 2,344          |
| Other expense (income)                         | 29                                | (40,149)       | (40,120)       | 888                              | (122,096)      | (121,208)      |
| Net (loss) income for the period               | \$ (27,171)                       | \$ 1,610,824   | \$ 1,583,653   | \$ (130,186)                     | \$ 2,655,302   | \$ 2,525,116   |
| Attributed to:                                 |                                   |                |                |                                  |                |                |
| Equity holders of the Company                  | (22,281)                          | 1,610,824      | 1,588,543      | (106,753)                        | 2,655,302      | 2,548,549      |
| Non-controlling interests                      | (4,890)                           | -              | (4,890)        | (23,433)                         | -              | (23,433)       |
| Net (loss) income for the period               | \$ (27,171)                       | \$ 1,610,824   | \$ 1,583,653   | \$ (130,186)                     | \$ 2,655,302   | \$ 2,525,116   |

# New Pacific Metals Corp.

## Notes to Unaudited Condensed Consolidated Interim Financial Statements For the three and nine months ended March 31, 2015 and 2014

*(Expressed in Canadian dollars)*

|  | Three Months Ended March 31, 2014 |              |              | Nine Months Ended March 31, 2014 |              |              |
|--|-----------------------------------|--------------|--------------|----------------------------------|--------------|--------------|
|  | China                             | Canada       | Total        | China                            | Canada       | Total        |
| Salaries and benefits                          | \$ 24,738                         | \$ 159,979   | \$ 184,717   | \$ 62,086                        | \$ 572,585   | \$ 634,671   |
| Share-based compensation                       | -                                 | 116,436      | 116,436      | -                                | 226,432      | 226,432      |
| Foreign exchange loss (gain)                   | (96,306)                          | (717,633)    | (813,939)    | 48,406                           | (917,365)    | (868,959)    |
| Other operating expenses                       | 64,900                            | 144,780      | 209,680      | 148,601                          | 470,559      | 619,160      |
| Loss (income) before other income and expenses | \$ (6,668)                        | \$ (296,438) | \$ (303,106) | \$ 259,093                       | \$ 352,211   | \$ 611,304   |
| Gain (loss) on disposal of plant and equipment | 10,661                            | -            | 10,661       | 10,661                           | (8,420)      | 2,241        |
| Finance income                                 | 317                               | 107,995      | 108,312      | 1,033                            | 130,289      | 131,322      |
| Other income (expense)                         | (722)                             | -            | (722)        | (4,052)                          | (24,364)     | (28,416)     |
| Net income (loss) for the period               | \$ 16,924                         | \$ 404,433   | \$ 421,357   | \$ (251,451)                     | \$ (254,706) | \$ (506,157) |
| Attributed to:                                 |                                   |              |              |                                  |              |              |
| Equity holders of the Company                  | 13,877                            | 404,433      | 418,310      | (206,190)                        | (254,706)    | (460,896)    |
| Non-controlling interests                      | 3,047                             | -            | 3,047        | (45,261)                         | -            | (45,261)     |
| Net income (loss) for the period               | \$ 16,924                         | \$ 404,433   | \$ 421,357   | \$ (251,451)                     | \$ (254,706) | \$ (506,157) |