

NEW PACIFIC METALS CORP.

Management's Discussion and Analysis of Financial Condition and Results of Operations

Three and six months ended December 31, 2009

(Expressed in Canadian Dollars, except share, per share data)

DATE OF REPORT As at February 25, 2010

This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the Company's unaudited consolidated financial statements for the three and six months ended December 31, 2009 and related notes thereto, which have been prepared in accordance with Canadian generally accepted accounting principles. In addition, the following should be read in conjunction with the audited consolidated financial statements for the year ended June 30, 2009, the related annual Management Discussion and Analysis, and the related Annual Information Form, as well as other information relating to New Pacific Metals Corp. (the "Company") on file with the Canadian provincial securities regulatory authorities, on SEDAR at www.sedar.com and the Company's website at www.newpacificmetals.com. This Management's Discussion and Analysis contains "forward looking" statements that are subject to risk factors set out in the cautionary note contained herein. All figures are in Canadian ("CAD") dollars unless otherwise noted.

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 in accordance with 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.

COMPANY OVERVIEW

New Pacific Metals Corp. ("the Company") is an exploration stage company engaged in the acquisition and exploration of mineral properties. The Company is a reporting issuer in British Columbia and Alberta and trades on the TSX Venture Exchange under the symbol NUX.

The Company's focus is exploring for gold poly-metallic metals in the Dayao mountain range located in Guangdong Province (the "Huaiji Project") in China.

The Company's strategy is to strengthen and grow through the exploration and development of its current portfolio of China based projects, as well as to acquire further high potential mineral prospects to enhance shareholders value.

EXPLORATIONS

Exploration expenditures for the six months ended December 31, 2009 totaled \$598,126, of which \$542,069 represented exploration expenditures incurred at the Huaiji Project and \$56,057 represented expenditures incurred at the Sichuan Project.

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(a) Huaiji Project

The Huaiji Project is composed of two gold-poly-metallic exploration permits referred to as "HNK" and "XSK", covering a total area of approximately 160 square kilometers, located in Guangdong Province, China.

During the three months ended December 31, 2009, the Company incurred exploration expenditures of 223,375 and completed 1,450 meters of underground tunneling.

Up to December 31, 2009, the Company had incurred total exploration expenditures of \$3,731,047 at the Huaiji Project, and had completed a total of 15,279 meters diamond drilling and 4,274 meters of underground tunneling.

For further information about gold mineralization intersected at the HNK project, please refer to the Company's news releases dated on April 29, 2009 and February 16, 2009 on the Company's website.

(b) Kang Dian Project

The Kang Dian Project was suspended and written off during the year ended June 30, 2008. During the quarter, the Company continued to pursue the opportunities to dispose the exploration permits.

During the quarter ended December 31, 2009, the Company successfully settled one agreement entered in last quarter, and a gain of \$15,330 (CNY¥100,000) was recognized on the consolidated statement of loss. Another transfer agreement, for which a deposit of \$82,782 (CNY¥540,000) has been received, is still in process and pending for the Chinese regulatory approval.

(c) Sichuan Project

Sichuan Project is composed of five exploration permits of copper-poly-metal and nickel-poly-metal, located in Sichuan Province, China.

During the quarter, the Company mainly focused on analysis of samples obtained from geophysical and geochemical surveys conducted in previous quarters, and a total of \$2,725 expenditures occurred for such purpose.

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(d) Project Expenditures

The continuity schedule of mineral property interest acquisition costs and deferred exploration and development expenditures are as follows:

Expenditures	Huaiji	Sichuan	Total
Balance, June 30, 2009	\$ 3,188,978	\$ 378,898	\$ 3,567,876
Capitalized exploration and development costs			
Drilling and assay	14,039	441	14,480
Geophysical and geochemical surveys	-	51,976	51,976
Site activities	43,820	-	43,820
Tunneling	260,835	-	260,835
Balance, September 30, 2009	3,507,672	431,315	3,938,987
Mineral property interest acquisition costs	-	915	915
Capitalized exploration and development costs			
Geophysical and geochemical surveys	-	2,725	2,725
Site activities	5,030	-	5,030
Tunneling	218,345	-	218,345
Balance, December 31, 2009	\$ 3,731,047	\$ 434,955	\$ 4,166,002

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. In addition, please refer to *Section Financial Instruments* for the analysis of financial risk factors.

RESULTS OF OPERATIONS**Three months ended December 31, 2009***(a) Highlights*

For the three months ended December 31, 2009 ("Q2 2010"), the Company incurred a loss of \$486,747, or \$0.02 per share (three months ended December 31, 2008 or Q2 2009 - \$111,058 or \$0.004 per share). Compared to the same quarter last year, the loss increased by \$375,689 mainly due to increased expenses, decreased interest income, as well as less gain recognized on disposal of exploration permits of Kang Dian Project.

(b) Expenses

In Q2 2010, the Company incurred total expenses of \$520,997, an increase of \$97,429 compared to same period last year (Q2 2009 - \$423,568). The expenses were comprised of:

(i) General explorations

In Q2 2010, the Company incurred total \$12,444 general explorations mainly for general property investigations. A total of \$12,953 general exploration was incurred in the same period last year to wind up Kang Dian Project.

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(ii) Investor relations

Investor relations were \$11,305, increased by \$7,932 compared to \$3,373 in the same period last year. The Company attended more conference and shows as the overall economics conditions improved in Q2 2010.

(iii) Salaries and benefits

Salaries and benefits were \$101,089, increased by \$14,803 compared to \$86,286 in Q2 2009 mainly due to the addition of administration staff in Yunnan Jin Chang Jiang Mining Co. ("YJ CJ") acquired by the Company in March 2009.

(iv) Office and administration

Office and administration was \$57,514, increased by \$30,361 compared to \$27,153 in the same period last year due to increased administrative activities in YJ CJ for Huaiji Project.

(v) Stock-based compensation

Stock-based compensation of \$175,727 was comparable with \$183,114 in Q2 2009, as expenses increased due to more options granted were offset by decreased stock-based compensation expenses as more options were fully amortized in prior quarters.

(vi) Travel and promotion

Travel and promotions expenses increased by \$41,774 to \$58,559 (Q2 2009 - \$16,785) due to more travel activities for property investigation, as well as the travel expenses incurred for HNK project.

(vii) Foreign exchange loss (gain)

Foreign exchange loss of \$7,088 was recorded in Q2 2010 due to the weakening of Chinese Yuan against Canadian Dollar, while a foreign exchange gain of \$16,104 was recorded in the same quarter last year.

(c) Gain on disposal of mineral property interests

For the three months ended December 31, 2009, the Company recorded a gain of \$15,330 (CNY¥100,000) on disposal of an exploration permit of Kang Dian Project, while a gain of \$217,560 (CNY¥1,200,000) was recorded in the same period last year.

(d) Interest Income

In Q2 2010, interest income decreased by \$68,733 to \$18,920 (Q2 2009 - \$87,653) due to lower interest rates compared to the same period last year.

Six months ended December 31, 2009

(a) Highlights

For the six months ended December 31, 2009, the Company incurred a loss of \$1,137,714, or \$0.04 per share (same period last year - \$580,208 or \$0.02 per share). Compared to the same period last year, the loss increased by \$557,506 mainly due to increased expenses, decreased interest income, as well as less gain recognized on disposal of exploration permits of Kang Dian Project.

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(b) Expenses

During the six months ended December 31, 2009, the Company incurred total expenses of \$1,189,128, an increase of \$149,889 compared to \$1,039,239 in the same period last year. The expenses were comprised of:

(i) General explorations

During the six months ended December 31, 2009, the Company incurred total \$16,867 general exploration expenses mainly for the general property investigation conducted. A total of \$108,829 general exploration was incurred in the same period last year to wind up Kang Dian Project.

(ii) Investor relations

Investor relations were \$50,718, comparable with \$50,746 in the same period last year.

(iii) Salaries and benefits

Salaries and benefits were \$181,363, increased by \$6,807 compared to \$174,556 in the same period last year. The increase was mainly due to the addition of administration staff in YJCJ acquired by the Company in March 2009.

(iv) Office and administration

Office and administration was \$91,746, increased by \$22,837 compared to \$68,909 in the same period last year due to increased administrative activities in YJCJ for Huaiji Project.

(v) Stock-based compensation

Stock-based compensation of \$541,701 increased by \$132,375 compared to \$409,326 in the same period last year due to more option granted.

(vi) Travel and promotion

Travel and promotions expenses were increased by \$57,294 to \$83,498 (same period last year - \$26,204). The increase was mainly due to more travel activities for property investigations and the travel expenses incurred for HNK project.

(vii) Foreign exchange loss (gain)

Foreign exchange loss of \$35,813 was recorded in current period due to the weakening of Chinese Yuan against Canadian Dollar, while a foreign exchange gain of \$23,332 was recorded in the same period last year.

(c) Gain on disposal of mineral property interests

For the six months ended December 31, 2009, the Company recorded a gain of \$15,330 (CNY¥100,000) on disposal one exploration permit of Kang Dian Project, while a gain of \$217,560 (CNY¥1,200,000) was recorded in the same period last year.

(d) Interest Income

For the six months ended December 31, 2009, interest income decreased by \$136,286 to \$37,888 (same period last year - \$174,174) due to lower interest rates compared to the same period last year.

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	For the Quarters Ended			
	31-Dec-09	30-Sep-09	30-Jun-09	31-Mar-09
Expenses	\$ (520,997)	\$ (668,131)	\$ (643,956)	\$ (18,824)
Other income and expenses	34,250	17,164	234,558	82,584
Net (loss) income	(486,747)	(650,967)	(409,398)	63,760
Basic and diluted earnings (loss) per share	(0.02)	(0.02)	(0.01)	-
Total assets	14,967,730	15,373,053	15,376,817	15,630,760

	For the Quarters Ended			
	31-Dec-08	30-Sep-08	30-Jun-08	31-Mar-08
Expenses	\$ (423,568)	\$ (615,671)	\$ (8,130,659)	\$ (478,587)
Other income and expenses	312,510	146,521	111,964	160,731
Net (loss) income	(111,058)	(469,150)	(5,868,727)	(336,910)
Basic and diluted earnings (loss) per share	-	(0.01)	(0.19)	(0.01)
Total assets	14,821,056	14,964,647	15,193,844	22,862,481

The expenses incurred by the Company are typical of junior exploration companies that have not yet established mineral reserves. The Company's expenditures fluctuated from quarter to quarter are mainly related to exploration activities conducted during the respective quarter and impairment charges, if any, to the mineral property interest.

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 equivalent and short term investment, as well as the timing to recognize gain or loss on the disposal of mineral property interest and plant and equipment.

For the quarter ended June 30, 2009, the Company recorded a gain of \$188,242 on the disposal of an exploration permit of the Kang Dian Project.

For the quarter ended March 31, 2009, the Company recorded net income of \$63,760 mainly due to a foreign exchange gain of \$474,714 recognized during the quarter.

For the quarter ended December 31, 2008, the Company recognized a gain of \$217,560 on the disposal of two exploration permits of the Kang Dian Project.

For the quarter ended June 30, 2008, the Company recorded a loss of \$5.9 million primarily as a result of writing off the mineral property interest in the Kang Dian and the Bingdihong projects due to the unfavorable exploration results.

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SELECTED ANNUAL INFORMATION

	2009	2008	2007
Expenses	\$ (1,702,019)	\$ (9,492,674)	\$ (1,833,885)
Other income	776,173	595,143	209,278
Net loss	(925,846)	(6,746,348)	(1,606,290)
Basic and diluted loss per share	(0.03)	(0.21)	(0.06)
Total assets	15,376,817	15,193,844	22,926,788

LIQUIDITY AND CAPITAL RESOURCES*(a) Working Capital*

As at December 31, 2009, the Company had a working capital position of \$9,820,677 (June 30, 2009 - \$11,003,475) mainly comprised of cash and cash equivalents \$570,610 (June 30, 2009 - \$758,917), short term investments \$9,599,000 (June 30, 2009 - \$10,599,000), receivables and prepaid expenses \$244,003 (June 30, 2009 - \$94,818), offset by current liabilities of \$592,936 (June 30, 2009 - \$449,260).

*(b) Cash Flows**(i) Operating Activities*

During the three months ended December 31, 2009, cash used by operating activities of \$356,544 (same period last year - \$309,088) mainly resulted from loss of \$486,747 (same period last year - \$111,058) and net changes of non-cash working capital \$33,405 (same period last year - \$162,396), offset by items not affecting cash \$163,608 (same period last year- negative \$35,634).

During the six months ended December 31, 2009, cash used by operating activities of \$664,338 (same period last year - \$676,566) mainly resulted from loss of \$1,137,714 (same period last year - \$580,208) and net changes of non-cash working capital \$64,599 (same period last year - \$293,108), offset by items not affecting cash \$537,975 (same period last year- \$196,750).

The cash used by operating activities is mainly attributed to the Company's development of its infrastructure and corporate governance to support its acquisition and exploration activities.

(ii) Investing Activities

During the three months ended December 31, 2009, cash used by investing activities of \$363,789 (same period last year - \$648,360) was mainly resulted from expenditures for mineral property interests \$321,392 (same period last year - \$1,209,723), purchase of plant and equipment of \$42,397 (same period last year - \$1,373), purchase of short term investment of \$nil (same period last year - \$471,000); offset by repayment received from a related party of \$nil (same period last year - \$1,060,534).

During the six months ended December 31, 2009, cash provided by investing activities of \$471,184 (same period last year - used \$603,095) was mainly attributable to the deposit received from customers of \$86,778 (same period last year - \$55,120), redemption of short term investment of \$1,000,000 (same period last year - purchase \$471,000), proceeds from disposal of mineral property interest of \$16,070 (same period last year - \$nil), proceeds from disposal of plant and equipment \$14,810 (same period last year - \$127), and repayment from a related party of \$nil (same period last year - \$1,513,440), offset by expenditures for mineral property interests \$572,934 (same period last year - \$1,672,484), and purchase of plant and equipment of \$73,540 (same period last year - \$1,373).

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(iii) Financing Activities

For the three and six months ended December 31, 2009, cash provided by financing activities of \$29,500 and \$43,250 (three and six months ended December 31, 2008 - \$nil and \$11,760), respectively, was attributed to the shares issued for cash upon exercise of options.

(iv) Foreign Exchange Effect

For the three and six month ended December 31, 2009, foreign exchange rate had a negative effect of \$13,629 and \$38,403 (three and six months ended December 31, 2008 - positive \$43,280 and \$43,280), respectively, on cash and cash equivalent.

(c) Liquidity and Capital Requirements

The Company's cash and cash equivalent and short term investment as at December 31, 2009 was \$10,169,610, decreased by \$1,188,307 compared to \$11,357,917 on June 30, 2009. The decrease mainly resulted from the expenditures for the general operating activities of \$664,338, expenditures for mineral property interest of \$572,934, and purchase of plant and equipment \$73,540; offset by deposit of \$86,778 received from transfer of exploration permits, proceeds of \$16,070 from disposal of mineral property interest, proceeds of \$14,810 from disposal of plant and equipment, and cash from issuance of shares of \$43,250. Based on the expenditures during the six months period in fiscal 2010 as well as in the fiscal 2009, the management believes that the working capital of the Company is sufficient to discharge liabilities as they come due and to fund planned project explorations in the foreseeable future.

The Company is in the exploration stage and does not generate revenues. The Company relies on equity financing for its working capital requirements to fund its exploration activities. The Company has no long-term debt and does not anticipate that it will require debt financing for current planned expenditures.

The Company has no purchase commitments and contractual obligations as at December 31, 2009.

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 fair value of financial instruments represents the amounts that would have been received from or paid to counterparties to settle these instruments. The carrying amount of all financial instruments classified as current approximates their fair value because they are short term in nature.

(b) Liquidity risk

The liquidity risk is the risk that the Company will not be able to meet the obligations associated with its financial liabilities. The Company's financial liabilities mainly include accounts payable and accrued liabilities, deposit received, and due to related parties, and are current in nature. As at December 31, 2009, the Company has sufficient funds to meet its short term financial liabilities. The Company handles liquidity risk through the management of its capital structure.

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(c) Exchange 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 conducts certain of its operations in China and thereby a portion of the Company's assets, liabilities, revenues and expenses are denominated in Chinese Yuan, which was tied to the U.S. Dollar until July 2005 and is now tied to a basket of currencies of China's largest trading partners. The CNY¥ is not a freely convertible currency.

The Company doesn't 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	December 31, 2009		June 30, 2009
Canadian Dollar	\$	10,011,595	\$ 10,922,538
United States Dollar		55,075	209,595
Chinese Yuan		307,232	301,024
Total financial assets	\$	10,373,902	\$ 11,433,157
Canadian Dollar	\$	180,595	\$ 103,792
United States Dollar		1,753	-
Chinese Yuan		410,588	345,468
Total financial liabilities	\$	592,936	\$ 449,260

As at December 31, 2009, with other variables unchanged, a 5% strengthening (weakening) of the Chinese Yuan relative to the Canadian Dollar would have increased (decreased) net loss by approximately \$5,168.

As at December 31, 2009, with other variables unchanged, a 5% strengthening (weakening) of the U.S. Dollar relative to the Canadian Dollar would have decreased (increased) net loss by approximately \$2,666.

(d) Interest rate risk

Interest 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 includes highly liquid investments that earn interests 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. Because of 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 December 31, 2009.

(e) Credit risk

The Company is exposed to credit risk primarily associated to cash and cash equivalents, short term investments, and interest receivable from the financial institutions, as well as other receivables from various customers. The carrying amount of assets included on the balance sheet represents the maximum credit exposure.

None of the cash and cash equivalents were invested in asset backed commercial paper. 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 credit loss to be remote.

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RELATED PARTY TRANSACTIONS

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

Transactions with related parties	Three months ended December 31,		Six months ended December 31,	
	2009	2008	2009	2008
Silvercorp Metals Inc. (a)	\$ 41,516	\$ 51,025	\$ 93,758	\$ 106,770
R. Feng Consulting Ltd. (b)	18,000	18,000	36,000	36,000
0799952 BC Ltd.(c)	31,500	31,500	63,000	63,000
	\$ 91,016	\$ 100,525	\$ 192,758	\$ 205,770

The transactions with related parties during the period were measured at the exchange amount, which is the amount of consideration established and agreed by the parties.

As at December 31, 2009, the balances with related parties, which are unsecured, non-interest bearing, and due on demand, are as follows:

Amount due to related parties	December 31, 2009		June 30, 2009
Silvercorp Metals Inc. (a)	\$	96,993	\$ 30,288
R. Feng Consulting Ltd. (b)		37,800	-
	\$	134,793	\$ 30,288

- (a) Silvercorp Metals Inc. ("SVM") has a director and an officer in common with the Company and shares office space and provides various general and administrative services to the Company. During the three and six months ended December 31, 2009, the Company recorded total expenses of \$41,516 and \$93,758 (three and six months ended December 31, 2008 - \$51,025 and \$106,770), respectively, for services rendered and expenses incurred by SVM on behalf of NUX.
- (b) During the three and six months ended December 31, 2009, the Company incurred \$18,000 and \$36,000 (three and six months ended December 31, 2008 - \$18,000 and \$36,000), respectively, consulting fees for consulting services rendered by R. Feng Consulting Ltd., a company controlled by a director of the Company.
- (c) During the three and six months ended December 31, 2009, the Company paid \$31,500 and \$63,000 (three and six months ended December 31, 2008 - \$31,500 and \$63,000), respectively, to 0799952 BC Ltd., a company controlled by a director and an officer of the Company, for consulting services.

OFF-BALANCE SHEET ARRANGEMENTS

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

PROPOSED TRANSACTIONS

There are no proposed acquisitions or disposal of assets or businesses, other than those in the ordinary course, approved by the board of directors as at the date of this MD&A.

INITIAL ADOPTION AND CHANGE IN ACCOUNTING POLICIES

The significant accounting policies outlined in the Company's audited consolidated financial statements for the year ended June 30, 2009 have been applied consistently for the three and six months ended December 31, 2009, except below listed in (a) Initial Adoption.

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(a) Initial Adoption

(i) Goodwill and Intangible Assets

In February 2008, the Canadian Institute of Chartered Accountants ("CICA") issued Section 3064, "Goodwill and Intangible Assets", which replaces Section 3062, "Goodwill and Other Intangible Assets" and Section 3450, "Research and Development Costs". This new standard provides guidance on the recognition, measurement, presentation and disclosure of goodwill and intangible assets. Concurrent with the adoption of this standard, CICA Emerging Issues Committee Abstract 27 "Revenues and Expenditures in the Pre-operating Period" ("EIC-27") was withdrawn.

The standard is effective for the Company's fiscal year beginning July 1, 2009. Adoption of this standard did not have a significant effect on the unaudited consolidated financial statements.

(ii) Financial Instruments – Recognition and Measurement

On June 17, 2009, the Accounting Standards Board of Canada ("AcSB") released Embedded Derivatives on Reclassification of Financial Assets, amending Section 3855, Financial Instruments – Recognition and Measurement. The amendment indicates that contracts with embedded derivatives cannot be reclassified out of the held for trading category if the embedded derivative cannot be fair valued. The standard is effective for reclassifications made on or after July 1, 2009. The adoption of this standard did not have a significant effect on the unaudited consolidated financial statements.

(b) New Canadian Accounting Pronouncements

(i) Convergence with IFRS

In February 2008, the Canadian Accounting Standards Board confirmed that publicly accountable enterprises will be required to adopt International Financial Reporting Standards ("IFRS") for fiscal years beginning on or after January 1, 2011, with earlier adoption permitted. Accordingly, the Company plans to adopt IFRS for fiscal years beginning July 1, 2011.

The conversion to IFRS will impact the Company's accounting policies, information technology and data systems, internal control over financial reporting, and disclosure controls and procedures. A diagnostic assessment of the Company's current accounting policies, systems and processes to identify the differences between current Canadian GAAP and IFRS is in progress and the impact on our consolidated financial position and results of operations has not yet been determined. The Company intends to update the critical accounting policies and procedures to incorporate the changes required by a conversion to IFRS and the impact of these changes on its financial disclosures.

(ii) Business Combinations and Related Sections

In January 2009, the CICA issued Section 1582 "Business Combinations" to replace Section 1581 to harmonize the business combinations standard under Canadian GAAP with IFRS. The new standard revises guidance on the determination of the carrying amount of the assets acquired and liabilities assumed, goodwill and accounting for non-controlling interests at the time of a business combination.

The CICA concurrently issued Section 1601 "Consolidated Financial Statements" and Section 1602 "Non-controlling Interests", which replace Section 1600 "Consolidated Financial Statements". Section 1601 provides revised guidance on the preparation of consolidated financial statements and Section 1602 addresses accounting for non-controlling interests in consolidated financial statements subsequent to a business combination.

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These sections will be applied to the Company's financial statements for the fiscal year beginning July 1, 2011. The Company is currently assessing the impacts to its consolidated financial statements upon adoption of this new accounting guidance.

(iii) Financial Instruments - Disclosures

In June 2009, the AcSB amended Section 3862, Financial Instruments – Disclosures, to converge with Improving Disclosures about Financial Instruments (Amendments to IFRS 7). The amendments expand the disclosures required in respect of recognized fair value measurements and clarify existing principles for disclosures about the liquidity risk associated with financial instruments. This standard will be effective for the annual consolidated financial statements of the Company for the annual period beginning July 1, 2010. It is not anticipated that the impacts of adopting this standard will be significant, as many of the expanded disclosure requirements are already provided as part of the Company's existing financial instrument disclosures.

OUTSTANDING SHARE DATA

As at the date of this MD&A, the following securities were outstanding:

(a) Share Capital

Authorized - unlimited number of common shares without par value

Issued and outstanding - 31,904,988 common shares with a recorded value of \$16,707,223

Shares subject to escrow or pooling agreements is nil.

(b) Options

The outstanding options as at the date of this MD&A are summarized as follows:

Options outstanding	Exercise prices \$	Expiry Date
380,000	0.56	March 8, 2011
24,143	0.88	August 28, 2011
287,000	1.25	November 30, 2011
450,000	1.55	July 16, 2012
79,572	1.55	January 30, 2013
200,000	1.85	March 25, 2013
200,000	3.05	May 12, 2013
1,182,000	0.50	January 18, 2014
2,802,715		

ADDITIONAL INFORMATION IN RELATION TO THE COMPANY

Additional information relating to the Company:

- may be found on SEDAR at www.sedar.com;
- may be found at the Company's web-site www.newpacificmetals.com;
- may be found in the Company's annual information form; and,
- is also provided in the Company's annual audited consolidated financial statements for the years ended June 30, 2009 and June 30, 2008.

NEW PACIFIC METALS CORP.

Management's Discussion and Analysis of Financial Condition and Results of Operations

Three and six months ended December 31, 2009

(Expressed in Canadian Dollars, except share, per share data)

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 interim consolidated financial statements for the three and six months ended December 31, 2009.

The management of the Company has filed the Venture Issuer Basic Certificate with the Annual Filings on SEDAR at www.sedar.com.

In contrast to the certificate required under Multilateral Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings ("MI 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 MI52-109. 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 MI 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.

OUTLOOK

The Company's strategy is to strengthen and grow through the exploration and development of its current portfolio of China based projects, as well as to acquire further high potential mineral prospects to enhance shareholders value.

Based on the significant drilling results during fiscal 2009, the Company will continue with the extensive underground tunneling program at the Huaiji Project in order to advance the mineralized zones to mineral resources or reserves.

Meanwhile, the Company is actively seeking out acquisition projects in China and other jurisdictions.