



**New Pacific Metals Corp.**

**TSX: NUX**

**UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the three and nine months ended March 31, 2016 and 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, 2016**

The unaudited condensed consolidated interim financial statements of New Pacific Metals Corp. (the "Company") for the three and nine months ended March 31, 2016 (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, 2015 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, 2016	June 30, 2015
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	3	\$ 5,652,213	\$ 14,851,828
Short term investments	4	16,625,689	8,826,997
Deposit and other receivables	5	136,440	129,260
		<b>22,414,342</b>	<b>23,808,085</b>
<b>Non-current Assets</b>			
Reclamation deposits		15,075	15,075
Other Investment	6	2,473,950	-
Plant and equipment	7	76,752	106,861
Mineral property interests	8	8,294,078	8,253,673
<b>TOTAL ASSETS</b>		<b>\$ 33,274,197</b>	<b>\$ 32,183,694</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Current Liabilities</b>			
Trade and other payables	9	\$ 694,569	\$ 1,292,765
Provisions	10	81,000	81,000
Due to related parties	11	17,447	69,633
<b>Total Liabilities</b>		<b>793,016</b>	<b>1,443,398</b>
<b>Equity</b>			
Share capital	12	57,149,481	57,149,481
Share-based payment reserve		17,620,372	17,512,523
Accumulated other comprehensive income		2,503,937	1,267,877
Deficit		(45,653,881)	(46,058,036)
<b>Equity attributable to the equity holders of the Company</b>		<b>31,619,909</b>	<b>29,871,845</b>
Non-controlling interest	13	861,272	868,451
<b>Total Equity</b>		<b>32,481,181</b>	<b>30,740,296</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>\$ 33,274,197</b>	<b>\$ 32,183,694</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)

Notes	Three months ended March 31,		Nine Months ended March 31,	
	2016	2015	2016	2015
<b>Expenses</b>				
Audit and accounting	\$ 1,180	\$ 21,831	\$ 5,180	\$ 25,831
Consulting	1,050	4,350	3,140	49,144
Depreciation	10,234	10,016	30,637	29,245
Filing and listing	32,277	14,206	53,192	32,047
Foreign exchange loss (gain)	1,456,306	(1,892,559)	(800,270)	(3,497,283)
Investor relations	1,341	2,863	12,904	11,065
Legal and professional fees	6,586	3,263	44,284	31,422
Salaries and benefits	115,285	193,271	313,690	497,617
Office and administration	29,060	39,598	126,163	119,444
Rent	23,471	26,751	72,654	92,838
Share-based compensation	28,412	29,740	107,849	159,078
Travel and promotion	8,272	12,903	39,677	63,624
<b>Loss (income) before other income and expenses</b>	<b>1,713,474</b>	<b>(1,533,767)</b>	<b>9,100</b>	<b>(2,385,928)</b>
<b>Other (income) expense</b>				
Gain on disposal of plant and equipment	-	(10,560)	(53,605)	(20,324)
Finance income	(177,685)	(39,355)	(352,619)	(119,752)
Other (income) expense	(116)	29	(393)	888
	<b>(177,801)</b>	<b>(49,886)</b>	<b>(406,617)</b>	<b>(139,188)</b>
<b>Net (loss) income</b>	<b>\$ (1,535,673)</b>	<b>\$ 1,583,653</b>	<b>\$ 397,517</b>	<b>\$ 2,525,116</b>
<b>Attributable to:</b>				
Equity holders of the Company	(1,531,286)	1,588,543	404,155	2,548,549
Non-controlling interests	(4,387)	(4,890)	(6,638)	(23,433)
	<b>\$ (1,535,673)</b>	<b>\$ 1,583,653</b>	<b>\$ 397,517</b>	<b>\$ 2,525,116</b>
<b>Basic and diluted (loss) earnings per share</b>	<b>\$ (0.02)</b>	<b>\$ 0.02</b>	<b>\$ 0.01</b>	<b>\$ 0.04</b>
<b>Weighted average number of shares - basic and diluted</b>	<b>66,938,229</b>	<b>66,938,229</b>	<b>66,938,229</b>	<b>66,938,229</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)

	Notes	Three months ended March 31,		Nine Months ended March 31,	
		2016	2015	2016	2015
<b>Net (loss) income</b>		\$ (1,535,673)	\$ 1,583,653	\$ 397,517	\$ 2,525,116
<b>Other comprehensive income</b>					
Items that may subsequently be reclassified to net income or loss:					
Currency translation adjustment		(522,067)	779,249	(3,004)	1,434,727
Items that will not subsequently be reclassified to net income or loss:					
Unrealized gain on available-for-sale securities, net of tax of \$nil	6	1,366,121	-	1,238,523	-
<b>Other comprehensive (loss) income</b>		\$ 844,054	779,249	1,235,519	1,434,727
<b>Attributable to:</b>					
Equity holders of the Company		\$ 938,026	\$ 638,984	\$ 1,236,060	\$ 1,176,476
Non-controlling interests		(93,972)	140,265	(541)	258,251
		844,054	779,249	1,235,519	1,434,727
<b>Comprehensive (loss) income</b>		\$ (691,619)	\$ 2,362,902	\$ 1,633,036	\$ 3,959,843
<b>Attributable to:</b>					
Equity holders of the Company		\$ (593,260)	\$ 2,227,527	\$ 1,640,215	\$ 3,725,025
Non-controlling interest		(98,359)	135,375	(7,179)	234,818
		\$ (691,619)	\$ 2,362,902	\$ 1,633,036	\$ 3,959,843

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)

	Notes	Three months ended March 31,		Nine months ended March 31,	
		2016	2015	2016	2015
<b>Operating activities</b>					
Net (loss) income		\$ (1,535,673)	\$ 1,583,653	\$ 397,517	\$ 2,525,116
Add (deduct) items not affecting cash :					
Depreciation		10,234	10,016	30,637	29,245
Finance income		(177,685)	(37,805)	(352,619)	(119,752)
Provisions and other items		-	-	-	(30,000)
Gain on disposal of plant and equipment		-	(10,560)	(53,605)	(20,324)
Share-based compensation		28,412	29,740	107,849	159,078
Unrealized foreign exchange loss (gain)		1,456,306	(1,892,559)	(800,270)	(3,497,283)
Interest received		177,685	37,805	352,619	119,752
		(40,721)	(279,710)	(317,872)	(834,168)
Change in non-cash working capital					
Deposits and other receivables		6,648	1,299	(7,504)	53,044
Trade and other payables		10,684	(75,242)	(617,294)	(94,448)
Due to related parties		(256,748)	-	(52,185)	(111,978)
<b>Cash used in operating activities</b>		<b>(280,137)</b>	<b>(353,653)</b>	<b>(994,855)</b>	<b>(987,550)</b>
<b>Investing activities</b>					
Expenditures on mineral property interests		(14,834)	(27,296)	(46,212)	(256,264)
Purchase of other investment		(350,150)	-	(1,235,428)	-
Proceeds from disposition of plant and equipment		-	10,562	53,605	23,212
Net purchase of short term investments		(6,833,887)	(8,910,972)	(7,798,692)	(8,910,972)
<b>Cash used in investing activities</b>		<b>(7,198,871)</b>	<b>(8,927,706)</b>	<b>(9,026,727)</b>	<b>(9,144,024)</b>
Effect of exchange rate changes on cash and cash equivalents		(1,476,857)	1,984,972	821,967	3,672,852
<b>Decrease in cash and cash equivalents</b>		<b>(8,955,865)</b>	<b>(7,296,387)</b>	<b>(9,199,615)</b>	<b>(6,458,722)</b>
Cash and cash equivalents, beginning of the period		14,608,078	22,480,412	14,851,828	21,642,747
<b>Cash and cash equivalents, end of the period</b>	<b>3</b>	<b>\$ 5,652,213</b>	<b>\$ 15,184,025</b>	<b>\$ 5,652,213</b>	<b>\$ 15,184,025</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			Accumulated other comprehensive income	Deficit	Equity attributable to equity holders of the Company	Non-controlling interest	Total equity
	Number of common shares issued	Amount	Share-based payment reserve					
<b>Balance, July 1, 2014</b>	<b>66,938,229</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>
Share-based compensation	-	-	145,758	-	-	145,758	-	145,758
Net income	-	-	-	-	2,548,549	2,548,549	(23,433)	2,525,116
Other comprehensive income	-	-	-	1,176,476	-	1,176,476	258,250	1,434,726
<b>Balance, March 31, 2015</b>	<b>66,938,229</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>
Share-based compensation	-	-	42,587	-	-	-	-	-
Net income	-	-	-	-	-	-	-	-
Other comprehensive income	-	-	-	(122,314)	(809,301)	(889,028)	(33,660)	(922,688)
<b>Balance, June 30, 2015</b>	<b>66,938,229</b>	<b>57,149,481</b>	<b>17,512,523</b>	<b>1,267,877</b>	<b>(46,058,036)</b>	<b>29,871,845</b>	<b>868,451</b>	<b>30,740,296</b>
Share-based compensation	-	-	107,849	-	-	107,849	-	107,849
Net income	-	-	-	-	404,155	404,155	(6,638)	397,517
Other comprehensive income	-	-	-	1,236,060	-	1,236,060	(541)	1,235,519
<b>Balance, March 31, 2016</b>	<b>66,938,229</b>	<b>57,149,481</b>	<b>17,620,372</b>	<b>2,503,937</b>	<b>(45,653,881)</b>	<b>31,619,909</b>	<b>861,272</b>	<b>32,481,181</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, 2016 and 2015**

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*(Expressed in Canadian dollars, except for share figures)*

### **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, 2016, the Company had a working capital position of \$21,621,326 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, 2016 were authorized for issue in accordance with a resolution of the Board of Directors dated on May 12, 2016.

### **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, 2015. 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, 2015.

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, 2016 and 2015

(Expressed in Canadian dollars, except for share figures)

(b) Accounting standards issued but not yet in effective

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 and 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 and subsequently measured at amortized cost except for financial liabilities classified as at FVTPL, financial guarantees and certain other exceptions. The IASB issued amendments to IFRS 9 which deferred the mandatory effective date of IFRS 9 to annual periods beginning on or after January 1, 2018. 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.

IFRS 15 – *Revenue from contracts with customers*, the standard on revenue from contracts with customers was issued on May 28, 2014 and is effective for annual reporting periods beginning on or after January 1, 2018 for public entities with early adoption permitted. Entities have the option of using either a full retrospective or modified retrospective approach to adopt the guidance. The Company is assessing the impact of this standard.

### 3. CASH AND CASH EQUIVALENT

Cash and cash equivalents consist of:

	March 31, 2016	June 30, 2015
Cash in bank	\$ 5,652,213	\$ 14,851,828

Cash and cash equivalents includes US dollar denominated deposits of US\$4,068,512 (June 30, 2015 – US\$11,174,173) in premium rate savings accounts redeemable at any time with an average annual interest rate of 0.39% (June 30, 2015 – 0.38%) calculated daily and paid monthly. The remaining funds are held in Canadian dollars and Chinese Renminbi.

### 4. SHORT TERM INVESTMENTS

Short term investments consist of:

	March 31, 2016	June 30, 2015
Bonds	\$ 16,625,689	\$ 8,826,997

### 5. DEPOSIT AND OTHER RECEIVABLES

Deposit and other receivables consist of:

	March 31, 2016	June 30, 2015
GST/HST receivable	\$ 8,277	\$ 5,996
Deposit and prepaid expenses	128,163	123,264
	\$ 136,440	\$ 129,260

# New Pacific Metals Corp.

## Notes to Unaudited Condensed Consolidated Interim Financial Statements For the three and nine months ended March 31, 2016 and 2015

(Expressed in Canadian dollars, except for share figures)

### 6. OTHER INVESTMENTS

		March 31, 2016	June 30, 2015
<b>Available-for-sale</b>			
Silvercorp Metals Inc.	(a)	\$ 2,123,800	\$ -
Cozystay Holdings Inc.	(b)	350,150	-
		<b>\$ 2,473,950</b>	<b>\$ -</b>

(a) *Silvercorp Metals Inc.*

Silvercorp Metals Inc. ("SVM") is a publicly traded mining company based in Canada. The Company acquired SVM's share through the open market. SVM shares were classified as available-for-sale and were measured at fair value on initial recognition and subsequent periods.

SVM's fair value movements were summarized as follows:

	Fair value	Accumulated mark-to-market loss included in OCI
June 30, 2015	\$ -	\$ -
Purchase from open market	885,278	-
Unrealized gain on equity investments designated as FVTOCI	1,238,523	1,238,523
<b>March 31, 2016</b>	<b>\$ 2,123,800</b>	<b>\$ 1,238,523</b>

(b) *Cozystay Holdings Inc.*

Cozystay Holdings Inc. ("Cozystay") is a private Canadian company. The Company invested in Cozystay through a private placement. As at March 31, 2016, the Company's total investment in Cozystay was \$350,150 (USD \$250,000), representing 7% of Cozystay's equity interest. The investment was classified as available-for-sale and was measured at fair value on initial recognition. For subsequent periods, the investment was measured at cost.

# New Pacific Metals Corp.

## Notes to Unaudited Condensed Consolidated Interim Financial Statements For the three and nine months ended March 31, 2016 and 2015

(Expressed in Canadian dollars, except for share figures)

### 7. PLANT AND EQUIPMENT

Cost	Buildings	Machinery	Motor vehicles	Office equipment and furniture	Computer software	Total
Balance, July 1, 2014	\$ 890,754	\$ 1,123,492	\$ 115,922	\$ 152,503	\$ 126,225	\$ 2,408,896
Disposals	-	-	-	(8,104)	-	(8,104)
Foreign currency translation impact	-	1,084	7,124	8,719	51	16,978
Balance, June 30, 2015	\$ 890,754	\$ 1,124,576	\$ 123,046	\$ 153,118	\$ 126,276	\$ 2,417,770
Foreign currency translation impact	-	(4)	(24)	(30)	-	(58)
<b>Balance, March 31, 2016</b>	<b>\$ 890,754</b>	<b>\$ 1,124,572</b>	<b>\$ 123,022</b>	<b>\$ 153,088</b>	<b>\$ 126,276</b>	<b>\$ 2,417,712</b>

#### Accumulated depreciation and amortization

Balance as at July 1, 2014	\$ (890,754)	\$ (1,118,541)	\$ (85,055)	\$ (96,309)	\$ (80,829)	\$ (2,271,488)
Depreciation and amortization	-	(454)	(6,632)	(15,154)	(17,011)	(39,251)
Disposals	-	-	-	5,216	-	5,216
Foreign currency translation impact	-	(274)	(2,215)	(2,854)	(43)	(5,386)
Balance, June 30, 2015	\$ (890,754)	\$ (1,119,269)	\$ (93,902)	\$ (109,101)	\$ (97,883)	\$ (2,310,909)
Depreciation and amortization	-	(375)	(5,476)	(12,028)	(12,758)	(30,637)
Foreign currency translation impact	-	15	212	359	-	586
<b>Balance, March 31, 2016</b>	<b>\$ (890,754)</b>	<b>\$ (1,119,629)</b>	<b>\$ (99,166)</b>	<b>\$ (120,770)</b>	<b>\$ (110,641)</b>	<b>\$ (2,340,960)</b>

#### Carrying amount

Balance, June 30, 2015	\$ -	\$ 5,307	\$ 29,143	\$ 44,017	\$ 28,393	\$ 106,861
<b>Balance, March 31, 2016</b>	<b>\$ -</b>	<b>\$ 4,943</b>	<b>\$ 23,856</b>	<b>\$ 32,318</b>	<b>\$ 15,635</b>	<b>\$ 76,752</b>

During the three and nine months ended March 31, 2016, certain plant and equipment were disposed for proceeds of \$nil and \$53,605, respectively (three and nine months ended March 31, 2015 - \$10,562 and \$23,212, respectively) and gain of \$nil and \$53,605, respectively (three and nine months ended March 31, 2015 gain of \$10,560 and \$20,324, respectively).

# New Pacific Metals Corp.

## Notes to Unaudited Condensed Consolidated Interim Financial Statements For the three and nine months ended March 31, 2016 and 2015

(Expressed in Canadian dollars, except for share figures)

### 8. 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, 2014	\$	-	\$	6,743,282	\$ 6,743,282
<u>Capitalized exploration expenditures</u>					-
Reporting and assessment		10,394		-	10,394
Drilling and assaying		-		2,871	2,871
Staking and mapping		2,510		-	2,510
Surveying		-		322,402	322,402
Camp services		175,710		78,919	254,629
Site preparation		-		-	-
Permitting		252		(57,241)	(56,989)
Environmental study		114		-	114
Care and maintenance		-		-	-
Other		(13,079)		1,959	(11,120)
Impairment of TLG Project		(175,901)		-	(175,901)
Foreign currency translation impact		-		1,161,481	1,161,481
Balance, June 30, 2015	\$	-	\$	8,253,673	\$ 8,253,673
<u>Capitalized exploration expenditures</u>					
Camp services		-		37,446	37,446
Permitting		-		8,766	8,766
Foreign currency translation impact		-		(5,807)	(5,807)
<b>Balance, March 31, 2016</b>	<b>\$</b>	<b>-</b>	<b>\$</b>	<b>8,294,078</b>	<b>\$ 8,294,078</b>

# New Pacific Metals Corp.

## Notes to Unaudited Condensed Consolidated Interim Financial Statements For the three and nine months ended March 31, 2016 and 2015

(Expressed in Canadian dollars, except for share figures)

### 9. TRADE AND OTHER PAYABLES

Trade and other payables consist of:

	March 31, 2016		June 30, 2015	
Trade payable	\$	83,480	\$	602,868
Acquisition cost payable		441,904		441,903
Accrued liabilities		169,186		247,994
		<b>694,569</b>	\$	<b>1,292,765</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.

### 10. PROVISIONS

The Company is involved in legal action associated with the normal course of operations. As at March 31, 2016, the Company has a provision for certain legal matters of \$ 81,000 (June 30, 2015 - \$81,000). The legal provision is based on management's best estimate of the amount and timing of the potential settlements.

### 11. RELATED PARTY TRANSACTIONS

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

Transactions with related parties	Three month ended March 31,		Nine month ended March 31	
	2016	2015	2016	2015
Silvercorp Metals Inc. (a)	\$ 55,818	62,900	\$ 207,223	\$ 232,593
	\$ 55,818	\$ 62,900	\$ 207,223	\$ 232,593

Related party transactions are entered into based on normal market conditions at the amounts agreed on by the parties. As at March 31, 2016, the balances with related parties, which are unsecured, non-interest bearing, and due on demand, are as follows:

Due to related parties	March 31, 2016		June 30, 2015	
Silvercorp Metals Inc. (a)	\$	17,447	\$	69,633
	\$	<b>17,447</b>	\$	<b>69,633</b>

(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, 2016, the Company recorded total expenses of \$55,818 and \$207,223 (three and nine months ended March 31, 2015 - \$62,900 and \$232,593) for services rendered and expenses incurred by Silvercorp on behalf of the Company.

# New Pacific Metals Corp.

## Notes to Unaudited Condensed Consolidated Interim Financial Statements For the three and nine months ended March 31, 2016 and 2015

(Expressed in Canadian dollars, except for share figures)

### 12. 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, 2016, is as follows:

	Number of options	Weighted average exercise price
Balance, July 1, 2015	2,950,000	0.74
Options Cancelled	(125,000)	0.60
Options expired	(420,000)	1.56
<b>Balance, March 31, 2016</b>	<b>2,405,000</b>	<b>0.61</b>

There were no options granted for the three and nine months ended March 31, 2016 and 2015.

For the three and nine months ended March 31, 2016, a total of \$28,412 and \$107,849, respectively (three and nine months ended March 31, 2015 - \$29,740 and \$159,078, respectively) were recorded as share-based compensation expense.

The following table summarizes information about stock options outstanding as at March 31, 2016:

	Exercise prices	Number of options outstanding as at 3/31/2016	Weighted average remaining contractual life (years)	Weighted average exercise price	Number of options exercisable as at 3/31/2016	Weighted average exercise price
\$	0.57	485,000	2.48	0.57	303,125	0.57
	0.61	1,105,000	1.48	0.61	966,875	0.61
	0.62	815,000	2.02	0.62	509,375	0.62
	0.57-0.62	2,405,000	1.86	0.61	1,779,375	0.61

# New Pacific Metals Corp.

## Notes to Unaudited Condensed Consolidated Interim Financial Statements For the three and nine months ended March 31, 2016 and 2015

(Expressed in Canadian dollars, except for share figures)

### 13. NON-CONTROLLING INTEREST

		Qinghai Found
Balance, July 1, 2014	\$	667,294
Share of net loss		(30,244)
Share of other comprehensive income		231,401
Balance, June 30, 2015	\$	868,451
Share of net loss		(6,638)
Share of other comprehensive loss		(541)
<b>Balance, March 31, 2016</b>	<b>\$</b>	<b>861,272</b>

As at March 31, 2016, non-controlling interests in Qinghai Found Mining Co. Ltd. was 18%.

### 14. 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.

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, 2016, 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	\$ 5,652,213	\$ -	\$ -	\$ 5,652,213
Short term investments	16,625,689	-	-	16,625,689
Other investments	2,123,800	-	350,150	2,473,950

# New Pacific Metals Corp.

## Notes to Unaudited Condensed Consolidated Interim Financial Statements For the three and nine months ended March 31, 2016 and 2015

(Expressed in Canadian dollars, except for share figures)

### (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, 2016, the Company had a working capital position of \$21,621,326 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:

	<b>March 31, 2016</b>	June 30, 2015
	Due within a year	
Trade and other payables	\$ 694,569	\$ 1,292,765
Due to related parties	17,447	69,633
	<b>\$ 712,016</b>	\$ 1,362,398

### (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	<b>March 31, 2016</b>	June 30, 2015
United States dollars	\$ 21,900,454	\$ 21,885,664
Chinese RMB	228,263	1,046,913
Financial assets in foreign currency	\$ 22,128,718	\$ 22,932,577
United States dollars	-	275,953
Chinese RMB	\$ 81,098	\$ 587,844
Financial liabilities in foreign currency	\$ 81,098	\$ 587,844

As at March 31, 2016, with other variables unchanged, a 1% strengthening (weakening) of the U.S. Dollar against the CAD would have increased (decreased) net income by approximately \$219,000.

As at March 31, 2016, with other variables unchanged, a 1% strengthening (weakening) of the Chinese RMB against the CAD would have increased (decreased) net income by approximately \$1,500.



# **New Pacific Metals Corp.**

## **Notes to Unaudited Condensed Consolidated Interim Financial Statements For the three and nine months ended March 31, 2016 and 2015**

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*(Expressed in Canadian dollars, except for share figures)*

### *(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, 2016.

### *(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, 2016, the Company has a deposit and other receivables balance of \$136,440 (June 30, 2015 - \$129,260).

## **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, 2016.

## **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, 2016 and 2015

(Expressed in Canadian dollars, except for share figures)

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

	March 31, 2016		
	China	Canada	Total
Mineral property interests	\$ 8,294,078	\$ -	\$ 8,294,078
Plant and equipment	53,621	23,131	76,752
Other investment		2,473,950	2,473,950
Reclamation deposits	-	15,075	15,075
<b>Total Assets</b>	<b>\$ 8,822,276</b>	<b>\$ 24,451,921</b>	<b>\$ 33,274,197</b>
<b>Total Liabilities</b>	<b>(81,098)</b>	<b>(711,918)</b>	<b>(793,016)</b>

	June 30, 2015		
	China	Canada	Total
Mineral property interests	\$ 8,253,673	\$ -	\$ 8,253,673
Plant and equipment	68,322	38,539	106,861
Reclamation deposits	-	15,075	15,075
<b>Total Assets</b>	<b>\$ 9,368,908</b>	<b>\$ 22,814,786</b>	<b>\$ 32,183,694</b>
<b>Total Liabilities</b>	<b>(587,844)</b>	<b>(855,554)</b>	<b>(1,443,398)</b>

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

	Three Months ended March 31, 2016			Nine Months Ended March 31, 2016		
	China	Canada	Total	China	Canada	Total
Salaries and benefits	\$ 5,931	\$ 109,354	\$ 115,285	\$ 17,369	\$ 296,321	\$ 313,690
Share-based compensation	-	28,412	28,412	-	107,849	107,849
Foreign exchange loss (gain)	1,279	1,455,027	1,456,306	(38,834)	(761,436)	(800,270)
Other operating expenses	17,280	96,191	113,471	58,738	329,093	387,831
Loss (income) before other income and expenses	\$ 24,490	\$ 1,688,984	\$ 1,713,474	\$ 37,273	\$ (28,173)	\$ 9,100
Gain on disposal of equipment	-	-	-	-	(53,605)	(53,605)
Finance income	-	(177,685)	(177,685)	-	(352,619)	(352,619)
Other income	(116)	-	(116)	(393)	-	(393)
Net (loss) income	\$ (24,374)	\$ (1,511,299)	\$ (1,535,673)	\$ (36,880)	\$ 434,397	\$ 397,517
Attributed to:						
Equity holders of the Company	(19,987)	(1,511,299)	(1,531,286)	(30,242)	434,397	404,155
Non-controlling interests	(4,387)	-	(4,387)	(6,638)	-	(6,638)
Net (loss) income	\$ (24,374)	\$ (1,511,299)	\$ (1,535,673)	\$ (36,880)	\$ 434,397	\$ 397,517

# New Pacific Metals Corp.

## Notes to Unaudited Condensed Consolidated Interim Financial Statements For the three and nine months ended March 31, 2016 and 2015

*(Expressed in Canadian dollars, except for share figures)*

	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