



# New Pacific Metals Corp.

TSX-V: NUAG

## NEWS RELEASE

Trading Symbol: TSX Venture: NUAG.V

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### NEW PACIFIC REPORTS FINANCIAL RESULTS FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2017

**VANCOUVER, BRITISH COLUMBIA – November 17, 2017: New Pacific Metals Corp.** (“New Pacific” or the “Company”) today announced its unaudited condensed consolidated interim financial results for the three months ended September 30, 2017.

This earnings release should be read in conjunction with the Company's Management Discussion & Analysis, Financial Statements and Notes to Financial Statements for the corresponding period, which have been posted on SEDAR at [www.sedar.com](http://www.sedar.com) and are also available on the Company's website at [www.newpacificmetals.com](http://www.newpacificmetals.com). All figures are expressed in Canadian Dollars (CAD) unless otherwise stated.

#### Q1 FISCAL 2018 HIGHLIGHTS

- Successfully completed the Alcira acquisition to acquire the Silver Sand Property in Bolivia for a total cash consideration of US\$45,000,000, the transaction closed on July 20, 2017; and
- Raised US\$35,817,000 through two private placements which closed on July 17 and July 28, 2017, respectively to partially fund the Alcira acquisition.

#### FINANCIALS

For the three months ended September 30, 2017, net loss attributable to equity holders was \$1,551,099 or \$0.01 per share compared to net income of \$3,528,268 or \$0.05 per share for the three months ended September 30, 2016.

Major items impacting financial performance in Q1 Fiscal 2018 are as follow:

**Loss from investments** for the three months ended September 30, 2017 was \$576,944 (three months ended September 30, 2017 – income of \$ 3,682,428). Within the loss from investments, \$768,457 was from loss on the Company's equity investments offset by gain of \$182,644 from fair value change and interest earned on bonds.

**Operating expenses** for the three months ended September 30, 2017 were \$507,450 (three months ended September 30, 2016 - \$253,360). The increase in operating expenses was a result of the Company's increased activities in refocusing on mining, acquiring and operating mining properties in Bolivia. Items included in operating expenses are as follow:

- (i) **Consulting fees** for the three months ended September 30, 2017 were \$2,925 (three months ended September 30, 2016 - \$nil).

- (ii) **Filing and listing fees** for the three months ended September 30, 2017 were \$39,408 (three months ended September 30, 2016 - \$8,841). The filing fees include the base fee and variable fee based on the market capitalization paid to TSX Venture. The increase of filing fees in the current period was related to TSX Venture's approval of the Company's private placement financing and change of business.
- (iii) **Investor relations expense** for the three months ended September 30, 2017 was \$35,781 (three months ended September 30, 2016 - \$4,618). The Company engaged in more mining conferences and roadshows in the current period since it changed its business back to mining.
- (iv) **Professional fees** for the three months ended September 30, 2017 were \$52,713 (three months ended September 30, 2016 - \$19,834). The increase in professional fees was a result of additional legal and accounting services related to the Alcira acquisition.
- (v) **Salaries and benefits expense** for the three months ended September 30, 2017 was \$205,206 (three months ended September 30, 2016 - \$112,291). The increase in salaries in the current period was due to increased operating activities resulted in more chargeable hours for existing employees and the creation of a few new positions.
- (vi) **Office and administration expense** for the three months ended September 30, 2017 was \$98,797 (three months ended September 30, 2016 - \$75,048). The increase in office and administration expenses was a result of the overall increased activity levels of the Company.
- (vii) **Share-based compensation** for the three months ended September 30, 2017 was \$65,795 (three months ended September 30, 2016 - \$22,912).

**Foreign exchange loss** for the three months ended September 30, 2017 was \$469,304 (three months ended September 30, 2016 - foreign exchange gain of \$149,066). The Company holds a large portion of cash and cash equivalents and bonds in US dollars while the Company's functional currency is Canadian dollar, the fluctuation in exchange rates between the US dollar and Canadian dollar will impact the financial results of the Company. During the three months ended September 30, 2017, the US dollar depreciated by 3.8% against Canadian dollar (from 1.2977 to 1.2480) while in the prior year the US dollar appreciated by 0.8% against Canadian dollar (from 1.3009 to 1.3117).

#### **ALCIRA ACQUISITION**

On July 20, 2017, the Company has closed its previously announced acquisition of 100% interest in Empresa Minera Alcira S.A. ("Alcira"), a private Bolivian incorporated mining company from its three shareholders (the "Vendors") pursuant to the terms of a share purchase agreement (the "Agreement") dated March 28, 2017. Alcira has seven silver-polymetallic mineral properties or ATEs (Temporary Special Authorization) in Bolivia. The most significant property is the Silver Sand Property (the "Property"), located in the Potosi Department, which has been subjected to some small-scale, historic mining and was drilled during the period 2012 through 2015 by Alcira. The other six are early-stage exploration projects, which have either been subject to limited small-scale mining or historical drilling.

The Company acquired Alcira for total cash consideration of US\$45,000,000. During the three months ended September 30, 2017, total payments of US\$36,250,000 were paid to the Vendors. Combined with the previous payment of US\$3,750,000 made on April 6, 2017, total payments made to the Vendors as of September 30, 2017 were US\$40,000,000. According to the agreement, the remaining balance of US\$5,000,000 is to be paid to the Vendors once the Company has received certain specified permits and licenses from the authorities of Bolivia

necessary for mining and milling operations, or once Alcira has commenced commercial production. This amount was accrued under contingent payment of property acquisition as at September 30, 2017.

The transaction is entered into based on normal market conditions at the amount agreed on by the parties. The transaction did not meet the criterion of a business combination since Alcira lacks the necessary inputs, process, and outputs of being a business; therefore it has been accounted for as an acquisition of assets by the Company. The purchase consideration was allocated to the assets acquired based on their fair values at the date of the acquisition net of any associated liabilities. The only material asset acquired was the mineral property interest of the Silver Sand Property.

To facilitate the funding of its acquisition of Alcira, the Company successfully completed two private placements during the period.

On July 17, 2017, the Company closed a private placement to issue a total of 43,521,250 common shares at a price of US\$0.80 per share for gross proceeds of US\$34,817,000.

On July 28, 2017, the Company closed another private placement to issue a total of 1,250,000 common shares at a price of US\$0.80 per share for gross proceeds of US\$1,000,000.

#### **SILVER SAND PROPERTY**

The Company started the preparation works for the planned exploration program immediately after the acquisition of the Silver Sand Property. For the three months ended September 30, 2017, total expenditures of \$387,748 were capitalized under the property. These expenditures were mainly related to the site and camp preparation, maintaining a regional office in La Paz, and building a competent management team and workforce for the property.

Subsequent to the period end in October 2017, the Company successfully received necessary permits from the relevant Bolivian government authorities and immediately started commencing a 30,000 metres exploration drilling program on the property.

#### **ABOUT NEW PACIFIC**

New Pacific Metals Corp. is a Canadian exploration and development company which owns the Silver Sand Project, in the Potosi Department of Bolivia, the Tagish Lake Gold Project in Yukon, Canada and the RZY Project in Qinghai Province, China. Silvercorp Metals Inc. (TSX/NYSE American: SVM), the largest primary silver producer in China, is the major shareholder.

For further information, contact:

New Pacific Metals Corp.,  
Investor Relations  
Phone: (604) 633-1368  
Fax: (604) 669-9387  
info@newpacificmetals.com  
www.newpacificmetals.com

#### **CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION**

*Certain of the statements and information in this press release constitute "forward-looking information" within the meaning of applicable Canadian provincial securities laws. Any statements or information that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future*

events or performance (often, but not always, using words or phrases such as “expects”, “is expected”, “anticipates”, “believes”, “plans”, “projects”, “estimates”, “assumes”, “intends”, “strategies”, “targets”, “goals”, “forecasts”, “objectives”, “budgets”, “schedules”, “potential” or variations thereof or stating that certain actions, events or results “may”, “could”, “would”, “might” or “will” be taken, occur or be achieved, or the negative of any of these terms and similar expressions) are not statements of historical fact and may be forward-looking statements or information.

Forward-looking statements or information are subject to a variety of known and unknown risks, uncertainties and other factors that could cause actual events or results to differ from those reflected in the forward-looking statements or information, including, without limitation, risks relating to: fluctuating equity prices, bond prices, commodity prices; calculation of resources, reserves and mineralization, foreign exchange risks, interest rate risk, foreign investment risk loss of key personnel; conflicts of interest; dependence on management and others.

This list is not exhaustive of the factors that may affect any of the Company’s forward-looking statements or information. Forward-looking statements or information are statements about the future and are inherently uncertain, and actual achievements of the Company or other future events or conditions may differ materially from those reflected in the forward-looking statements or information due to a variety of risks, uncertainties and other factors, including, without limitation, those referred to in the Company’s Annual Information Form for the year ended June 30, 2017 under the heading “Risk Factors”. Although the Company has attempted to identify important factors that could cause actual results to differ materially, there may be other factors that cause results not to be as anticipated, estimated, described or intended. Accordingly, readers should not place undue reliance on forward-looking statements or information.

The Company’s forward-looking statements and information are based on the assumptions, beliefs, expectations and opinions of management as of the date of this press release, and other than as required by applicable securities laws, the Company does not assume any obligation to update forward-looking statements and information if circumstances or management’s assumptions, beliefs, expectations or opinions should change, or changes in any other events affecting such statements or information. For the reasons set forth above, investors should not place undue reliance on forward-looking statements and information.