New Pacific Metals Corp.

新太平洋金属有限公司

TSX-V: NUX

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2010

(Unaudited, expressed in Canadian Dollars)

NEW PACIFIC METALS CORP.
Consolidated Balance Sheets
(Unaudited, expressed in Canadian Dollars)

	Notes		**September 30, 2010**		June 30, 2010
ASSETS					
Current					
Cash and cash equivalents		**$**	**5,046,753**	$	6,430,588
Cash held in trust	4(c)		**3,078,000**		-
Short term investments			**3,000,000**		2,904,360
Receivables and prepaid expenses	5		**246,608**		93,937
Assets held for sale - current portion	4(b)		**94,729**		330,742
			11,466,090		9,759,627
Reclamation deposits			**30,000**		-
Long term investments			**103,680**		773,100
Mineral property interests	6		**30,624,639**		450,771
Plant and equipment	7		**208,040**		61,608
Assets held for sale	4(b)		**3,431,955**		3,466,102
		$	**45,864,404**	$	14,511,208
LIABILITIES					
Current					
Accounts payable and accrued liabilities		**$**	**8,418,958**	$	133,990
Deposits received	4(c)		**3,078,000**		261,188
Due to related parties	9		**55,247**		98,272
Liabilities held for sale	4(b)		**164,870**		301,496
			11,717,075		794,946
Future income tax liabilities	3(a)		**6,230,094**		-
			17,947,169		449,260
SHAREHOLDERS' EQUITY					
Share capital			**31,384,551**		16,708,543
Shares to be issued	3(a)		**35,906**		-
Contributed surplus			**13,215,665**		13,048,690
Accumulated other comprehensive (loss) income			**(27,086)**		46,862
Deficit			**(16,691,801)**		(16,087,833)
			27,917,235		13,716,262
		$	**45,864,404**	$	14,511,208

See accompanying notes to the unaudited interim consolidated financial statements

NEW PACIFIC METALS CORP.

Consolidated Statements of Loss and Comprehensive Loss
(Unaudited, expressed in Canadian dollars except for per share figures)

	Notes		Three months ended September 30, 2010		2009
Expenses	9				
Consulting		**$**	**49,500**	$	50,531
Depreciation			**3,182**		6,051
Filing and listing			**41,276**		2,372
Foreign exchange loss			**3,100**		3,484
General explorations			**5,707**		4,423
Investor relations			**16,682**		39,413
Professional fees			**3,802**		16,387
Salaries and benefits			**135,209**		73,108
Office and administration			**20,650**		22,943
Rent			**18,475**		17,743
Stock-based compensation	8(b)		**196,107**		146,593
Travel and promotion			**6,351**		7,263
Loss before other income and expenses			**500,041**		390,311
Other income and expenses					
Gain on disposal of mineral property interests	6(c)&(d)		**14,443**		-
Loss on disposal of plant and equipment			**-**		(1,804)
Interest income			**15,165**		18,773
			29,608		16,969
Loss from continuing operations			**(470,433)**		(373,342)
Loss from discontinued operations (net of tax of $nil)	4(b)		**(133,535)**		(58,244)
Net loss for the period		**$**	**(603,968)**	$	(431,586)
Other comprehensive loss					
Unrealized loss on available for sale securities			**(73,948)**		-
Other comprehensive loss			**(73,948)**		-
Comprehensive loss for the period		**$**	**(677,916)**	$	(431,586)
Basic and diluted loss per share - continuing operations		**$**	**(0.014)**	$	(0.012)
Basic and diluted loss per share - discontinued operations		**$**	**(0.004)**	$	(0.002)
Basic and diluted loss per share - total		**$**	**(0.018)**	$	(0.014)
Weighted average number of shares - basic and diluted			**33,228,441**		31,826,260

See accompanying notes to the unaudited interim consolidated financial statements

NEW PACIFIC METALS CORP.
Consolidated Statements of Cash Flows
(Unaudited, expressed in Canadian dollars)

	Notes	Three months ended September 30, 2010	2009
Cash (used in) provided by			
Operating activities			
Net loss for the period		$ **(603,968)**	$ (431,586)
Add: net loss from the discontinued operations	4(b)	**133,535**	58,244
Add (deduct) items not affecting cash :			
Depreciation		**3,182**	6,051
Gain on disposal of mineral property interests		**(14,443)**	-
Loss on disposal of plant and equipment		**-**	1,804
Stock-based compensation		**196,107**	146,593
		(285,587)	(218,894)
Change in non-cash working capital			
Receivables and prepaid expenses		**(366,527)**	(31,440)
Accounts payable and accrued liabilities		**170,832**	29,765
Cash used in operating activities of continuing operations		**(481,282)**	(220,569)
Cash used in operating activities of discontinued operations		**(221,658)**	(203,643)
Investing activities			
Reclamation deposit paid		**(15,000)**	-
Mineral property interests			
Expenditures		**(49,351)**	(6,993)
Deposit received		**-**	102,848
Proceeds from disposition		**55,260**	-
Plant and equipment			
Proceeds from disposition		**-**	14,810
Acquisition of net assets of subsidiary (net of cash acquired)		**(787,076)**	-
(Purchase) redemption of short term investments		**(95,640)**	1,000,000
Cash disposed as a result of disposition of subsidiaries	4(b)	**(73,183)**	(426,008)
Cash (used in) provided by investing activities of continuing operations		**(964,990)**	684,657
Cash used in investing activities of discontinued operations		**(16,760)**	(275,692)
Financing activities			
Amount due to related parties		**(43,025)**	37,918
Shares issued for cash		**37,600**	13,750
Cash (used in) provided by financing activities of continuing operations		**(5,425)**	51,668
Cash provided by financing activities of discontinued operations		**-**	78,500
Effect of exchange rate changes on cash and cash equivalents		**(9,045)**	(24,774)
(Decrease) increase in cash and cash equivalents		**(1,699,160)**	90,147
Cash and cash equivalents of continuing operations, beginning of period		**6,430,588**	479,736
Cash and cash equivalents of discontinued operations, beginning of period		**315,325**	279,181
Cash and cash equivalents, end of period		$ **5,046,753**	$ 849,064
Supplemental information:			
Interest and taxes paid		$ **-**	$ -
Non-cash investing activities:			
Shares issued for acquisition of TLG		$ **14,609,276**	$ -
Shares to be issued for acquisition of TLG		$ **35,906**	$ -

See accompanying notes to the unaudited interim consolidated financial statements

NEW PACIFIC METALS CORP.

Consolidated Statements of Shareholders' Equity

(Unaudited, expressed in Canadian dollars except for share figures)

		Share Capital							
	Note	Number of shares issued	Share capital issued	Number of shares to be issued	Share capital to be issued	Contributed surplus	Accumulated other comprehensive income (loss)	Deficit	Total shareholders' equity
Balance, June 30, 2009		31,825,988	$ 16,623,663	-	$ -	$ 12,640,292	$ -	$ (14,336,398)	$ 14,927,557
Options exercised		82,000	84,880	-	-	(40,130)	-	-	44,750
Stock-based compensation		-	-	-	-	448,528	-	-	448,528
Unrealized gain on available for sale securities		-	-	-	-	-	46,862	-	46,862
Net loss for the year		-	-	-	-	-	-	(1,751,435)	(1,751,435)
Balance, June 30, 2010		31,907,988	16,708,543	-	-	13,048,690	46,862	(16,087,833)	13,716,262
Options exercised		69,800	66,732	-	-	(29,132)	-	-	37,600
Shares issued for acquisition of TLG		13,261,499	14,609,276	-	-	-	-	-	14,609,276
Shares to be issued for acquisition of TLG	3	-	-	32,058	35,906	-	-	-	35,906
Stock-based compensation		-	-	-	-	196,107	-	-	196,107
Unrealized loss on available for sale securities		-	-	-	-	-	(73,948)	-	(73,948)
Net loss for the period		-	-	-	-	-	-	(603,968)	(603,968)
Balance, September 30, 2010		**45,239,287**	**$ 31,384,551**	**32,058**	**$ 35,906**	**$ 13,215,665**	**$ (27,086)**	**$ (16,691,801)**	**$ 27,917,235**

See accompanying notes to the unaudited interim consolidated financial statements

1. NATURE OF OPERATIONS

New Pacific Metals Corp. along with its subsidiary companies (collectively the "Company" or "NUX"), is a Canadian junior mining company engaged in the exploration and development of mineral properties in Canada and China.

The Company is in the process 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 consolidated financial statements have been prepared on a going concern basis. The Company has a history of losses and no operating revenue. As at September 30, 2010, the Company had a working capital deficit of $250,985. During the quarter, the Company entered into a line of credit of up to $15 million (see note 9(a)), which will provide sufficient cash resources to meet the Company's planned acquisition and expenditures for the foreseeable future, 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Presentation and Principles of Consolidation

The Company's consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") for interim financial information, and follow the same accounting policies and methods set out in note 2 to the audited consolidated financial statements for the year ended June 30, 2010. Accordingly, they do not contain all disclosure required by Canadian GAAP for annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended June 30, 2010.

These consolidated financial statements include the accounts of its subsidiaries: New Pacific Offshore Inc., SKN Nickel & Platinum Ltd. ("SNP"), Lachlan Gold Ltd., 0876044 B.C. Ltd., Yunnan Jin Chang Jiang Mining Co. Ltd.("JCJM"), 75% owned Sichuan Huaxi Mining Exploration Co. Ltd. ("Huaxi"), and 79.2% owned Tagish Lake Gold Corp. ("TLG').

These unaudited interim consolidated financial statements reflect, in the opinion of management, all adjustments necessary to present fairly the consolidated financial position as at September 30, 2010, and the consolidated results from operations and cash flows for the three months period presented. Operating results of the interim period are not necessarily indicative of the result that may be expected for the full fiscal year ending June 30, 2011.

All inter-company transactions and accounts have been eliminated upon consolidation. Certain comparative figures have been reclassified to conform to the presentation adopted for the current period to present the assets held for sale and operating results from the discontinued operation.

(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 Company's first IFRS financial statements will be its interim financial statements for the first quarter of fiscal 2012 with an opening balance sheet date on July 1, 2011, which will require restatement of comparative information presented.

The conversion to IFRS will impact the Company's accounting policies, information technology and data system, internal control over financial reporting, and disclosure controls and procedures. The transition may also impact business activities, such as certain contractual arrangements, debt covenants, capital requirements and compensation arrangement.

(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.

The new standards will become effective prospectively to business combination for which the acquisition is on or after January 1, 2011, the beginning of the first annual reporting period, with early adoption available. The Company has not early adopted these new standards but continues to evaluate the attributes of early adoption of these standards and their potential effect.

3. ACQUISITION OF TAGISH LAKE GOLD CORP.

(a) Acquisition

During September 2010, through a take-over bid, the Company acquired a 79.2% interest in Tagish Lake Gold Corp ("TLG"), a Canadian publicly traded company involved in the exploration and development of gold-silver mineral deposits in the Yukon Territory. The acquisition was made on the basis of the following offers (the "Offer") to the TLG shareholders for each TLG share they held:

(a) $0.10 in cash;

(b) 0.137 of a common share of NUX; or

(c) a combination of 50% in cash and 50% in NUX shares.

The acquisition was completed in two significant steps. On September 15, 2010, the Company took up 53.2% of outstanding TLG shares and extended the offer to September 27, 2010 at which time the Company obtained a total of 79.2% of TLG outstanding shares. The 79.2% ownership of TLG shares includes approximately 9.9% of issued and outstanding TLG shares that the Company held prior to the Offer being made.

For the acquisition, the Company issued 13,293,557 NUX shares, valued at the average closing prices of NUX shares two days prior and two days after the days when TLG shares were taken up, to increase the Company's interest in TLG from 9.9% to 79.2%. A total of 32,058 NUX shares issued in October 2010 were recorded as shares to be issued on the consolidated balance sheet as at September 30, 2010.

(Unaudited, expressed in Canadian Dollars, unless otherwise stated)

The acquisition of TLG was accounted for using the purchase method. The allocation of the purchase cost to the assets acquired and liabilities assumed is based upon estimated fair value at the time of acquisition. The actual fair value for the assets acquired and liabilities assumed will be determined in a future period. As a result, the purchase price allocation is preliminary and may be subject to material change. The preliminary assessment of the proportionate fair value of the assets acquired and liabilities assumed as a result of this business acquisition are as follows:

Purchase Price		
Fair value of NUX shares issued	$	14,609,276
Fair value of NUX shares to be issued		35,906
Cost of TLG shares acquired prior to take-over bid		595,472
Cash paid to acquire TLG shares per take-over bid		277,199
Transaction costs		850,049
	$	16,367,902
Fair Value of Assets Acquired and Liabilities Assumed		
Cash	$	204,549
Other current assets		101,269
Plant and Equipment		149,514
Mineral property interest		30,451,992
Secured and unsecured loan		(2,965,007)
Accounts payable and accrued liabilties		(5,344,321)
Future income tax liabilites		(6,230,094)
	$	16,367,902

The non-controlling interest of the carrying value of the net assets was a debit balance of $1,633,631, and was allocated to mineral property interest of $2,207,610 and future income tax liabilities of $573,979.

(b) Loan Agreement with Tagish Lake Gold Corp.

On April 9, 2010, TLG commenced proceedings in the Supreme Court of British Columbia (the "Court") pursuant to the *Companies' Creditors Arrangement Act* (Canada) ("CCAA") for protection from its creditors.

For the purpose of lifting TLG from CCAA, a plan of compromise and arrangement (the "Plan"), authorized by the Court, was approved by the TLG creditors on October 22, 2010. Pursuant to the Plan, on October 25, 2010, NUX and TLG entered into a credit agreement (the "TLG Credit Agreement"), according to which NUX agreed to provide a loan to TLG for settlement of all the proven secured and unsecured debts. The loan bears an interest at annual rate of Bank of Montreal's prime rate plus 7% and was secured by a fixed charge on TLG's assets. On October 26, 2010, NUX advanced a principal amount of $8.25 million to TLG, who in turn repaid all of the creditors' proven claims. As a result, TLG has been released from CCAA on October 29, 2010.

(c) Subsequent Acquisition

On November 3, 2010, the Supreme Court of British Columbia issued an interim order authorizing TLG to call a meeting of its shareholders to consider and pass a special resolution approving the proposed arrangement, which will allow NUX to acquire all remaining issued and outstanding TLG shares which NUX does not currently hold, using the same term and same exchange ratio specified within the Offer. The meeting will be held in December 2010.

4. DISPOSITION AND DISCONTINUED OPERAIONS

(a) Share Transfer and Cooperation Framework Agreement

In July 2010, the Company's subsidiary, Yunnan Jin Chang Jiang Mining Co. Ltd. ("JCJM"), signed a share transfer and cooperation framework agreement (the "Transfer Agreement") with a Chinese gold investment company, the PGC Group Co. Ltd ("PGC"). According to the Transfer Agreement, the Company will transfer its 100% interest in JCJM to PGC for $30.5 million (Chinese Yuan or CNY¥200 million). JCJM's main assets consist of the XSK and HNK gold-polymetallic projects (collectively the "Huaiji Project") located in Guangdong, China.

Pursuant to the Transfer Agreement, PGC will first purchase a 60% interest of JCJM for $15.25 million (CNY¥100 million) in three installments: 1) first payment of $3.05 million (CNY¥20 million) within 5 business days of signing the Agreement; 2) second payment of $4.58 million (CNY ¥30 million) within 25 business days of required due diligence documents are provided to PGC; and 3) third payment of $7.63 million (CNY¥50 million) within 5 business days of the 60% interest being officially transferred to PGC, as evidenced by a new business license issued by Chinese government authorities. After the first purchase, JCJM will become a 60%/40% sino-foreign joint venture business between PGC and NUX.

PGC will purchase the remaining 40% interest from NUX for $15.25 million (CNY ¥100 million) within 24 months of signing the Transfer Agreement. The consideration for the payment will be through the issuance of shares of a subsidiary of PGC. The subsidiary is in the process of applying for an initial public offering ("IPO") or reverse take-over ("RTO") on one of the Chinese stock exchanges. In the event that the subsidiary of PGC fails to be listed through IPO or RTO, or if it does not wish to issue shares to NUX, then PGC agrees that it will make a cash payment of $15.25 million (CNY ¥100 million) to NUX for the remaining 40% interest.

The Company has agreed to pay a finder's fee of 6% for the first $15.25 million payment and 5% for the second $15.25 million payment to a third party. As the completion of the whole transaction is subject to government and regulatory authorities' approval, there has been no gain recognized to date on the transaction. No finders' fee has been paid or accrued as it is also pending for the approval of the sale.

On August 12, 2010, the initial installment of $3.08 million (CNY¥20million) was received by the Company and recorded as deposits received on the Company's consolidated balance sheet.

(Unaudited, expressed in Canadian Dollars, unless otherwise stated)

(b) Selected Financial Information for Discontinued Operations

Pursuant to CICA Hand book section 3475 "Disposal of Long-lived Assets and Discontinued Operations", the consolidated financial statements of the Company have been reclassified to reflect the discontinued operation of JCJM. Accordingly, assets and liabilities have been segregated and presented as assets held for sales on the consolidated balance sheet; expenses, other income and expenses and cash flows of discontinued operations have been segregated and presented as discontinued operations on the consolidated statement of loss and comprehensive loss, and cash flows.

The selected financial information of discontinued operations of JCJM in the consolidated financial statements is set out as follows:

Assets and liabilities held for sale		**September 30, 2010**		June 30, 2010
Cash and cash equivalents	**$**	**73,183**	$	315,325
Receivables and prepaid expenses		**21,546**		15,417
Assets held for sale - current		**94,729**		330,742
Reclamation deposit		**55,320**		55,320
Mineral property interests		**3,244,834**		3,229,281
Plant and equipment		**131,801**		181,501
Assets held for sale - long term		**3,431,955**		3,466,102
Total assets held for sale	**$**	**3,526,684**	$	3,796,844
Accounts payable and accrued liabilities		**164,870**		223,296
Due to a related party		**-**		78,200
Liabilitites held for sale		**164,870**		301,496
Net assets held for sale	**$**	**3,361,814**	$	3,495,348

Up to September 30, 2010, a total of $4,336,032 exploration expenditures has been incurred at the Huaiji Project and $1,091,198 has been recovered from the sales of tunneling by-products. As at September 30, 2010, the net $3,244,834 mineral property interest of the Huaiji Project was reclassified and included as assets held for sale on the consolidated balance sheets.

Loss from discontinued operations

		Three months ended September 30,		
		2010		2009
Operating expenses	**$**	**84,231**	$	58,439
Other income and expenses		**49,304**		(195)
Loss from discontinued operations	**$**	**133,535**	$	58,244

During the three months ended September 30, 2010, JCJM disposed of equipment with net book value of $49,700 (three months ended September 30, 2009 - $nil) for proceeds of $nil, resulting in a total loss of $49,700 on disposal of plant and equipment (three months ended September 30, 2009 - $nil) recorded as part of loss from discontinued operations.

(Unaudited, expressed in Canadian Dollars, unless otherwise stated)

(c) Cash Held In Trust

On August 12 2010, the Company received the first installment of $3.08 million (CNY¥20 million)(the "Deposit") pursuant to the Transfer Agreement. As the Company does not have a bank account in China to transmit the Deposit, the Company, through its indirectly wholly owned subsidiary, Lachlan Gold Ltd. ("Lachlan"), entered into a Declaration of Trust ("Trust Agreement") with Guangdong Found Mining Co. Ltd. (the "Trustee"), an indirect wholly-owned subsidiary of Silvercorp Metals Inc. ("SVM"). Pursuant to the Declaration of Trust, the trustee shall hold the Deposit for the benefit of Lachlan and all costs, expenses and liabilities arising out of and in connection to the Deposit will be the obligation of Lachlan. The Trustee agrees not to change the Deposit in any way without the instructions and consent of the Company, and will account for any monies received by the Trustee in connection with holding the Deposit on behalf of the Company. Upon demand by the Company, the Trustee will return the Deposit to the Company within five business days of such written demand.

5. RECEIVABLES AND PREPAID EXPENSES

Receivables and prepaid expenses consisted of the following:

		September 30, 2010		June 30, 2010
GST/HST receivable	**$**	**186,495**	$	10,080
Interest receivable		**756**		1,345
Prepaid expenses and deposits		**59,357**		82,512
	$	**246,608**	$	93,937

(Unaudited, expressed in Canadian Dollars, unless otherwise stated)

6. MINERAL PROPERTY INTERESTS

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

Expenditures	Tagish Lake	Eva Lake	Sichuan	Total
Balance, June 30, 2009	$ -	$ -	$ 378,898	$ 378,898
Capitalized exploration and development costs				
Drilling and assay	-	-	441	441
Geology	-	-	2,944	2,944
Geophysical and geochemical surveys	-	-	55,626	55,626
Site activities	-	9,209	1,345	10,554
Trenching	-	-	2,308	2,308
Balance, June 30, 2010	-	9,209	441,562	450,771
Mineral property acquisition costs	30,451,992	-	-	30,451,992
Capitalized exploration and development costs				
Drilling and assay	-	1,474	-	1,474
Geophysical and geochemical surveys	-	38,821	-	38,821
Site activities	-	2,241	6,812	9,053
Disposition of mineral property interest	-	-	(327,472)	(327,472)
Balance, September 30, 2010	**$ 30,451,992**	**$ 51,745**	**$ 120,902**	**$ 30,624,639**

(a) Tagish Lake Gold Project

The Tagish Lake Gold Project, covering an area of 178 square kilometers, is located in Yukon Territory, Canada, and consists of 982 mining claims with three identified gold and gold-silver mineral deposits: Skukum Creek, Goddell Gully and Mount Skukum.

(b) Eva Lake Project

During the three months ended September 30, 2010, the Company initiated airborne geophysical surveys at an area of 45.2 square kilometers for a total cost of $42,536 at Eva Lake Project.

(c) Sichuan Project

During the three months ended September 30, 2010, one permit of Sichuan Project with exploration costs of $327,472 was disposed of for $64,895(CNY ¥430,000), and a loss of $262,577 was recorded as loss on disposal of mineral property interest on the consolidated statements of loss.

(d) Kang Dian Project

During the three months ended September 30, 2010, the Company completed the disposition of one exploration permit of the Kang Dian Project, the book value of which was written off during the year ended June 30, 2008. The proceeds of the disposition were CNY¥1.8 million. A gain of $277,020 (CNY¥1,800,000) was recorded on the consolidated statement of loss.

(Unaudited, expressed in Canadian Dollars, unless otherwise stated)

7. PLANT AND EQUIPMENT

	September 30, 2010			June 30, 2010		
	Cost	**Accumulated amortization**	**Net book value**	Cost	Accumulated amortization	Net book value
Building	**$ 99,608**	**$ -**	**99,608**	$ -	$ -	$ -
Process and plant equipment	**28,774**	**-**	**28,774**	-	-	-
Motor vehicle	**76,965**	**37,155**	**39,810**	65,369	35,670	29,699
Office and commputer equipment	**38,262**	**15,749**	**22,513**	28,727	15,066	13,661
Computer software	**33,047**	**15,712**	**17,335**	33,047	14,799	18,248
	$ 276,656	**$ 68,616**	**$ 208,040**	$ 127,143	$ 65,535	$ 61,608

8. SHAREHOLDERS' EQUITY

(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 September 30, 2010, is as follows:

	Number of options	Weighted average exercise price
Balance, June 30, 2009	3,251,715	$ 0.99
Options granted	1,570,000	0.65
Options exercised	(82,000)	0.55
Options forfeited	(18,000)	0.68
Options expired	(360,000)	0.55
Balance, June 30, 2010	4,361,715	0.92
Options exercised	(69,800)	0.54
Options forfeited	(25,000)	0.65
Balance, September 30, 2010	**4,266,915**	**$ 0.93**

No options were granted to employees, officers, directors and consultants during the three months ended September 30, 2010 and 2009.

For the three months ended September 30, 2010, a total of $196,107 (three months ended September 30, 2009 - $146,593) was recorded as stock-based compensation expense for previously granted options..

(Unaudited, expressed in Canadian Dollars, unless otherwise stated)

The following table summarizes information about stock options outstanding as at September 30, 2010:

Exercise prices	Number of options outstanding as at September 30, 2010	Weighted average remaining contractual life (years)	Weighted average exercise price	Number of options exercisable as at September 30, 2010	Weighted average exercise price
$ 0.56	335,000	0.44	$ 0.56	335,000	$ 0.56
0.88	24,143	0.91	0.88	24,143	0.88
1.25	287,000	1.17	1.25	287,000	1.25
1.55	450,000	1.79	1.55	450,000	1.55
1.55	79,572	2.34	1.55	56,428	1.55
1.85	200,000	2.48	1.85	142,857	1.85
3.05	200,000	2.61	3.05	142,857	3.05
0.50	1,151,200	3.30	0.50	912,000	0.50
0.65	1,540,000	4.70	0.65	192,500	0.65
	4,266,915	3.18	$ 0.92	2,542,785	$ 1.04

Subsequent to September 30, 2010, a total of 300,000 stock options were granted to consultants and employees at an exercise price of $1.44 per share for a period of five years. Of which, 250,000 options granted to employees are subject to a vesting period of 48 months with 12.5% of the options vesting every six months, the remaining 50,000 options granted to a consultant of the company were vested immediately.

9. RELATED PARTY TRANSACTIONS

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

	Three months ended September 30,	
Transactions with related parties	**2010**	2009
Silvercorp Metals Inc. (a)	**$ 96,144**	$ 52,241
R. Feng Consulting Ltd. (b)	**18,000**	18,000
0799952 BC Ltd.(c)	**31,500**	31,500
	$ 145,644	$ 101,741

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.

(Unaudited, expressed in Canadian Dollars, unless otherwise stated)

As at September 30, 2010, the balances with related parties, which are unsecured, non-interest bearing, and due on demand, are as follows:

Amount due to a related party		**September 30, 2010**		June 30, 2010
Silvercorp Metals Inc. (a)	**$**	**55,247**	$	79,372
R. Feng Consulting Ltd. (b)		**-**		18,900
	$	**55,247**	$	98,272

(a) Silvercorp Metals Inc. ("SVM") has a director and officers in common with the Company and shares office space and provides various general and administrative services to the Company. During the three months ended September 30, 2010, the Company recorded total expenses of $96,144 (three months ended September, 2009 - $52,241) for services rendered and expenses incurred by SVM on behalf of NUX.

On July 21, 2010, the Company entered into a Credit Agreement (the "Credit Agreement") with SVM, which was subsequently amended on August 24, 2010. Pursuant to the Credit Agreement, SVM will provide a non-revolving credit line under which NUX may borrow by way of multiple advances from SVM an aggregate principal amount up to $15 million (the "Credit"). The Credit bears an interest rate at prime rate by Bank of Montreal plus 7%, payable on the 1st day of each month and is secured by a first fixed charge on NUX's assets, including NUX's newly acquired assets of TLG. Subsequent to September 30, 2010, NUX has withdrawn a total of $2.45 million including establish fees of $350,000 as required by the Credit Agreement.

(b) During the three months ended September 30, 2010, the Company incurred $18,000 (three months ended September 30, 2009 - $18,000) in consulting fees for consulting services rendered by R. Feng Consulting Ltd., a company controlled by a director and an officer of the Company.

(c) During the three months ended September 30, 2010, the Company paid $31,500 (three months ended September 30, 2009 - $31,500) to 0799952 BC Ltd., a company controlled by a director of the Company, for consulting services.

10. 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.

(Unaudited, expressed in Canadian Dollars, unless otherwise stated)

(a) Fair Value

The following table sets forth the Company's financial assets and liabilities that are measured at fair value on a recurring basis by level within the fair value hierarchy. As at September 30, 2010, 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
Financial Assets				
Cash and cash equivalents	$ 5,046,753	$ -	$ -	$ 5,046,753
Short term investments	3,000,000	-	-	3,000,000
Cash held in trust	3,078,000	-	-	3,078,000
Long term investments	103,680	-	-	103,680
Financial Liabilities				
Deposits received	$ -	$ 3,078,000	$ -	$ 3,078,000

(b) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company manages its liquidity risk by continuously monitoring forecasted and actual cash flows. The Company has in place a planning process to help determine the funds required to support the Company's normal operating requirements on an ongoing basis and its expansion plans.

The Company strives to maintain sufficient liquidity to meet its short-term business requirements, taking into account its holdings of cash and short term investments, its committed loan facilities, and expected cash flow from its investing activities. During the quarter, the Company entered into a $15 million credit facility for funding the acquisition of TLG. As at September 30, 2010, none has been withdrawn from this line of credit.

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

	September 30, 2010	June 30, 2010
	Due within a year	Due within a year
Accounts payable and accured liabilities	**$ 8,418,958**	$ 133,990
Due to related parties	**55,247**	98,272
Liabilities held for sale	**164,870**	301,496
	$ 8,639,075	$ 533,758

The Company expects to be able to meet its obligations with proceeds available from the $15 million line of credit facility and the expected proceeds from disposition of JCJM.

(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 Chinese Yuan is not a freely convertible currency.

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

The amounts are expressed in CAD equivalents		**September 30, 2010**		June 30, 2010
United States Dollar		**38,081**		562,157
Chinese Yuan		**3,299,841**		408,903
Total financial assets	**$**	**3,337,922**	$	971,060
United States Dollar		**1,321**		-
Chinese Yuan		**3,245,934**		565,566
Total financial liabilities	**$**	**3,247,255**	$	565,566

As at September 30, 2010, with other variables unchanged, a 5% strengthening (weakening) of the Chinese Yuan against the Canadian dollar would have decreased (increased) net loss by approximately $3,000.

As at September 30, 2010, with other variables unchanged, a 5% strengthening (weakening) of the U.S. Dollar against the Canadian Dollar would have decreased (increased) net loss by approximately $2,000.

(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 September 30, 2010.

(e) Credit Risk

Credit risk is the risk of financial loss to the Company if the counterparty to a financial instrument fails to meets its contractual obligations. The Company is exposed to credit risk primarily associated with cash and cash equivalents, short term investments, cash held in trust, accounts receivable and interest receivable and asset held for sale. The carrying amount of financial 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 loss to be remote, as majority of its cash and cash equivalents, short term investments and cash held in trust are with major financial institutions in Canada and China.

11. CAPITAL MANAGEMENT

The Company's objectives of capital management are to maintain the entity's ability to support the Company's normal operating requirements on an ongoing basis, to continue the exploration and development of its mineral properties, and to support is expansion plan.

The capital of the Company consists of the items included in shareholders' 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.

During the quarter, the Company entered into a $15 million credit facility (also see Note 9(a)) for funding the acquisition of TLG, as well as for future exploration activities in Tagish Lake Gold Project. None had been withdrawn as of September 30, 201, and a total of $2.45 million has been withdrawn as of October 26, 2010,

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 September 30, 2010.

12. SEGMENTED INFORMATION

(a) Industry Information

The Company operates in one reportable operating segment, being the acquisition, exploration and development of mineral property interests.

(Unaudited, expressed in Canadian Dollars, unless otherwise stated)

(b) Geographic Information

(i) Summary of certain long-term assets of each geographic segment:

	China	Canada	Total
As at September 30, 2010			
Mineral property interests	**$ 120,902**	**$ 30,503,737**	**$ 30,624,639**
Plant and equipment	**39,150**	**168,890**	**208,040**
Assets held for sale	**3,431,955**	**-**	**3,431,955**
As at June 30, 2010			
Mineral property interests	$ 441,562	$ 9,209	$ 450,771
Plant and equipment	41,211	20,397	61,608
Assets held for sale	3,466,102	-	3,466,102

(ii) Summary of operating results of each geographic segment:

	China	Canada	Total
Three months ended September 30, 2010			
Expenses	**$ (17,034)**	**$ (483,007)**	**$ (500,041)**
Other income and expenses	**14,991**	**14,617**	**29,608**
Loss from discontinued operations	**(133,535)**	**-**	**(133,535)**
Three months ended September 30, 2009			
Expenses	$ (24,779)	$ (365,532)	$ (390,311)
Other income and expenses	(1,529)	18,498	16,969
Loss from discontinued operations	(58,244)	-	(58,244)