

BOLIVIAN MINING RIGHTS



New Pacific Metals Corp.

TSX: NUAG | NYSE-A: NEWP



The following section about mining rights in Bolivia contains:

1. General background of mining rights in Bolivia and procurement of mining rights in the country.
2. Pertinent information about the status of New Pacific's (Minera Alcira) mineral rights in Bolivia.
3. Legal information about the Silver Sand Property.
4. A Questions and Answers of mining regulation in Bolivia.

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GENERAL BACKGROUND

1.1 OVERVIEW OF MINING RIGHTS IN BOLIVIA

Mining resources are public property and belong to the Bolivian State; as a result, mining areas can only be awarded to private parties through non-transferrable mining concessions. Having rights over these concessions allows the title holder to prospect, explore, exploit, concentrate, smelt, refine, industrialize, and commercialize these mining resources subject obtaining relevant permits. Mining resource title holders are not allowed to transfer them or lease them to third parties.

The rights to mineral resources are approved through the Jurisdictional Administrative Mining Authority (Autoridad Jurisdiccional Administrativa Minera - AJAM), which represents the Bolivian State. Applicants for mining rights can be collective entities, individuals-national or foreign. Applicants can also apply for mineral rights held by legal entities that are part of the State mining industry (e.g. Corporación Minera de Bolivia - COMIBOL and other mining State-owned or partially owned companies).



1.2 RECOGNITION OF MINING RIGHTS

Mining rights that are in good standing and were awarded prior to the updated 2014 Mining Law termed ATEs- are duly acknowledged by the State as pre-constituted rights or acquired rights.



The Bolivian government recognizes and respects the acquired rights of individual or joint private owners, private and mixed companies, and other forms of private ownership with respect to their ATE's, after updated to the mining administrative contract regime.

Mining Concession conversions: ATE's to CAM's

The 2014 Bolivia mining Law No. 535 and its 2016 amendment No. 845 resulted in two major adaptations to Bolivian mining rights:

1. It provided equal access to Bolivian mineral rights for all mining actors.
2. It modified the physical dimensions of mining areas.



Prior to this mining rights and concessions were established under the mining code Autorizaciones Transitorias Especiales – ATE’s. Under the ATE code mining concessions were irregular in shape and some areas overlapped creating competing and disputing claims. In an attempt to correct these discrepancies and irregularities and to streamline the mining rights application and approval process the State, through AJAM, created a new mining designation area called Administrative Mining Contract or “AMC”. All AMC’s are made up of square mining rights plots measuring 500m x 500m. These dimensions were aimed at redrawing mineral claim boundaries to eliminate overlapping and irregular claim lots.

In order to convert ATEs into AMCs all mining actor had to apply before the Jurisdictional Administrative Mining Authority following a determined scheduled issued by the Ministry of Mining.

Private entities can obtain mining rights through the following mechanisms:

- a) A Joint Venture contract or Association Contract through which a joint operation of a mining area can be agreed to a determined period.
- b) Acquisition or Share purchase agreement from a company that has a mining right.
- c) Signing a mining production contract with COMIBOL, which would allow the private mining company to conduct mining activities where mining rights were acknowledged in favor of COMIBOL.

- d) Signing an administrative mining contract with the Bolivian State, represented by AJAM, where the State grants permission to a private legal entity to explore, define and exploit mineralization within the claim block(s). This contract may have two variants:
- New mining administrative contract, over open or non-claimed ground of maximum 250 grids and 30 years, extendable by a similar period.
 - Administrative Mining Contract between AJAM and a private legal entity, with pre-constituted rights over the areas, so that the State acknowledges leases, joint ventures, or any other agreement in place prior to the enactment of Mining Law 535 in 2014.
- e) Being granted with a prospecting and exploration license by AJAM whereby the State grants permission to a private legal entity just to prospect and explore within the claim block(s).
- f) Being granted with an operating license or a commercialization license by AJAM, whereby the State grants authorization to develop certain mining activities such as concentration, melting and/or commercialization.

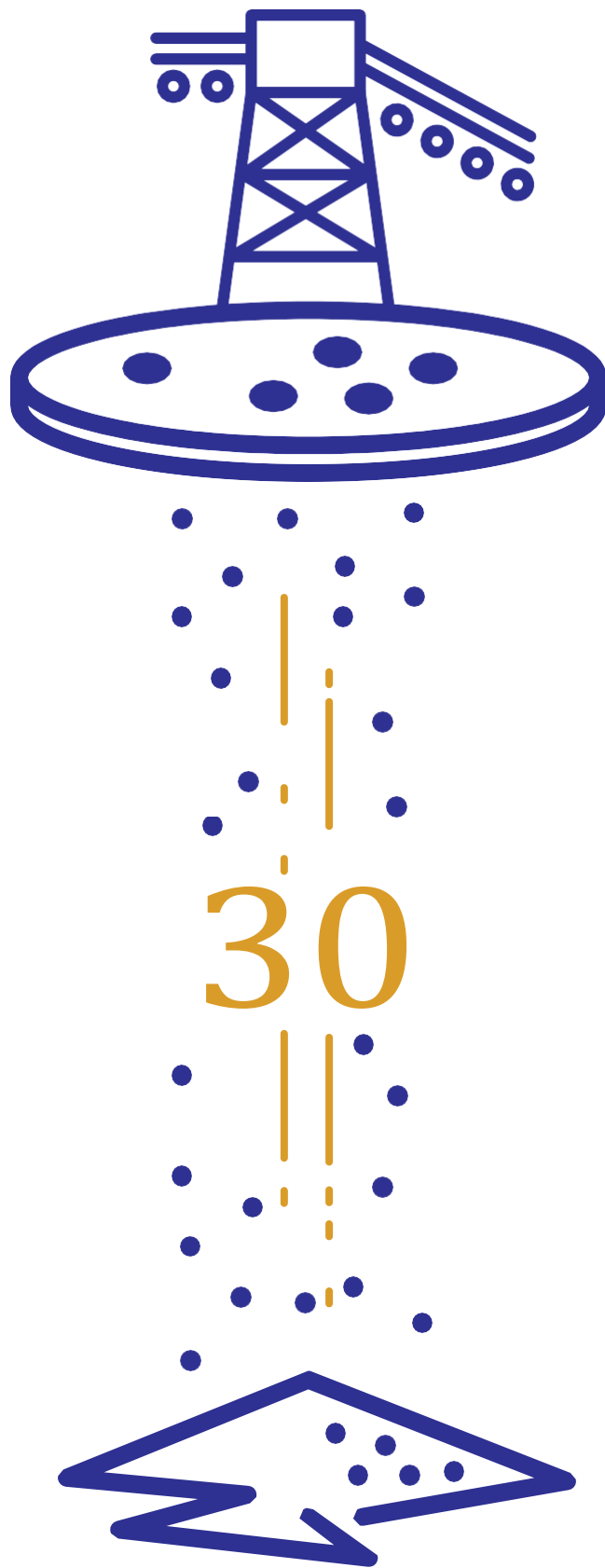
Finally, private legal entities with previous mining rights, may sign a special association mining contract with State-owned mining companies to carry out the mining activities.



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MINERA ALCIRA

Minera Alcira is the 100% wholly owned Bolivian subsidiary of New Pacific Metals. Minera Alcira is corporation duly organized under the laws of Bolivia. Minera Alcira has title to the mineral rights to the Silver Sand project in the Potosi department.



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SILVER SAND PROJECT

Minera Alcira holds the mining rights to the Silver Sand Project which entitles it to carry out all mining activities within such areas.

Following Bolivian regulations, in 2017 New Pacific Metals acquired the majority of shares of Minera Alcira who which held the mineral rights or ATEs to the concessions that comprise Silver Sand project.

Minera Alcira, in accordance with Bolivian Mining Law applied in February 2018 to convert the ATE concessions to Administrative Mining Contract (“AMC”)

The AMC has followed all requirements set forth in the applicable laws and regulations for its execution, including (a) the Mining Law; (b) Ministerial Resolution N° 0294/2016 and its subsequent modifications, which approve the regulation for the adequation of mining rights (“Adequation Regulations”) and (c) AJAM’s issuance of internal technical, financial, and legal reports which support the execution of the AMC.

As a result of this process on January 6, 2020, Alcira’s rights over the Concessions were reconfirmed by the Bolivian State by way of an Administrative Mining Contract (“AMC”) between the AJAM and Alcira, pursuant to the Bolivian Mining Law N°535. Likewise, following the mining regulations, the AMC was notarized through Public Deed N°126/2020 before Public Notary N°6 of Potosí on January 30, 2020. It was registered before the Mining Registry in 2021 and was duly published in the Mining Gazette on July 15, 2021. The duration of the AMC is for thirty (30) years, period which may be extended for one (1) additional thirty-year term.

The AMC determines mining rights in favor of Minera Alcira, which are not limited to the following:

1. To the recognition, respect, and protection of the mining rights.
2. To the protection of investments made in the mining area and to the full exercise of its mining activities.
3. To the domain and to the free use of its investment, the mining production, the personal and real estate built, equipment and machinery installed inside and outside the perimeter of the mining area.
4. To carry out mining activities on the metallurgical mining waste (tailings, clearings, etc.) that are part of the mining area.
5. To use the quantitative and qualitative information, obtained through studies or

other means over the mining resources.

Q&A OF MINING RIGHTS OWNERSHIP IN BOLIVIA

3.1 STATE CONTROL OVER MINING RIGHTS

Q. To what extent does the state control mining rights in Bolivia?

A. *The Plurinational State of Bolivia controls the mining ownership rights of all mineral resources of soil and subsoil of the national territory. The State can authorize third parties to carry out mining activities within mining concessions or AMCs.*

Q. Can those rights be granted to private parties and to what extent will they have title to minerals in the ground?

A. *Yes, mining rights can be granted to private entities to carry out activities in a mining area such as prospecting, exploring, exploiting, smelting, refining, industrializing, and commercializing mineral resources.*

Q. Are there restrictions on the size of the mining rights that can be held privately?

A. *The maximum surface of the mining area that can be held privately for each new AMC is 65.7 sq kms or 250 cuadrículas.*

3.2 PUBLICLY AVAILABLE INFORMATION AND DATA

Q. What information and data are publicly available to private parties that wish to engage in exploration and other mining activities?

A. *All information regarding free mining areas, resolutions on granting or recognition of mining rights, authorizations, registrations, licenses, contractual resolutions, revocation of authorizations, and licenses can be found through AJAM.*

3.3 ACQUISITION OF RIGHTS BY PRIVATE PARTIES

Q. What mining rights are available to private parties?

A. *Private parties may acquire the rights to prospect, explore, exploit, concentrate, smelt, refine, industrialize, and commercialize mineral resources.*

Q. How are these acquired?

A. *By signing: a mining administrative contract (AMC) with the Bolivian authorities or by granting of a license.*

Q. What obligations does the rights holder have?

A. *In general, obligations consist of complying with the provisions of the mining administrative contract or license, environmental regulations, mining regulations, adhering to the non-transferring of mining rights, and not carrying out mining activities without prior authorization or rights granted.*

Q. If prospecting and exploration licenses are granted, does this give the holder an automatic or preferential right to acquire a mining administrative contract?

A. *Yes, it grants a preferential right to request and sign a mining administrative contract.*

Q. What are the requirements to convert to a mining administrative contract?

A. *Before the expiration of the prospecting and exploration license, the holder may request the signing of a mining administrative contract, for which all requirements determined by law for such agreement must be complied with.*

3.4 DURATION OF MINING RIGHTS

Q. What is the typical duration of mining rights?

A. *Administrative contracts (AMC's) are valid for 30 years and can be renewed for an additional 30 years upon approved application to the State.*

3.5 PROTECTION OF MINING RIGHTS

Q. How are mining rights protected?

A. *Once the mining right has been granted to the title holder, it will be published in the Bolivian National Mining Gazette. This acts as a public notification to the mining community and other third parties, and as a mechanism for the protection and legitimacy of the right.*

Additionally, the Bolivian State legally guarantees the certainty of the investments of the mining rights holders. This means that the holder can demand from the competent public authorities, full and effective protection against acts of individuals or groups that seek to impede the effective exercise of mining rights.



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