NEW PACIFIC METALS CORP.

Management's Discussion and Analysis
For the three and nine months ended March 31, 2012
(Expressed in Canadian dollars, unless otherwise stated)

DATE OF REPORT: May 11, 2012

Management's Discussion and Analysis ("MD&A") is intended to help the reader understand the significant factors that have affected New Pacific Metals Corp. and its subsidiaries' ("NUX" or the "Company") performance and such factors that may affect its future performance. This MD&A should be read in conjunction with the Company's unaudited condensed consolidated interim financial statements for the three and nine months ended March 31, 2012 and the related notes contained therein. In addition, the following should be read in conjunction with the audited consolidated financial statements of the Company for the year ended June 30, 2011, the related MD&A, and the Annual Information Form (available on SEDAR at www.sedar.com). The Company reports its financial position, results of operations and cash flow in accordance with International Financial Reporting Standards ("IFRS"). The Company's fiscal 2012 and certain fiscal 2011 comparatives included in this MD&A have been presented in accordance with IFRS. As the Company's IFRS transition date was July 1, 2010, comparative information prior to this date has not been restated. NUX's significant accounting policies are set out in Note 2 of the unaudited condensed consolidated interim financial statements.

FORWARD LOOKING STATEMENTS

Except for statements of historical fact relating to the Company, certain information contained herein constitutes forward-looking statements. Forward-looking statements are frequently characterized by words such as "plan", "expect", "project", "intend", "believe", "anticipate", and other similar words, or statements that certain events or conditions "may" or "will" or "can" occur. Forward-looking statements are based on the opinions and estimates of management on the date the statements are made, and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. These factors include the inherent risks involved in the exploration, development, and mining of mineral properties, the uncertainties involved in interpreting drilling results and other geological data, fluctuating metal prices, the possibility of project cost overruns or unanticipated costs and expenses, uncertainties relating to the availability and costs of financing needed in the future and other factors described in this report. There can be no assurance that such forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on such statements. Except as required by applicable securities laws, the Company expressly disclaims any obligation to update any forward-looking statements or forward-looking statements that are incorporated by reference herein.

Additional information relating to the Company can be obtained from SEDAR at www.sedar.com, and from the Company's website at www.newpacificmetals.com.

BUSINESS STRAGEGY

New Pacific Metals Corp. is a Canadian-based near-term gold and silver production mining company engaged in the exploration and development of gold poly-metallic properties in Yukon, Canada. The Company's current project is the Tagish Lake Gold Property in Yukon. With experienced management and sufficient technical and financial resources, the Company is well positioned to build shareholder value through discovery, exploration and resource development.

The Company is a reporting issuer in British Columbia, Alberta, Manitoba, Ontario, and Quebec, and trades on the Toronto Stock Exchange under the symbol NUX.

PROJECTS OVERVIEW

1. Tagish Lake Gold Property

In December 2010, the Company completed the acquisition of 100% of the Tagish Lake Gold Property through the acquisition of Tagish Lake Gold Corp. ("TLG"). TLG is currently a wholly owned subsidiary of the Company. The Tagish Lake Gold Property is located 80 kilometres by road south of Whitehorse, Yukon, Canada, and consists of 1,512 mineral claims covering approximately 254 square kilometres. Within the property, three geographically distinct projects have been identified: the Skukum Creek, Goddell, and Mt. Skukum projects.

Historical mineral resources conforming to National Instrument 43-101 ("NI 43-101") have been developed at the Skukum Creek and Goddell projects. The undiluted Measured & Indicated mineral resources at the Tagish Lake Gold Property are 1,616,000 tonnes grading 6.8 g/t gold and 132 g/t silver, representing 491,000 ounces of gold plus gold-equivalent silver (50:1 silver to gold ratio). Undiluted Inferred mineral resources total 601,000 tonnes grading 7.2 g/t gold and 59 g/t silver, representing 162,000 ounces of gold plus gold-equivalent silver. An historic gold-only mineral resource estimate for the Mt. Skukum Project is known from reports prior to NI 43-101, but is not included in the Company's current resource inventory.

2. Exploration Progress

The exploration field season at the Tagish Lake Gold Project ("TLG Project") commenced on May 18, 2011, after expansion of the project site camp from 25 to 50 persons was completed, and continued to October 9, 2011. Field activities comprised of prospecting, surface geological mapping, soil surveying, surface drilling, underground diamond drilling, as well as supplementary sampling of historical drill cores. Other work to support the exploration program included camp upgrading, road repair and construction, underground rehabilitation, dewatering and "de-icing," water sampling, staking new claims, and satellite image processing of the entire project site.

On February 23, 2012, TLG received a five year permit known as a "Mining Land Use Approval," under the *Quartz Mining Act*, Yukon, Canada. The permit is currently subject to the negotiation of security reflective of the Company's planned activities. The exploration permits allows the following activities:

- up to 165,000 metres of surface and underground drilling;
- up to 10,000 cubic metres of sampling and trenching;
- up to the 200,000 tonnes of rock excavation during the period, of which 100,000 tonnes may be mined in any single year;
- construction of 10 kilometres of new single lane surface roads and an additional 9 kilometres of drill trails; and
- up to a 50 person camp and associated facilities operating year round.

The TLG Project is currently on winter care and maintenance; however the Company has plans to activate the project later this year.

As of the date of this MD&A, the summary of exploration progress by project is as follows:

(a) Skukum Creek

Skukum Creek is a mesothermal quartz-sulphide vein type gold-silver deposit hosted in Cretaceous granodiorite. The deposit is comprised of a stockwork of separate sub-vertical mineralized veins; the prominent one is called the Rainbow Zone. Historically from 1985 to 2008, a total of 348 diamond drill holes were completed with a total metreage of 44,097 core, plus a total of 4,050 metres of underground tunnel development. In the summer of 2011, underground drilling was carried out at the south end of Xcut-3 of the 1,300m level, targeting an area about 150 metres long by 60 metres wide of the Rainbow Zone near the bottom of the 1,225m ramp. A total of 1,709.3 metres in 14 holes was drilled from July 23 to August 19, 2011 with one hole abandoned. Assay results from the 2011 underground drilling confirmed mineralization of the Rainbow Zone that was evidenced by historical drillholes: hole 86-R8 which yielded 2.95m at 30.01 g/t gold and 603.55 g/t silver; and hole 87-UG17R which had 25.6m at 11.24 g/t gold and 291.78 g/t silver, including 8.29m at 28.19 g/t gold and 748.54 g/t silver.

(Expressed in Canadian dollars, unless otherwise stated)

The Raca prospect is located along the northeast structural extension of the Skukum Creek mineralization zones (Rainbow zone), and the Chieftain Hill site is located at the northeast extension of the Raca prospect. Mineralization at Raca is characterized by quartz-sulphide veins and breccia containing high grade silver, hosted along the contacts of a rhyolite dyke with volcanics in the hanging wall, and Cretaceous K-feldspar megacrystic Bennett granite in the footwall.

Typically at Raca, lower gold based metal grades are seen. Four holes were historically drilled totalling 1,050.34 metres in 1986 and 1997, with the best intercept of 3.61m at 2.66g/t gold and 561.37g/t silver from hole RACA97-1. Drilling in 2011 at Raca was designed to test the depth extension and strike extent of known mineralization zone for which approximately 3,900 metres of core drilling was planned at the beginning of this year. Drilling started on June 26, 2011 and terminated on July 31, 2011. A total of five holes totalling 1,251.45 metres was drilled with two holes completed to planned depth, and the rest abandoned due to down-hole problems such as thick overburden and fault zones in a tuffaceous andesite unit. Both of the two completed holes intersected mineralization zones at planned depth; the first hole, Raca11-01, intersected a new zone (referred to as Zone 1) of high grade silver in the hanging wall volcanics. The drill results as Skukum Creek are set out in Tables 1-3 below:

Table-1 Drill Intercepts at Raca Surface Drilling in 2011

hole_id	depth_from	depth_to	interval (m)	Au_g/t	Ag_g/t	Cu_%	Pb_%	Zn_%	Remark
Raca11-01	115.2	116.78	1.58	1.91	1280	0.62	3.84	3.38	Zone 1
	169.22	172.22	3	1.92	347		0.33	0.33	Zone 2
	193.42	194.08	0.66	1.06	248		0.32	0.86	Zone 3
Raca11-02	134.21	135.4	1.19	0.75	300		0.17	0.3	Zone 2
	183.58	184.46	0.88	0.19	190		0.13	0.14	
Raca11-03	abandoned, failed to reach target								
Raca11-04	abandoned, failed to reach target								
Raca11-05	abandoned, failed to reach target								

Note: Cut-off grade of 50g/t Ag is used, true thickness is about 75% of drill intercepts.

Table-2 Drill Intercepts at Skukum Creek Underground Drilling in 2011

hole_id	depth_from	depth_to	interval (m)	Au_g/t	Ag_g/t	Pb_%	Zn_%
SC11-01-UG	85.76	90	4.24	3.23	135.57	0.59	0.65
SC11-02A-UG	88.9	91.17	2.27	3.3	93.59	0.58	0.54
SC11-03-UG	76.65	78.54	1.89	3.44	95.72	0.30	0.47
	81.51	82.55	1.04	1.93	90.4	0.68	0.72
SC11-04-UG	81.35	85.76	4.41	3.02	122.09	0.52	0.73

(Expressed in Canadian dollars, unless otherwise stated)

hole_id	depth_from	depth_to	interval (m)	Au_g/t	Ag_g/t	Pb_%	Zn_%
	87.65	89.21	1.56	4.99	126.68	0.28	0.43
	92.3	94.62	2.32	4.9	54.98	0.30	0.54
SC11-05-UG	**89.08**	**97.31**	**8.23**	**6.52**	**321.81**	**1.10**	**1.52**
Including	***90.48***	***93.1***	***2.62***	***16.63***	***853.33***	***2.51***	***2.94***
	103.8	105.9	2.1	1.61	43.88	0.57	0.28
	109	110	1	5.1	27	0.13	0.18
SC11-06-UG	123	124.11	1.11	4.28	378	0.74	0.50
	142.08	143.08	1	1.18	3.2	0.01	0.18
SC11-07-UG	**81.83**	**91.48**	**9.65**	**8.43**	**322.26**	**1.18**	**1.63**
Including	***81.83***	***88.09***	***6.26***	***11.34***	***434.15***	***1.48***	***1.79***
	101.72	103.96	2.24	16	406.88	1.54	2.66
SC11-08-UG	74.8	83	8.2	2.2	53.27	0.24	0.47
	86.6	89	2.4	2.63	11.07	0.07	0.20
SC11-09-UG	78	79.7	1.7	4.14	119.77	0.22	0.23
	83.9	91.25	7.35	2.34	22.37	0.14	0.19
	93.4	96.42	3.02	2.09	33.98	0.24	0.29
SC11-10-UG	61	63	2	1.82	44.09	0.21	0.36
	65	71.1	6.1	2.75	34.1	0.16	0.43
Including	*65*	*67.05*	*2.05*	*5.3*	*61.4*	*0.29*	*0.73*
SC11-11-UG	68.82	73.48	4.66	2.04	174.44	0.56	0.83
	75.48	77.48	2	1.27	28	0.21	0.40
SC11-13-UG	**103**	**123.15**	**20.15**	**7.08**	**143.95**	**0.71**	**0.99**
Including	***113.7***	***120.5***	***6.8***	***12.94***	***225.32***	***1.23***	***1.12***
SC11-15-UG	94.42	95	0.58	5.85	198	0.86	1.41
	97.85	113.65	15.8	2.58	70.12	0.29	0.45
Including	*105.52*	*107.58*	*2.06*	*5.67*	*53.44*	*0.23*	*0.52*

Note: Cut-off of 1.0g/t Au is used in calculation of intercepts. True thickness is around 50-80% of drill intercepts depending on the drill angles.

Table-3 Surface Drill Intercepts at Skukum Creek in 2011

hole_id	depth_from	depth_to	interval (m)	Au_g/t	Ag_g/t	Pb_%	Zn_%
SC11-01	368.3	380.4	12.10	8.42	82.6	0.47	1.72
including	376	379.3	3.30	22.75	169.9	1.08	5.42
SC11-02	496.78	511	14.22	8.1	75.3	0.80	1.3
including	*504*	*509*	*5.00*	*15.19*	*162.8*	*1.81*	*2.56*
SC11-03	384.69	385.69	1.00	2.03	59	2.35	1.72
SC11-04	437.5	439.82	2.32	11.11	83.9	0.14	0.74
including	*438.7*	*439.82*	*1.12*	*21.20*	*158*	*0.21*	*1.38*
	465.73	466.94	1.21	1.70	36.9	0.2	1.62
	473.28	474.28	1.00	1.14	10.9	0.13	0.42

(Expressed in Canadian dollars, unless otherwise stated)

hole_id	depth_from	depth_to	interval (m)	Au_g/t	Ag_g/t	Pb_%	Zn_%
SC11-05	516.4	523.54	7.14	4.85	65.2	0.54	1.11
including	516.4	518.4	2.00	10.03	147.5	1.28	2.14
SC11-06	no significant results						

Note: Cut-off of 1.0g/t Au is used in calculation of intercepts. Truth width is about 50-75% of intercepts dependent on drill angle

(b) Goddell

Goddell is a shear zone hosted gold deposit, in a five kilometre strike length structure, associated with fine disseminated sulphides in altered andesite and rhyolite dykes, breccias and quartz monzonite. From 1987 to 2004, substantial drilling was completed by previous owners to define an area of the shear structure with a strike length of approximately 1,000 metres to a depth extent of 600 metres from surface, yielding some very wide gold intercepts. The summary of completed historical work includes 77 diamond drill holes totalling 20,722 metres plus 780 metres of underground decline development.

In 2011, the Company planned an underground drill program at Goddell aimed at testing the down dip extension of the PD zone known as the "Merged Zone"; the current geological interpretation points to a merging of the Goddell Gully Zone with the PD zone. Due to ground conditions encountered in the decline during dewatering, surface drilling was carried out in place of underground drilling. Three drill holes were completed to the planned depth: these consistently intersected the anticipated wide "Merged Zone" of disseminated sulphide mineralization, characterized by fine disseminated pyrite and fine acicular arsenopyrite, overprinted by minor stibnite and quartz veinlets. However, some holes failed to reach the target depth due to faults and drilling performance.

The Company is very pleased with the assay results from the mineralized intervals; such results confirmed the previously determined wide gold intercepts that look promising for large "bulk-mining" sized stopes, envisioned for a future potential mining operation, (see Table 4). The drilled section accounts only for a small strike sector of the five kilometres long mineralized Goddell shear structure. As work on Goddell re-commences in 2012, the Company will engage contractors with deep drilling ability to fully test the down-dip and along strike potentials of the entire structure with drill fences.

Table-4 Drill Intercepts at Goddell in 2011

hole_id	depth_from	depth_to	interval (m)	Au_g/t
GG11-02	**514.99**	**551.69**	**36.70**	**4.20**
including	***514.99***	***532.33***	***17.34***	***7.20***
GG11-04	**544**	**568.67**	**24.67**	**4.33**
including	***544***	***552***	***8.00***	***10.58***

Note: Cut-off of 1.0g/t Au is used in calculation of intercepts

(c) Mt. Skukum

Mt. Skukum is a high-level low-sulfidation epithermal gold deposit characterized by high-grade auriferous quartz-calcite-adularia veins, hosted in Tertiary andesitic volcanic rocks. The deposit hosts multiple mineralized veins. The historic Mt. Skukum Gold Mine extracted 233,400 tons of ore from 1986 to 1988, producing 77,790 ounces of gold from the Main Cirque Vein, which is one of the veins related to this system.

(Expressed in Canadian dollars, unless otherwise stated)

In the 1980's, drilling and underground development were completed at the Lake Vein, as well as other veins. The Company reviewed the historical exploration data and concluded that the deposit was not adequately explored. Consequently, the Company initiated a surface drilling program at the Lake Vein in the summer of 2011; 16 holes were completed totaling 2,482 metres. The aim was to confirm the high-grade nature of the mineralization, to infill drill the gap areas of historical data, and to define potential step-outs of the high grade pockets demonstrated by historical drilling. Drilling occurred between September 8, 2011 and October 1, 2011. Stockwork vein zones of quartz-calcite-adularia veins of various widths were intersected.

The Company is very pleased with the results from the stockwork vein zones of the completed drill holes, (see Table 5) The Company is planning future drilling to fully explore the potential of the deposit, and to fully define and calculate these potential additional resources. The assay results of the disseminated sulphide zones and other holes are pending.

Table-5 Drill Intercepts at the Lake Vein of Mt Skukum in 2011

hole_id	depth_from	depth_to	interval (m)	Au_g/t	Ag_g/t
MS11-01	41.15	60.10	18.95	14.66	37.9
including	*41.15*	*53.40*	*12.25*	*21.13*	*50.0*
MS11-02	56.00	62.57	6.57	7.57	24.8
including	*57.58*	*59.00*	*1.42*	*21.80*	*70.5*
MS11-02a	54.50	60.00	5.50	19.96	76.9
including	*56.10*	*58.70*	*2.60*	*39.75*	152.8
MS11-03	55.50	61.50	6.00	8.66	32.1
including	*55.50*	*57.00*	*1.50*	*29.60*	*113.0*
MS11-04	no significant results				
MS11-05	232.00	234.00	2.00	1.65	1.6
MS11-06	no significant results				
MS11-07	95.00	97.00	2.00	1.48	12.5
MS11-08	180.00	182.00	2.00	5.01	3.40
MS11-09	189.12	190.52	1.4	26.6	17
MS11-10	no significant results				
MS11-11	no significant results				
MS11-12	no significant results				
MS11-13	63	66.5	3.5	30.25	29.53
MS11-14	no significant results				
MS11-15	no significant results				

(Expressed in Canadian dollars, unless otherwise stated)

(d) Summary of exploration work

	Holes	Metres
Surface drilling	37	10,778.47
Underground drilling	14	1,709.30
Sub-total	**51**	**12,487.77**
Surface mapping	1.8 square kilometres at Raca-Chieftain Hill	
Surface sampling	293 rock chip samples, 25 grab samples, 180 soil samples and 2 talus samples	
Supplementary core sampling	314 samples from 50 holes	
Road repair and construction	32.3 kilometres of road repaired; and 2.46 kilometres new road constructed	
Underground de-watering and refurbishment	460 metres	
Water sampling	348 samples	
Staking	571 claims	
Image processing	276 square kilometres	

For further information about the exploration activities and assay results of Tagish Lake Gold Property, please refer to the Company's news releases dated on August 2, 2011, October 5, 2011, October 25, 2011, November 8, 2011, November 14, 2011, January 18, 2012, January 26, 2012, and February 27, 2012, all of which can be obtained from SEDAR at www.sedar.com and from the Company's website at www.newpacificmetals.com. Alex Zhang, P.Geo., Vice President Exploration of the Company, is a Qualified Person pursuant to NI 43-101 and has reviewed and given consent to the technical information in this MD&A.

3. Exploration Expenditures

The following table summarizes the exploration expenditures of the Tagish Lake Gold Property for the nine months ended March 31, 2012:

Cost		**Tagish Lake**
Balance, June 30, 2011	$	30,765,038
Capitalized exploration expenditures		
Reporting and assessment		469,837
Drilling and assaying		2,371,522
Staking and mapping		91
Camp services		972,081
Site preparation		871,514
Permitting		237,632
Environmental study		122,517
Care and maintenance		519,508
Other		425,254
Balance, March 31, 2012	**$**	**36,754,994**

During the three and nine months ended March 31, 2012, a total of $441,435 and $5,989,956, respectively, of exploration expenditures were incurred at the Tagish Lake Gold Property (three and nine months ended March 31, 2011 - $567,054 and $567,054, respectively). As of March 31, 2012, a total of $8,601,324 exploration expenditures have been incurred since the Company's acquisition.

RESULTS OF OPERATIONS

For the three months ended March 31, 2012, the Company incurred a loss of $922,170 or $0.014 per share, compared to net income of $15,437,565 or $0.235 per share in the same period of prior year.

For the nine months ended March 31, 2012, the Company incurred a loss of $1,074,118, or $0.016 per share, compared to net income of $13,620,906 or $0.28 per share in the same period of prior year.

In the current year, the Company has no significant source of income as the Company maintained its goal of developing the TLG Project. In the prior year, the net income was mainly attributable to the gain realized from the disposition of the Company's discontinued operations in China.

1. Expenses

For the three months ended March 31, 2012, excluding foreign exchange loss, the Company incurred total expenses of $584,293**,** a decrease of $81,201 or 12% compared to $665,494 in the same period of prior year.

For the nine months ended March 31, 2012, excluding foreign exchange gain, the Company incurred total expenses of $1,912,470, a decrease of $1,334,835 or 41%, compared to $3,247,305 in the same period of prior year. Overall, expenses incurred in the current year were reduced as there were many non-recurring costs as a result of the TLG acquisition in the prior year.

An analysis of major expense items are as follows:

Audit and accounting fees for the three months ended March 31, 2012 were $1,855, a decrease of $27,563 or 94% compared to $29,418 in the same period of prior year.

For the nine months ended March 31, 2012, audit and accounting fees were $82,808, a decrease of $73,480 or 47% compared to $156,288 in the same period of prior year. The higher audit and accounting fees incurred in the prior year were due to additional audit services related to the TLG acquisition.

Filing and listing fees for the three months ended March 31, 2012 were $9,387, an increase of $4,921 or 110% compared to $4,466 in the same period of prior year.

For the nine months ended March 31, 2012, filing and listing fees were $44,476, a decrease of $35,148 or 44% compared to $79,624 in the same period of prior year. The higher filing and listing fees incurred in the prior year were mainly related to the TLG acquisition.

Foreign exchange loss was $371,881 and a gain of $733,774 for the three and nine months ended March 31, 2012, respectively. As the Company holds a large portion of cash and cash equivalents in US dollars, the fluctuation in exchange rates between the US dollar and Canadian dollar will impact the financial results of the Company.

For the three and nine months ended March 31, 2011, foreign exchange loss was $224,363 and $234,753 respectively.

Investor relations expense for the three months ended March 31, 2012 was $62,004, an increase of $31,037 or 100% compared to $30,967 in the same period of prior year.

For the nine months ended March 31, 2012, investor relations expense was $387,172, an increase of $60,747 or 19% compared to $326,425 in the same period of prior year. The overall increase in investor relations expense is mainly due to additional conferences and promotional programs attended.

Legal and professional fees for the three months ended March 31, 2012 were $46,425, an increase of $32,503 or 233% compared to $13,922 in the same period of prior year.

For the nine months ended March 31, 2012, legal and professional fees were $67,968, a decrease of $987,726 or 94% compared to $1,055,694 in the same period of prior year. The higher legal and professional fees incurred in the prior year were related to the TLG acquisition.

Salaries and benefits expense for the three months ended March 31, 2012 was $175,265, a decrease of $125,799 or 42% compared to $301,064 in the same period of prior year.

For the nine months ended March 31, 2012, salaries and benefits expense were $423,851, a decrease of $213,607 or 34% compared to $637,458 in the same period of prior year. The decrease was mainly due to the capitalization of geologist salaries when the geologists exclusively worked on the TLG Project during the period whereas geologist salaries were expensed in the prior year.

Office and administration expense for the three months ended March 31, 2012 was $66,953, an increase of $45,150 or 207% compared to $21,803 in the same period of prior year.

During the nine months ended March 31, 2012, office and administration expense was $259,565, an increase of $194,332 or 298% compared to $65,233 in the same period of prior year. The increase was mainly due to increased administrative activities to support the Company's expanded operations.

Rent expense for the three months ended March 31, 2012 was $54,386, an increase of $29,395 or 118% compared to $24,991 in the same period of prior year.

During the nine months ended March 31, 2012, rent expense was $158,324, an increase of $92,974 or 142% compared to $65,350 in the same period of prior year. The increase in rent is due to the Company expanding office space to accommodate increased number of additional employees.

2. Gain on revaluation of previously owned shares upon acquisition of TLG

For the three and nine months ended March 31, 2011, the Company recognized a gain of $nil and $1,120,529, respectively, on the revaluation of previously owned TLG shares based on the market value on the acquisition date. No such transaction occurred in the current year.

3. Income from Discontinued Operations

For the three and nine months ended March 31, 2011, the Company recorded net income of $16,239,619 and $15,899,054, respectively, from discontinued operations located in China. The net income is attributable to the gain on disposing the Company's mining projects in China. As the operations were disposed of during the fiscal year ended June 30, 2011, no such transaction occurred in the current year.

(Expressed in Canadian dollars, unless otherwise stated)

SUMMARY OF QUARTERLY RESULTS

	For the Quarters Ended			
	31-Mar-12	31-Dec-11	30-Sep-11	30-Jun-11
Income (expenses)	$ (956,174)	$ (1,101,132)	$ 878,610	$ (824,848)
Other income (expenses)	34,004	65,009	5,565	83,094
Income (loss) from continuing operations	(922,170)	(1,036,123)	884,175	(741,754)
Income (loss) from discontinued operations	-	-	-	581,406
Net income (loss) attributable to equity holders of the Company	(922,170)	(1,036,123)	884,175	(156,088)
Basic and diluted earning (loss) per share from continuning operations	(0.014)	(0.015)	0.013	(0.011)
Basic earnings (loss) per share from discontinued operations	-	-	-	0.009
Diluted earnings (loss) per share from discontinued operations	-	-	-	0.008
Total assets	70,051,077	70,988,314	73,146,976	71,676,694

	For the Quarters Ended			
	31-Mar-11	31-Dec-10	30-Sep-10	30-Jun-10(1)
Income (expenses)	$ (889,857)	$ (1,280,072)	$ (1,312,129)	$ (445,770)
Other income (expenses)	87,803	(18,288)	1,134,395	6,039
Income (loss) from continuing operations	(802,054)	(1,298,360)	(177,734)	(439,731)
Income (loss) from discontinued operations	16,239,619	(210,483)	(130,082)	(23,000)
Net income (loss) attributable to equity holders of the Company	15,441,323	(1,471,291)	(306,229)	(462,731)
Basic and diluted earning (loss) per share from continuning operations	(0.012)	(0.027)	(0.005)	(0.014)
Basic earnings (loss) per share from discontinued operations	0.247	(0.004)	(0.004)	(0.001)
Diluted earnings (loss) per share from discontinued operations	0.240	(0.004)	(0.004)	(0.001)
Total assets	72,695,411	56,561,178	43,459,570	14,511,208

1 As the Company's IFRS transition date was July 1, 2010, comparative information prior to this date has not been restated and is presented in accordance to Canadian GAAP.

The expenses incurred by the Company are typical of junior exploration companies that have not yet established mineral reserves. In addition to the income generated from discontinued operations attributed from the disposition of mining projects in China, the Company's fluctuations in expenditures from quarter to quarter were mainly related to exploration activities and corporate activities conducted during the respective quarter. The fluctuation of other income and expenses from quarter to quarter is mainly attributed to interest income which fluctuate along with the changes of interest rates and the balances of cash and cash equivalents and short term investments.

LIQUIDITY AND CAPITAL RESOURCES

1. Working Capital

As at March 31, 2012, the Company had a working capital position of $30,290,259 (June 30, 2011 - $37,232,868) comprised mainly of cash and cash equivalents of $21,738,175 (June 30, 2011 - $20,625,672), and short term investments of $9,080,500 (June 30, 2011 - $17,023,000) offset by current liabilities of $896,747 (June 30, 2011 - $1,902,026). With a strong working capital, the Company is well positioned financially to continue the development of the Tagish Lake Gold Property.

2. Cash Flows

Cash used in operating activities for the three months ended March 31, 2012 was $959,878 (three months ended March 31, 2011 – provided $852,357), which mainly resulted from net loss, after items not affecting cash, of $816,971, compared to $839,595 in the prior year. Changes in non-cash working capital for the three months ended March 31, 2012 used $142,907 compared to provided $1,691,952 in the prior year.

During the nine months ended March 31, 2012, cash used in operating activities was $706,650 (nine months ended March 31, 2011 –$8,823,727), which mainly resulted from net loss, after items not affecting cash, of $738,697, compared to $3,310,579 in the prior year. Changes in non-cash working capital for the nine months ended March 31, 2012 provided $32,047 compared to used $5,513,148 in the prior year.

More operating cash flows were used in the prior year mainly due to the settlement of accounts payable from TLG as well as transaction costs related to the TLG acquisition.

Cash used in investing activities for the three months ended March 31, 2012 was $404,512 (three months ended March 31, 2011 – provided $18,297,047), which mainly resulted from capital expenditures on mineral property interests and equipment of $404,512, compared to $760,746 in the prior year. In the prior year, $19,487,073 was realized from the disposition of the Company's mining projects in China.

During the nine months ended March 31, 2012, cash provided by investing activities was $1,698,929 (nine months ended March 31, 2011 - used $445,324), which mainly resulted from net redemption of short term investments of $7,942,500 offset by capital expenditures on mineral property interests and equipment of $6,243,571. In the prior year, cash used in purchases of short term investments was $17,118,640, capital expenditures on mineral property interest and equipment of $963,251 offset by cash realized from the disposition of the Company's mining projects in China of $19,518,758.

Cash provided by financing activities for the three months ended March 31, 2012 was $165,027 (three months ended March 31, 2011 – provided $1,914,203), which mainly resulted from increases in amounts due to related parties of $160,027 . In the prior year, cash was mainly provided by shares issued for cash of $1,445,128 and from discontinued operations of $381,176.

For nine months ended March 31, 2012, cash provided by financing activities was $120,224 (nine months ended March 31, 2011 – provided $25,031,765), which mainly resulted from increases in amounts due to related parties of $95,566. In the prior year, the Company issued shares for cash of $24,681,985 mainly as a result of a private placement.

Foreign exchange effect was $nil and negative $3,031 during the three months ended March 31, 2012 and 2011, respectively, in addition with $nil and negative $14,966 during the nine months ended March 31, 2012 and 2011, respectively.

3. Liquidity and Capital Resources

As at March 31, 2012, the Company had working capital of $30,290,259, mainly derived from net proceeds of $23.2 million from the private placement in December 2010 and net proceeds of $19.5 million from the disposition of its Chinese subsidiary in March 2011. Management believes that the Company has sufficient funds for planned capital expenditures, as well as to discharge liabilities as they come due.

The Company is in the exploration stage and does not generate revenues. The Company relies on equity or debt financing for its working capital requirements and to fund its exploration activities.

The Company has no purchase commitments and contractual obligations as at March 31, 2012.

(Expressed in Canadian dollars, unless otherwise stated)

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.

1. Fair Value

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, 2012, 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	$ 21,738,175	$ -	$ -	$ 21,738,175
Short term investments	9,080,500	-	-	9,080,500

2. Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its short term business requirements. The Company has in place planning and budgeting processes to help determine the funds required to support the Company's normal operating requirements on an ongoing basis and its expansion plans. As of March 31, 2012, the Company has sufficient funds to meet its short-term financial liabilities.

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:

	March 31, 2012	June 30, 2011	July 1, 2010
	Due within a year		
Trade and other payables	**$ 776,642**	$ 1,877,487	$ 131,108
Due to related parties	**120,105**	24,539	98,272
Liabilities held for sale	-	-	565,566
	$ 896,747	$ 1,902,026	$ 794,946

3. Exchange Rate 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		**March 31, 2012**		June 30, 2011		July 1, 2010
United States dollar	**$**	**20,793,403**	$	19,268,762	$	562,157
Chinese yuan		-		746,000		408,903
Total financial assets	**$**	**20,793,403**	$	20,014,762	$	971,060
Chinese yuan		-		-		565,566
Total financial liabilities	**$**	-	$	-	$	565,566

As at March 31, 2012, with other variables unchanged, a 1% strengthening (weakening) of the U.S. Dollar against the CAD would have increased (decreased) net income by approximately $200,000.

As at March 31, 2012 with other variables unchanged, a 1% strengthening (weakening) of the Chinese Yuan ("CNY") against the CAD would have no impact on the Company.

4. 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, 2012.

5. 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, accounts receivable. 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.

RELATED PARTY TRANSACTIONS

Related party transactions not disclosed elsewhere in this MD&A are as follows:

	Three months ended March 31,				**Nine months ended March 31,**			
Transactions with related parties		**2012**		2011		**2012**		2011
Silvercorp Metals Inc. (a)	**$**	**124,881**	$	92,266	**$**	**433,126**	$	352,482
R. Feng Consulting Ltd. (b)		**18,000**		18,000		**54,000**		54,000
0799952 BC Ltd. (c)		**-**		31,500		**-**		94,500
	$	**142,881**	$	141,766	**$**	**487,126**	$	500,982

As at March 31, 2012, the balances with related parties, which are unsecured, non-interest bearing, and due on demand, are as follows:

(Expressed in Canadian dollars, unless otherwise stated)

Due to (from) related parties		March 31, 2012		June 30, 2011		July 1, 2010
Silvercorp Metals Inc. (a)	$	**99,945**	$	24,539	$	79,372
R. Feng Consulting Ltd. (b)		**20,160**		-		18,900
	$	**120,105**	$	24,539	$	98,272

(a) Silvercorp Metals Inc. ("SVM") 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, 2012, the Company recorded total expenses of $124,881 and $433,126 respectively (three and nine months ended March 31, 2011 - $92,266 and $352,482 respectively) for services rendered and expenses incurred by SVM on behalf of the Company.

(b) During the three and nine months ended March 31, 2012, the Company incurred $18,000 and $54,000 respectively (three and nine months ended March 31, 2011 - $18,000 and $54,000 respectively) 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 and nine months ended March 31, 2012, the Company paid nil and nil (three and nine months ended March 31, 2011 - $31,500 and $94,500, respectively) in consulting fees to 0799952 BC Ltd., a company controlled by a former director and officer of the Company.

(d) Compensation of key management personnel

The remuneration of directors and other members of key management personnel for the three and nine months ended March 31, 2012 and 2011 are as follows:

	Three months ended March 31,				Nine months ended March 31,			
		2012		2011		2012		2011
Directors' fee	$	**7,500**	$	7,500	$	**22,500**	$	22,500
Salaries/consulting fees for key management personnel		**150,788**		361,228		**466,621**		476,728
Stock-based compensation		-		473,162		**138,103**		1,467,279
	$	**158,288**	$	841,890	$	**627,224**	$	1,966,507

Salaries/consulting fees for key management personnel include consulting fees disclosed in (b) and (c) above. Stock-based compensation expenses were measured at grant date fair value.

OFF-BALANCE SHEET ARRANGEMENTS

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

PROPOSED TRANSACTIONS

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

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the amounts reported on the consolidated financial statements. These critical accounting estimates represent management estimates that are uncertain and any changes in these estimates could materially impact the Company's financial statements. Management continuously reviews its estimates and assumptions using the most current information available. The Company's critical accounting policies and estimates are described in Note 2 of the accompanied unaudited condensed consolidated interim financial statements.

Management has identified: (a) Mineral rights and properties, (b) Stock-based payments, and (c) Deferred income taxes as the critical estimates for the following discussion:

(a) Mineral rights and properties are the most significant assets of the Company, representing $36.8 million on the balance sheet as at March 31, 2012. The Company has determined that acquisition costs, direct exploration, evaluation and development expenditures, including costs incurred during production to increase future output by providing access to additional sources of mineral resource, are capitalized where costs related to specific properties for which resources exists.

Upon commencement of commercial production, mineral rights and properties and capitalized expenditures are depleted over the mine's estimated life using the units of production method calculated based on proven and probable reserves. Changes to estimates of proven and probable reserves can result in a change of future depletion rates.

Mineral rights and properties are reviewed and tested for impairment when indicators of impairment are considered to exist. Indicators are assessed based on a number of factors such as market prices of commodities, production costs, recovery rates, and overall economic and legal environment. An impairment loss is recognized for any excess of the carrying amount over its recoverable amount, which is the greater of its fair value less costs to sell and value in use. For mineral rights and properties, the fair value less costs to sell is estimated as the discounted future net cash flow expected to be derived from parameters such as expected future production, metal prices, and net proceeds from the disposition of assets on retirement, less operating and capital costs. The Company estimates these parameters based on the information available.

(b) Stock-based payments. The Company accounts for stock options granted to employees, officers, directors, and consultants using the fair value method. The fair value of options granted to employees, officers, and directors is determined using the Black-Scholes option pricing model with market related inputs as of the date of grant. The fair value of stock options granted to consultants is measured at the fair value of the services delivered. Market related inputs using the Black-Scholes option pricing model are subject to estimation and includes risk free interest rate, expected life of option, expected volatility, expected dividend yield, and estimated forfeiture rate.

(c) Deferred income tax assets and liabilities are recognized using the balance sheet liability method on temporary differences at the reporting date between the tax bases of assets and liabilities, and their carrying amounts for financial reporting purposes. The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and reduced to the extent that management believes it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at the end of each reporting period and are recognized to the extent that management believes it has become probable that future taxable profit will be available to allow the deferred tax asset to be recovered. Management's expectation on future taxable income is based on information available and is subject to estimation.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Any changes to tax rates and laws will have an impact on the carrying amount of deferred income tax assets and liabilities.

FUTURE ACCOUNTING CHANGES

IFRS 7 – *Financial Instruments: Disclosures* amendment issued by the IASB in October 2010 improves the disclosure requirements in relation to transferred financial assets. The amendments are effective for annual periods beginning on or after July 1, 2011, with earlier application permitted. The Company does not anticipate this amendment to have a significant impact on the consolidated financial statements.

IAS 12 – *Income Taxes* amendment issued by the IASB in December 2010 provides a solution to determining the recovery of investment properties as it relates to the accounting for deferred income taxes. This amendment is effective for annual periods beginning on or after July 1, 2011, with earlier application permitted. The Company does not anticipate this amendment to have a significant impact on the consolidated financial statements.

Accounting standards effective January 1, 2013:

IAS 1 – *Presentation of Financial Statements* amendment issued by the IASB in June 2011 provides improved consistency and clarity of the presentation of items of other comprehensive income. The main change was a requirement to group items presented in other comprehensive income on the basis of whether they are potentially reclassifiable to profit or loss subsequently. This amendment is effective for annual periods beginning on or after July 1, 2012, with earlier application permitted. The Company does not anticipate this amendment to have a significant impact on the consolidated financial statements.

IFRS 10 – *Consolidated Financial Statements* supersedes SIC 12 – *Consolidation – Special Purpose Entities* and the requirements relating to consolidated financial statements in IAS 27 – *Consolidated and Separate Financial Statements*. IFRS 10 establishes the principle and application of control as the basis for an investor to identify whether an investor controls an investee and thereby requiring consolidation. This standard is effective for annual periods beginning on or after January 1, 2013, with earlier application permitted.

IFRS 12 – *Disclosure of Interests in Other Entities* requires the disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with, its interests in other entities and the effects of those interests on its financial position, financial performance and cash flows. This standard is effective for annual periods beginning on or after January 1, 2013, with earlier application permitted.

The Company does not anticipate the application of IFRS 10 and IFRS 12 to have a significant impact on the consolidated financial statements.

IFRS 11 – *Joint Arrangements* establishes the principle a joint arrangement are classified as joint operations or joint ventures based on the rights and obligations of the parties to the joint arrangement, rather than its legal form. This standard is effective for annual periods beginning on or after January 1, 2013, with earlier application permitted.
IAS 28 – *Investments in Associates and Joint Ventures* prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method for investments in associates and joint ventures. This standard is effective for annual periods beginning on or after January 1, 2013, with earlier application permitted.

The Company does not anticipate the application of IFRS 11 and IAS 28 to have a significant impact on the consolidated financial statements.

IFRS 13 – *Fair Value Measurement* defines fair value and sets out a single framework for measuring fair value which is application to all IFRSs that require or permit fair value measurements or disclosures about fair value measurements. IFRS 13 requires that the valuation technique used should maximize the use of relevant observable inputs and minimize unobservable inputs. Those inputs should be consistent with the inputs a market participant would use when pricing the asset or liability. This standard is effective for annual periods beginning on or after January 1, 2013, with earlier application permitted. The Company does not anticipate the application of this standard to have a significant impact on the consolidated financial statements.

Accounting standards effective January 1, 2015:

IFRS 9 – *Financial Instruments* is intended to replace IAS 39 – *Financial Instruments: Recognition and Measurement* in three main phases. IFRS 9 will be the new standard for the financial reporting of financial instruments that is principle-based and less complex than IAS 39. In November 2009 and October 2010, phase 1 of IFRS 9 was issued and amended, respectively, which addressed the classification and measurement of financial assets and financial liabilities. IFRS 9 requires that all financial assets be classified as 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 as subsequently measured at amortized cost except for financial liabilities classified as at FVTP, financial guarantees and certain other exceptions. In response to the delays to the completion of the remaining phases of the project, on December 16, 2011, the IASB issued amendments to IFRS 9 which deferred the mandatory effective date of IFRS 9 from January 1, 2013 to annual periods beginning on or after January 1, 2015. 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.

INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Company has adopted IFRS effective July 1, 2011 with the transition date being July 1, 2010. The unaudited condensed consolidated interim financial statements as at and for the three and nine months ending March 31, 2012 have been prepared in accordance with IFRS. The significant accounting policies adopted by the Company are described in Note 2 of the accompanied unaudited condensed consolidated financial statements.

The conversion from Canadian GAAP to IFRS as the basis of preparing the Company's financial statements has resulted in changes in the Company's accounting policies, financial reporting process and systems, incremental controls relating to financial reporting, and additional financial expertise and training requirements. The conversion did not have any significant impact on the Company's key financial performance indicators, financial covenants, capital requirements or compensation plans.

1. First-time adoption exemptions applied

In preparing the unaudited condensed consolidated interim financial statements in accordance with IFRS 1, First-time Adoption of IFRS ("IFRS 1"), the Company has applied certain of the optional exemptions from full retrospective application of IFRS. The optional exemptions applied are described below:

(i) Business combinations – the Company has elected the business combinations exemption in IFRS 1 to not apply IFRS 3, Business Combinations retrospectively to past business combinations. Accordingly, the company has not restated business combinations that took place prior to the transition date.

(ii) Cumulative translation differences – the Company has elected to set the previously accumulated cumulative translation account, which was included in accumulated other comprehensive income ("AOCI"), to zero as at the transition date, and absorbed the balance to retained earnings.

(iii) Non-controlling interests – the Company has elected to apply the requirements related to non-controlling interests in IAS 27, Consolidation and Separate Financial Statements, prospectively from the transition date. Therefore, non-controlling interests that may have a deficit balance prior to the transition date will not be restated.

(Expressed in Canadian dollars, unless otherwise stated)

(iv) Share-based payment – the Company has elected to not apply IFRS 2, Share-based Payment to equity instruments granted on or before November 7, 2002, or equity instruments that were granted subsequent to November 7, 2002 and vested before the date of transition to IFRS.

Summary of IFRS conversion impact

The following is a summary of the impact of IFRS conversion on the Company. For full details on the IFRS conversion, please refer to Note 14 of the accompanied unaudited condensed consolidated interim financial statements.

Balance Sheet / Equity as at July 1, 2010:

	Canadian GAAP	*Transitional Adjustments* (i)	(ii)	(iii)	IFRS
Current Assets	$ 9,759,627	$ -	$ -	$ -	$ 9,759,627
Non-current Assets	4,751,581	(226,541)	-	-	4,525,040
Total Assets	**$ 14,511,208**	**$ (226,541)**	**$ -**	**$ -**	**$ 14,284,667**
Current Liabilities	$ 794,946	$ -	$ -	$ -	$ 794,946
Total Liabilities	794,946	-	-	-	794,946
Total Equity	13,716,262	(226,541)	-	-	13,489,721
Total Liabilities and Equity	**$ 14,511,208**	**$ (226,541)**	**$ -**	**$ -**	**$ 14,284,667**

Balance Sheet / Equity as at March 31, 2011:

	Canadian GAAP	*Transitional Adjustments* (i)	(ii)	(iii)	(iv)	(v)	IFRS
Current Assets	$ 43,200,822	$ -	$ -	$ -	$ -	$ -	$ 43,200,822
Non-current Assets	29,386,949	33,022	(42,047)	(2,424)	74,000	-	29,449,500
Total Assets	**$ 72,587,771**	**$ 33,022**	**$ (42,047)**	**$ (2,424)**	**$ 74,000**	**$ -**	**$ 72,650,322**
Current Liabilities	$ 2,937,735	$ -	$ -	$ -	$ -	$ -	$ 2,937,735
Total Liabilities	2,937,735	-	-	-			2,937,735
Total equity attributable to:							
Equity holders of the Company	69,650,036	33,022	(42,047)	(2,424)	74,000	45,531	69,758,118
Non-controlling interest	-	-	-	-	-	(45,531)	(45,531)
Total Equity	69,650,036	33,022	(42,047)	(2,424)	74,000	-	69,712,587
Total Liabilities and Equity	**$ 72,587,771**	**$ 33,022**	**$ (42,047)**	**$ (2,424)**	**$ 74,000**	**$ -**	**$ 72,650,322**

(Expressed in Canadian dollars, unless otherwise stated)

Balance Sheet / Equity as at June 30, 2011:

	Canadian GAAP	Transitional Adjustments (i)	(ii)	(iii)	(iv)	(v)	IFRS
Current Assets	$ 39,134,894	$ -	$ -	$ -	$ -	$ -	$ 39,134,894
Non-current Assets	32,478,320	-	-	(10,520)	74,000	-	32,541,800
Total Assets	**$ 71,613,214**	**$ -**	**$ -**	**$ (10,520)**	**$ 74,000**	**$ -**	**$ 71,676,694**
Current Liabilities	$ 1,902,026	$ -	$ -	$ -	$ -	$ -	$ 1,902,026
Total Liabilities	1,902,026	-	-	-			1,902,026
Total Equity	69,711,188	-	-	(10,520)	74,000	-	69,774,668
Total Liabilities and Equity	**$ 71,613,214**	**$ -**	**$ -**	**$ (10,520)**	**$ 74,000**	**$ -**	**$ 71,676,694**

Comprehensive income (loss) for the three months ended March 31, 2011:

	Canadian GAAP	Transitional Adjustments (i)	(ii)	(iii)	(iv)	(v)	IFRS
Loss from continuing operations	(830,302)	-	-	28,248	-	-	(802,054)
Income from discontinued operations	16,062,525	(7,400)	184,494	-	-	-	16,239,619
Net income for the period	$ 15,232,223	$ (7,400)	$ 184,494	$ 28,248	$ -	$ -	$ 15,437,565
Attributable to:							
Equity shareholders of the Company	$ 15,232,223	$ (7,400)	$ 184,494	$ 28,248	$ -	$ 3,758	$ 15,441,323
Non-controlling interest	-	-	-	-	-	(3,758)	(3,758)
	$ 15,232,223	$ (7,400)	$ 184,494	$ 28,248	$ -	$ -	$ 15,437,565
Other comprehensive income (loss)	-	111,592	-	-	-	-	111,592
Comprehensive income	$ 15,232,223	$ 104,192	$ 184,494	$ 28,248	$ -	$ -	$ 15,549,157
Attributable to:							
Equity shareholders of the Company	$ 15,232,223	$ 104,830	$ 184,494	$ 28,248	$ -	$ 3,758	$ 15,553,553
Non-controlling interest	-	(638)	-	-	-	(3,758)	(4,396)
	$ 15,232,223	$ 104,192	$ 184,494	$ 28,248	$ -	$ -	$ 15,549,157

Comprehensive income (loss) for the nine months ended March 31, 2011:

	Canadian GAAP	Transitional Adjustments (i)	(ii)	(iii)	(iv)	(v)	IFRS
Loss from continuing operations	(2,243,796)	-	-	47,778	(82,130)	-	(2,278,148)
Income from discontinued operations	15,671,003	43,557	184,494	-	-	-	15,899,054
Net income for the period	$ 13,427,207	$ 43,557	$ 184,494	$ 47,778	$ (82,130)	$ -	$ 13,620,906
Attributable to:							
Equity shareholders of the Company	$ 13,427,207	$ 43,557	$ 184,494	$ 47,778	$ (82,130)	$ 42,897	$ 13,663,803
Non-controlling interest	-	-	-	-	-	(42,897)	(42,897)
	$ 13,427,207	$ 43,557	$ 184,494	$ 47,778	$ (82,130)	$ -	$ 13,620,906
Other comprehensive loss	(46,862)	(10,535)	-	-	-	-	(57,397)
Comprehensive income	$ 13,380,345	$ 33,022	$ 184,494	$ 47,778	$ (82,130)	$ -	$ 13,563,509
Attributable to:							
Equity shareholders of the Company	$ 13,380,345	$ 35,656	$ 184,494	$ 47,778	$ (82,130)	$ 42,897	$ 13,609,040
Non-controlling interest	-	(2,634)	-	-	-	(42,897)	(45,531)
	$ 13,380,345	$ 33,022	$ 184,494	$ 47,778	$ (82,130)	$ -	$ 13,563,509

(Expressed in Canadian dollars, unless otherwise stated)

Comprehensive income (loss) for the year ended June 30, 2011:

	Canadian GAAP	Transitional Adjustments (i)	(ii)	(iii)	(iv)	(v)	IFRS
Loss from continuing operations	$ (2,994,079)	$ -	$ -	$ 56,307	$ (82,130)	$ -	$ (3,019,902)
Income from discontinued operations	16,253,918	-	226,541	-	-	-	16,480,459
Net income for the period	$ 13,259,839	$ -	$ 226,541	$ 56,307	$ (82,130)	$ -	$ 13,460,557
Attributable to:							
Equity shareholders of the Company	$ 13,259,839	$ -	$ 226,541	$ 56,307	$ (82,130)	$ -	$ 13,460,557
Non-controlling interest	-	-	-	-	-	-	-
	$ 13,259,839	$ -	$ 226,541	$ 56,307	$ (82,130)	$ -	$ 13,460,557
Other comprehensive loss	$ (46,862)	$ -	$ -	$ -	$ -	$ -	$ (46,862)
Comprehensive income	$ 13,212,977	$ -	$ 226,541	$ 56,307	$ (82,130)	$ -	$ 13,413,695
Attributable to:							
Equity shareholders of the Company	$ 13,212,976	$ -	$ 226,541	$ 56,307	$ (82,130)	$ -	$ 13,413,694
Non-controlling interest	-	-	-	-	-	-	-
	$ 13,212,976	$ -	$ 226,541	$ 56,307	$ (82,130)	$ -	$ 13,413,694

Transitional adjustments are made according to the following notes:

(i) Foreign exchange impact on translation

Upon adoption of IFRS, the functional currency of the Company's discontinued Chinese subsidiaries was changed from CAD to CNY. CAD no longer serves as the functional currency for all entities in the group as it did under Canadian GAAP. Such change results in a foreign exchange difference between the two accounting standards on certain financial items. Under Canadian GAAP, these items were translated from CNY to CAD by using historical rates under Canadian GAAP. However under IFRS, they are translated from CNY to CAD directly using the exchange rate prevailing as at the period end.

July 1, 2010: Foreign exchange differences of $226,541 were adjusted to the respective non-current assets and AOCI.

March 31, 2011: Foreign exchange differences of $33,022 were adjusted to the respective non-current assets, a loss of $10,535 to AOCI with an exchange loss of $7,400 and gain of $43,557 recognized in net income in the three and nine months period, respectively.

June 30, 2011: Foreign exchange differences of $51,923 recognized in net income was offset by the same amount recognized as part of the gain from disposition of the discontinued Chinese subsidiaries. As a result, a net effect of $nil was included on the consolidated statement of income for year ended June 30, 2011.

(ii) Cumulative translation difference

The Company has elected to eliminate its cumulative translation difference for its discontinued Chinese subsidiaries that existed at the date of transition to IFRS. A total of $226,541 cumulated translation difference was reclassified from AOCI to deficit as at July 1, 2010. The same adjustment was carried forward to the subsequent periods' balance sheets up to the period of disposition.

As the $226,541 cumulated translation difference reduced the carrying amount of the related non-current assets, it resulted in an increase of the same amount for gain recognized from disposition of the discontinued Chinese subsidiaries for the year ended June 30, 2011.

(Expressed in Canadian dollars, unless otherwise stated)

(iii) Stock-based compensation

Under Canadian GAAP, forfeitures of grants are recognized as they occur. Under IFRS, forfeiture estimates are recognized in the period they are estimated, and are revised for actual forfeitures in subsequent periods.

July 1, 2010: Stock-based compensation was reduced by $20,190 with respective adjustments made to contributed surplus and deficit.

March 31, 2011: Stock-based compensation was reduced by $28,248 and $47,778 with the respective adjustments made to contributed surplus and stock-based compensation expenses in the three and nine months period, respectively.

June 30, 2011: Stock-based compensation was reduced by $56,307 with the respective adjustments made to contributed surplus and stock-based compensation expenses.

(iv) Acquisition of Tagish Lake Gold Corp.

During the fiscal year ended June 30, 2011, the Company acquired TLG, a Canadian publicly traded company involved in exploration and development of gold-silver mineral deposits in Yukon, Canada. This transaction was accounted for as a business combination using the purchase method under Canadian GAAP. Under IFRS, this transaction is accounted for as a business combination using the acquisition method.

Under Canadian GAAP, the consideration was determined by the fair value of the shares based on their market price over a reasonable period before and after the date the terms of the business combination are agreed to and announced. The cost of the purchase included the transaction costs of business combination.

Under IFRS, the previously held equity interest in the acquiree is re-measured at its acquisition-date fair value and any resulting gain or loss is recognized in net income. Also, the cost of purchase shall be measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the acquirer, the liabilities incurred by the acquirer to former owners of the acquiree, and the equity interest issued by the acquirer. All acquisition related costs are accounted for as expenses, except the costs to issue equity securities, in which case, the related costs is to reduce the carrying amount of equity securities. A comparison of total cost of purchase is as the follows:

	Canadian GAAP	IFRS
14.3 million TLG held prior to take-over bid offer	$ 595,472	$ 595,472
Revaluation of TLG shares owned prior to acquisition		1,120,528
15,613,122 New Pacific common shares issued: - Under Canadian GAAP, at $1.09 per share, equal to average closing share prices from September 13 to September 17, 2010 - Under IFRS, at $1.10 per share, equal to closing share price on September 15, 2010	17,018,303	17,174,434
Cash consideration	1,476,286	1,476,286
Replacement options	99,689	99,689
Transaction costs	1,202,659	-
Total cost of purchase	**$ 20,392,409**	**$ 20,466,409**

(Expressed in Canadian dollars, unless otherwise stated)

(v) Non-controlling interest

Canadian GAAP does not allow debit balance of non-controlling interest on the balance sheet, while IFRS requires picking up the non-controlling interests' share of changes in equity since the date of combination, even if the resulting non-controlling interest balance becomes debit.

As a result, there was a minor adjustment to total equity as at March 31, 2011. There was no adjustment to total equity as at June 30, 2011 as the related subsidiary had been disposed. This adjustment did not impact total comprehensive income for the three and nine months ended March 31, 2011 and the year ended June 30, 2011.

OUTSTANDING SHARE DATA

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

(a) Share Capital

Authorized - unlimited number of common shares without par value
Issued and outstanding - 67,369,203 common shares with a recorded value of $56,431,613
Shares subject to escrow or pooling agreements is nil.

(b) Options

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

Options outstanding	Exercise prices $	Expiry Date
214,000	1.55	July 16, 2012
40,000	1.55	January 30, 2013
515,000	0.50	January 18, 2014
1,317,500	0.65	June 13, 2015
250,000	1.44	November 1, 2015
360,000	1.60	November 29, 2015
168,750	1.65	December 21, 2015
10,000	2.04	December 28, 2015
145,000	1.42	June 15, 2016
140,000	1.33	September 14, 2016
3,160,250		

(c) Warrants

As at the date of this MD&A, the outstanding warrants are comprised of the following:

Warrants Outstanding	Exercise Price	Expiration Date
9,000,000	2.00	June 22, 2012

RISK FACTORS

The Company is subject to many risks which are outlined in the Annual Information Form, which is available on SEDAR at www.sedar.com. In addition, please refer to the *Financial Instruments Section* for the analysis of financial risk factors.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

Management is responsible for the design and maintenance of disclosure controls and procedures. Disclosure controls and procedures are designed to provide reasonable assurance that relevant information is gathered and reported to senior management on a timely basis so that appropriate decisions can be made regarding public disclosure. Current disclosure controls include meetings with the Chief Executive Officer ("CEO"), Chief Financial Officer ("CFO") and members of the Board of Directors and Audit Committee through emails, telephone conferences and informal meetings to review public disclosure. All public disclosures are reviewed by certain members of senior management and of the Board of Directors and Audit Committee. The Board of Directors has delegated the duties to the Chief Executive Officer whom is primarily responsible for financial and disclosure controls.

Based on current securities legislation in Canada, the CEO and the CFO of the Company evaluated the design and effectiveness of the Company's disclosure controls and procedures as of March 31, 2012 and concluded that such disclosure controls and procedures were operating effectively at that date.

Management is responsible for designing, establishing and maintaining a system of internal controls over financial reporting to provide reasonable assurance that the financial information prepared by the Company for external purposes is reliable and has been recorded, processed and reported in an accurate and timely manner in accordance with IFRS.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities. The Audit Committee fulfills its role of ensuring the integrity of the reporting information through its review of the interim and annual financial statements.

There are inherent limitations in the effectiveness of internal controls over financial reporting, including the possibility that misstatements may not be prevented or detected. Accordingly, even effective internal controls over financial reporting can provide only reasonable assurance with respect to financial statement preparation. Furthermore, the effectiveness of internal controls can change with circumstances.

The CEO and the CFO evaluated the design and effectiveness of internal controls over financial reporting based on the framework in Internal Control – Integrated Framework issued by the Committee Sponsoring Organizations of the Treadway Commission ("COSO") as at March 31, 2012. Based on this evaluation, as at March 31, 2012, the Company believes that its internal controls over financial reporting were designed and operating effectively to provide reasonable, but not absolute, assurance that the objectives of the control system are met.

The Company continues to review and assess its internal controls over financial reporting. There were no significant changes made to internal controls over financial reporting during the nine months ended March 31, 2012.