



New Pacific Metals Corp.

TSX: NUX

UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three months ended September 30, 2015 and 2014

(Expressed in Canadian Dollars)

**Notice to Readers of the Unaudited Condensed Consolidated Interim Financial Statements
For the three months ended September 30, 2015**

The unaudited condensed consolidated interim financial statements of New Pacific Metals Corp. (the “Company”) for the three months ended September 30, 2015 (the “Financial Statements”) have been prepared by management and have not been reviewed by the Company’s independent auditors. The Financial Statements should be read in conjunction with the Company’s audited financial statements for the year ended June 30, 2015 which are available at the SEDAR website at www.sedar.com. The Financial Statements are stated in terms of Canadian dollars and are prepared in accordance with International Financial Reporting Standards.

New Pacific Metals Corp.

Unaudited Consolidated Interim Balance Sheets

(Expressed in Canadian dollars)

	Notes	September 30, 2015	June 30, 2015
ASSETS			
Current Assets			
Cash and cash equivalents	3	\$ 15,347,721	\$ 14,851,828
Short term investments	4	9,408,026	8,826,997
Deposit and other receivables	5	155,564	129,260
		24,911,311	23,808,085
Non-current Assets			
Reclamation deposits		15,075	15,075
Other Investment	6	380,800	-
Plant and equipment	7	99,815	106,861
Mineral property interests	8	8,661,508	8,253,673
TOTAL ASSETS		\$ 34,068,509	\$ 32,183,694
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables	9	\$ 1,357,177	\$ 1,292,765
Provisions	10	81,000	81,000
Due to related parties	11	41,857	69,633
Total Liabilities		1,480,034	1,443,398
Equity			
Share capital	12	57,149,481	57,149,481
Share-based payment reserve		17,558,267	17,512,523
Accumulated other comprehensive income		1,603,957	1,267,877
Deficit		(44,667,964)	(46,058,036)
Equity attributable to the equity holders of the Company		31,643,741	29,871,845
Non-controlling interest	13	944,734	868,451
Total Equity		32,588,475	30,740,296
TOTAL LIABILITIES AND EQUITY		\$ 34,068,509	\$ 32,183,694

Approved on behalf of the Board:

(Signed) David Kong

Director

(Signed) Rui Feng

Director

New Pacific Metals Corp.

Unaudited Consolidated Interim Statements of Income

(Expressed in Canadian dollars)

	Notes	Three months ended September 30	
		2015	2014
Expenses			
Audit and accounting		\$ -	\$ 4,000
Consulting		2,090	26,300
Depreciation		10,197	9,558
Filing and listing		17,964	3,723
Foreign exchange gain		(1,576,158)	(925,105)
Investor relations		764	2,455
Legal and professional fees		933	19,117
Salaries and benefits		113,065	135,296
Office and administration		63,309	35,291
Rent		26,033	19,095
Share-based compensation		45,744	72,739
Travel and promotion		14,222	37,491
Income before other income and expenses		(1,281,837)	(560,040)
Other (income) expense			
(Gain) loss on disposal of plant and equipment	7	(21,255)	2,886
Finance income		(88,639)	(36,245)
Other expense		31	789
		(109,863)	(32,570)
Net income		\$ 1,391,700	\$ 592,610
Attributable to:			
Equity holders of the Company		1,390,072	604,551
Non-controlling interests		1,628	(11,941)
		\$ 1,391,700	\$ 592,610
Basic and diluted earnings per share		\$ 0.02	\$ 0.01
Weighted average number of shares - basic and diluted		66,938,229	66,938,229

See accompanying notes to the unaudited condensed consolidated financial statements

New Pacific Metals Corp.

Unaudited Consolidated Interim Statements of Comprehensive Income

(Expressed in Canadian dollars)

	Notes	Three months ended September 30,	
		2015	2014
Net income		\$ 1,391,700	\$ 592,610
Other comprehensive income			
Items that may subsequently be reclassified to net income or loss:			
Currency translation adjustment		414,748	465,356
Items that will not subsequently be reclassified to net income or loss:			
Unrealized loss on available-for-sale securities, net of tax of \$nil	6	(4,013)	-
Other comprehensive income		410,735	465,356
Comprehensive income		\$ 1,802,435	\$ 1,057,966
Attributable to:			
Equity holders of the Company		\$ 1,726,152	986,134
Non-controlling interest		76,283	71,821
		\$ 1,802,435	\$ 1,057,955

See accompanying notes to the unaudited condensed consolidated financial statements

New Pacific Metals Corp.

Unaudited Consolidated Interim Statements of Cash Flows

(Expressed in Canadian dollars)

	Notes	Three months ended September 30	
		2015	2014
Operating activities			
Net income		\$ 1,391,700	\$ 592,610
Add (deduct) items not affecting cash :			
Depreciation		10,197	9,558
Finance income		(88,639)	(36,245)
Provisions and other items		-	(30,000)
Gain on disposal of plant and equipment		(21,255)	2,886
Share-based compensation		45,744	72,739
Unrealized foreign exchange gain		(1,576,158)	(925,105)
Interest received		88,639	36,245
		(149,772)	(277,312)
Change in non-cash working capital			
Deposits and other receivables		(21,144)	(20,891)
Trade and other payables		36,657	(48,698)
Due to related parties		(27,776)	(111,978)
Cash used in operating activities		(162,035)	(458,879)
Investing activities			
Expenditures on mineral property interests		(17,858)	(124,057)
Purchase of other investment		(384,813)	-
Proceeds from disposition of plant and equipment		21,255	-
Net purchase of short term investments		(581,030)	-
Cash used in investing activities		(962,446)	(124,057)
Effect of exchange rate changes on cash and cash equivalents		1,620,374	984,646
Increase in cash and cash equivalents		495,893	401,710
Cash and cash equivalents, beginning of the period		14,851,828	21,642,748
Cash and cash equivalents, end of the period	3	\$ 15,347,721	\$ 22,044,458

See accompanying notes to the unaudited condensed consolidated financial statements

New Pacific Metals Corp.

Unaudited Consolidated Interim Statements of Changes in Equity

(Expressed in Canadian dollars, except for share figures)

Notes	Share Capital		Amount	Share-based payment reserve	Accumulated other comprehensive income	Deficit	Equity attributable to equity holders of the Company	Non-controlling interest	Total equity
	Number of common shares issued	Number of shares held for cancellation							
Balance, July 1, 2014	66,938,229	-	57,149,481	17,324,178	213,715	(47,797,284)	26,890,090	667,294	27,557,384
Share-based compensation	-	-	-	188,345	-	-	188,345	-	188,345
Net income	-	-	-	-	-	1,739,248	1,739,248	(30,244)	1,709,004
Currency translation adjustment	-	-	-	-	1,054,162	-	1,054,162	231,401	1,285,563
Balance, June 30, 2015	66,938,229	-	57,149,481	17,512,523	1,267,877	(46,058,036)	29,871,845	868,451	30,740,296
Share-based compensation	-	-	-	45,744	-	-	45,744	-	45,744
Net income	-	-	-	-	-	1,390,072	1,390,072	1,628	1,391,700
Comprehensive Income	-	-	-	-	336,080	-	336,080	74,655	410,735
Balance, September 30, 2015	66,938,229	-	57,149,481	17,558,267	1,603,957	(44,667,964)	31,643,741	944,734	32,588,475

See accompanying notes to the unaudited condensed consolidated financial statements

New Pacific Metals Corp.

Notes to Unaudited Condensed Consolidated Interim Financial Statements For the three months ended September 30, 2015 and 2014

(Expressed in Canadian dollars, except for share figures)

1. CORPORATE INFORMATION

New Pacific Metals Corp. along with its subsidiaries (collectively the “Company” or “New Pacific”), is a Canadian-based mining company, engaged in the exploration and development of mineral properties in Yukon, Canada and Qinghai, China.

The Company’s common shares are listed on the Toronto Stock Exchange. The Company was continued into the Province of British Columbia under the Business Corporation Act in November 2004. The head office, registered address and records office of the Company are located at 200 Granville Street, Suite 1378, Vancouver, British Columbia, Canada, V6C 1S4.

The Company is in the business of exploring and developing its mineral properties and has not yet determined whether its mineral property interests contain economically recoverable mineral reserves. The underlying value and the recoverability of the amounts shown for mineral property interests are entirely dependent upon the existence of economically recoverable mineral reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of the mineral property interests, and future profitable production or proceeds from the disposition of the mineral property interests.

These unaudited condensed consolidated interim financial statements have been prepared on a going concern basis. The Company has a history of losses and no operating revenues from its operations. As at September 30, 2015, the Company had a working capital position of \$23,431,277 and sufficient cash resources to meet the Company’s planned exploration and development expenditures for the foreseeable future, for, but not limited to, the next 12 months. These financial statements do not reflect adjustments, which could be material, to the carrying value of assets and liabilities, which may be required should the Company be unable to continue as a going concern.

The unaudited condensed consolidated interim financial statements of the Company as at and for the three months ended September 30, 2015 were authorized for issue in accordance with a resolution of the Board of Directors dated on November 13, 2015.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of Compliance and Basis of Preparation

These unaudited condensed consolidated interim financial statements have been prepared in accordance with *IAS 34 – Interim Financial Reporting*. These unaudited condensed consolidated interim financial statements should be read in conjunction with the Company’s audited consolidated financial statements for the year ended June 30, 2015. These unaudited condensed consolidated interim financial statements follow the same significant accounting policies set out in note 2 to the audited consolidated financial statements for the year ended June 30, 2015.

The unaudited condensed interim consolidated financial statements have been prepared on a going concern basis using historical costs except for certain items such as cash and cash equivalents and short term investments, which are measured at fair value. The consolidated financial statements are presented in Canadian dollars (“CAD”), which is the Company’s functional and presentation currency, except where otherwise noted.

New Pacific Metals Corp.

Notes to Unaudited Condensed Consolidated Interim Financial Statements For the three months ended September 30, 2015 and 2014

(Expressed in Canadian dollars, except for share figures)

(b) *Accounting standards issued but not yet in effective*

IFRS 9 – *Financial Instruments* is intended to replace IAS 39 – *Financial Instruments: Recognition and Measurement*. IFRS 9 will be the new standard for the financial reporting of financial instruments that is principle-based and less complex than IAS 39. IFRS 9 requires that all financial assets be classified and subsequently measured at amortized cost or at fair value based on the Company's business model for managing financial assets and the contractual cash flow characteristics of the financial assets. Financial liabilities are classified and subsequently measured at amortized cost except for financial liabilities classified as at FVTPL, financial guarantees and certain other exceptions. The IASB issued amendments to IFRS 9 which deferred the mandatory effective date of IFRS 9 to annual periods beginning on or after January 1, 2018. The amendments also provided relief from the requirement to restate comparative financial statements for the effects of applying IFRS 9. The Company is currently evaluating the impact the final standard is expected to have on the consolidated financial statements.

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

3. CASH AND CASH EQUIVALENT

Cash and cash equivalents consist of:

	September 30, 2015	June 30, 2015
Cash in bank	\$ 15,347,721	\$ 14,851,828

Cash and cash equivalents includes US dollar denominated deposits of US\$8,788,486 (June 30, 2015 – US\$11,174,173) in premium rate savings accounts redeemable at any time with an average annual interest rate of 0.43% (June 30, 2015 – 0.38%) calculated daily and paid monthly. The remaining funds are held in Canadian dollars and Chinese Renminbi.

4. SHORT TERM INVESTMENTS

Short term investments consist of:

	September 30, 2015	June 30, 2015
Bonds	\$ 9,408,026	\$ 8,826,997

New Pacific Metals Corp.

Notes to Unaudited Condensed Consolidated Interim Financial Statements For the three months ended September 30, 2015 and 2014

(Expressed in Canadian dollars, except for share figures)

5. DEPOSIT AND OTHER RECEIVABLES

Deposit and other receivables consist of:

	September 30, 2015		June 30, 2015	
GST/HST receivable	\$	7,925	\$	5,996
Deposit and prepaid expenses		147,639		123,264
	\$	155,564	\$	129,260

6. OTHER INVESTMENTS

	September 30, 2015		June 30, 2015	
Available-for-sale				
Silvercorp Metals Inc.	\$	380,800	\$	-
	\$	380,800	\$	-

	Fair value		Accumulated mark-to-market loss included in OCI	
June 30, 2015	\$	-	\$	-
Purchase from open market		384,813		-
Unrealized loss on equity investments designated as FVTOCI		(4,013)		(4,013)
September 30, 2015	\$	380,800	\$	(4,013)

Other investments include common shares of Silvercorp Metals Inc. that the Company has acquired through the open market. Common shares are classified as available-for-sale and are measured at fair value on initial recognition and subsequent measurement.

7. PLANT AND EQUIPMENT

Cost	Buildings	Machinery	Motor vehicles	Office equipment and furniture	Computer software	Total
Balance, July 1, 2014	\$ 890,754	\$ 1,123,492	\$ 115,922	\$ 152,503	\$ 126,225	\$ 2,408,896
Disposals	-	-	-	(8,104)	-	(8,104)
Foreign currency translation impact	-	1,084	7,124	8,719	51	16,978
Balance, June 30, 2015	\$ 890,754	\$ 1,124,576	\$ 123,046	\$ 153,118	\$ 126,276	\$ 2,417,770
Foreign currency translation impact	-	354	2,326	2,847	17	5,544
Balance, September 30, 2015	\$ 890,754	\$ 1,124,930	\$ 125,372	\$ 155,965	\$ 126,293	\$ 2,423,314

Accumulated depreciation and amortization

Balance as at July 1, 2014	\$ (890,754)	\$(1,118,541)	\$ (85,055)	\$ (96,309)	\$ (80,829)	\$(2,271,488)
Depreciation and amortization	-	(454)	(6,632)	(15,154)	(17,011)	(39,251)
Disposals	-	-	-	5,216	-	5,216
Foreign currency translation impact	-	(274)	(2,215)	(2,854)	(43)	(5,386)
Balance, June 30, 2015	\$ (890,754)	\$(1,119,269)	\$ (93,902)	\$ (109,101)	\$ (97,883)	\$(2,310,909)
Depreciation and amortization	-	(124)	(1,815)	(4,005)	(4,253)	(10,197)
Foreign currency translation impact	-	(105)	(950)	(1,323)	(15)	(2,393)
Balance, September 30, 2015	\$ (890,754)	\$(1,119,498)	\$ (96,667)	\$ (114,429)	\$ (102,151)	\$(2,323,499)

Carrying amount

Balance, June 30, 2015	\$ -	\$ 5,307	\$ 29,143	\$ 44,017	\$ 28,393	\$ 106,861
Balance, September 30, 2015	\$ -	\$ 5,432	\$ 28,705	\$ 41,536	\$ 24,142	\$ 99,815

New Pacific Metals Corp.

Notes to Unaudited Condensed Consolidated Interim Financial Statements For the three months ended September 30, 2015 and 2014

(Expressed in Canadian dollars, except for share figures)

During the three months ended September 30, 2015, certain plant and equipment were disposed for proceeds of \$ 21,255 (three months ended September 30, 2014 - \$nil) and gain of \$21,255 (three months ended September 30, 2014 – Loss of \$2,886).

8. MINERAL PROPERTY INTERESTS

(a) Tagish Lake Gold Property

The Tagish Lake Gold Property, covering an area of 254 square kilometres, is located in Yukon Territory, Canada, and consists of 1,510 mining claims with three identified gold and gold-silver mineral deposits: Skukum Creek, Goddell Gully and Mount Skukum.

(b) RZY Project

The RZY Project, located in Qinghai, China is an early stage silver-lead-zinc exploration project, situated on a high plateau with an average elevation of 5,000 metres above sea level. The RZY Project is located approximately 237 kilometres via paved and gravel roads from the capital city of Yushu Tibetan Autonomous Prefecture, or 820 kilometres via paved highway from Qinghai Province's capital city of Xining.

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

Cost		Tagish Lake		RZY Project		Total
Balance, July 1, 2014	\$	-	\$	6,743,282	\$	6,743,282
<u>Capitalized exploration expenditures</u>						-
Reporting and assessment		10,394		-		10,394
Drilling and assaying		-		2,871		2,871
Staking and mapping		2,510		-		2,510
Surveying		-		322,402		322,402
Camp services		175,710		78,919		254,629
Permitting		252		(57,241)		(56,989)
Environmental study		114		-		114
Other		(13,079)		1,959		(11,120)
Impairment of TLG Project		(175,901)		-		(175,901)
Foreign currency translation impact		-		1,161,481		1,161,481
Balance, June 30, 2015	\$	-	\$	8,253,673	\$	8,253,673
<u>Capitalized exploration expenditures</u>						
Camp services		-		17,858		17,858
Foreign currency translation impact		-		389,977		389,977
Balance, September 30, 2015	\$	-	\$	8,661,508	\$	8,661,508

New Pacific Metals Corp.

Notes to Unaudited Condensed Consolidated Interim Financial Statements For the three months ended September 30, 2015 and 2014

(Expressed in Canadian dollars, except for share figures)

9. TRADE AND OTHER PAYABLES

Trade and other payables consist of:

	September 30, 2015	June 30, 2015
Trade payable	\$ 647,787	\$ 602,868
Acquisition cost payable	441,904	441,903
Accrued liabilities	267,488	247,994
	1,357,178	\$ 1,292,765

Acquisition cost payable represents estimated consideration and legal costs payable to settle untendered shares as a result of the TLG acquisition. The liability for the settlement of untendered shares is on demand and is effective until October 28, 2016, which is the expiry date of the plan of arrangement.

10. PROVISIONS

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

11. RELATED PARTY TRANSACTIONS

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

Transactions with related parties	Three month ended September 30,	
	2015	2014
Silvercorp Metals Inc. (a)	\$ 99,791	\$ 51,380
	\$ 99,791	\$ 51,380

Related party transactions are entered into based on normal market conditions at the amounts agreed on by the parties. As at September 30, 2015, the balances with related parties, which are unsecured, non-interest bearing, and due on demand, are as follows:

Due to related parties	September 30, 2015	June 30, 2015
Silvercorp Metals Inc. (a)	\$ 41,857	\$ 69,633
	\$ 41,857	\$ 69,633

(a) Silvercorp has two common directors and officers with the Company and shares office space and provides various general and administrative services to the Company. During the three months ended September 30, 2015, the Company recorded total expenses of \$99,791 (three ended September 30, 2014 - \$51,380) for services rendered and expenses incurred by Silvercorp on behalf of the Company

New Pacific Metals Corp.

Notes to Unaudited Condensed Consolidated Interim Financial Statements For the three months ended September 30, 2015 and 2014

(Expressed in Canadian dollars, except for share figures)

12. SHARE CAPITAL

(a) Share Capital - authorized share capital

Unlimited number of common shares without par value.

Unlimited number of Class A preferred shares without par value.

(b) Stock Options

The continuity schedule of stock options, as at September 30, 2015, is as follows:

	Number of options	Weighted average exercise price
Balance, July 1, 2015	2,950,000	0.74
Balance, September 30, 2015	2,950,000	0.74

There were no granted options for the three months ended September 30, 2015 and 2014.

For the three months ended September 30, 2015, a total of \$45,744 (three months ended September 30, 2014 - \$79,961) was recorded as share-based compensation expense. For the three months ended September 30, 2015, \$nil (three months ended September 30, 2014 - \$7,222) was capitalized to mineral property interests.

The following table summarizes information about stock options outstanding as at September 30, 2015:

	Exercise prices	Number of options outstanding as at 9/30/2015	Weighted average remaining contractual life (years)	Weighted average exercise price	Number of options exercisable as at 9/30/2015	Weighted average exercise price
\$	0.57	510,000	2.98	0.57	255,000	0.57
	0.61	1,205,000	1.98	0.61	903,750	0.61
	0.62	815,000	2.52	0.62	407,500	0.62
	1.44	100,000	0.09	1.44	100,000	1.44
	1.60	320,000	0.16	1.60	320,000	1.60
	0.57-1.6	2,950,000	2.04	0.74	1,986,250	0.81

13. NON-CONTROLLING INTEREST

	Qinghai Found
Balance, July 1, 2014	\$ 667,294
Share of net loss	(30,244)
Share of other comprehensive income	231,401
Balance, June 30, 2015	\$ 868,451
Share of net income	1,628
Share of other comprehensive income	74,655
Balance, September 30, 2015	\$ 944,734

As at September 30, 2015, non-controlling interests in Qinghai Found Mining Co. Ltd. was 18%.

New Pacific Metals Corp.

Notes to Unaudited Condensed Consolidated Interim Financial Statements For the three months ended September 30, 2015 and 2014

(Expressed in Canadian dollars, except for share figures)

14. FINANCIAL INSTRUMENTS

The Company manages its exposure to financial risks, including liquidity risk, foreign exchange rate risk, interest rate risk and credit risk in accordance with its risk management framework. The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework and reviews the Company's policies on an ongoing basis.

(a) Fair Value

The Company classifies its fair value measurements within a fair value hierarchy, which reflects the significance of inputs used in making the measurements as defined in IFRS 7 – Financial Instruments: Disclosures ("IFRS 7").

Level 1 – Unadjusted quoted prices at the measurement date for identical assets or liabilities in active markets.

Level 2 – Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3 – Unobservable inputs which are supported by little or no market activity.

The following table sets forth the Company's financial assets that are measured at fair value on a recurring basis by level within the fair value hierarchy. As at September 30, 2015, 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	\$ 15,347,721	\$ -	\$ -	\$ 15,347,721
Short term investments	9,408,026	-	-	9,408,026
Other investments	380,800	-	-	380,800

(b) Liquidity Risk

The Company has a history of losses and no operating revenues from its operations. Liquidity risk is the risk that the Company will not be able to meet its short term business requirements. As at September 30, 2015, the Company had a working capital position of \$23,431,277 and sufficient cash resources to meet the Company's short term financial liabilities and its planned exploration and development expenditures for the foreseeable future, for, but not limited to, the next 12 months.

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Notes to Unaudited Condensed Consolidated Interim Financial Statements For the three months ended September 30, 2015 and 2014

(Expressed in Canadian dollars, except for share figures)

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, 2015		June 30, 2015
	Due within a year		
Trade and other payables	\$	1,357,177	\$ 1,292,765
Due to related parties		41,857	69,633
	\$	1,399,034	\$ 1,362,398

(c) Currency Risk

The Company undertakes transactions denominated in foreign currencies and as such is exposed to risks due to fluctuations in foreign exchange rates. The Company does not hedge its foreign currency risk, and the exposure of the Company's financial assets and financial liabilities to foreign exchange risk is summarized as follows:

The amounts are expressed in CAD equivalents	September 30, 2015		June 30, 2015
United States dollars	\$	21,170,023	\$ 21,885,664
Chinese RMB		153,672	1,046,913
Financial assets in foreign currency	\$	21,323,695	\$ 22,932,577
Chinese RMB	\$	615,600	\$ 587,844
Financial liabilities in foreign currency	\$	615,600	\$ 587,844

As at September 30, 2015, with other variables unchanged, a 1% strengthening (weakening) of the U.S. Dollar against the CAD would have increased (decreased) net income by approximately \$212,000.

As at September 30, 2015, with other variables unchanged, a 1% strengthening (weakening) of the Chinese RMB against the CAD would have increased (decreased) net income by approximately \$4,600.

(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, 2015.

(e) Credit Risk

Credit risk is the risk of financial loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company is exposed to credit risk primarily associated with cash and cash equivalents, short term investments, deposit and other receivables. The carrying amount of financial assets included on the balance sheet represents the maximum credit exposure.

New Pacific Metals Corp.

Notes to Unaudited Condensed Consolidated Interim Financial Statements For the three months ended September 30, 2015 and 2014

(Expressed in Canadian dollars, except for share figures)

The Company has deposits of cash equivalents that meet minimum requirements for quality and liquidity as stipulated by the Company's Board of Directors. Management believes the risk of loss to be remote, as majority of its cash and cash equivalents, short term investments are with major financial institutions in Canada. As at September 30, 2015, the Company has a deposit and other receivables balance of \$155,564 (June 30, 2015 - \$129,260).

14. CAPITAL MANAGEMENT

The Company's objectives of capital management are intended to safeguard the entity's ability to support the Company's normal operating requirement on an ongoing basis, continue the development and exploration of its mineral properties, and support any expansionary plans.

The capital of the Company consists of the items included in equity. The Board of Directors does not establish a quantitative return on capital criteria for management. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets.

The Company's overall strategy with respect to capital risk management remained unchanged during the period. The Company is not subject to any externally imposed capital requirement as at September 30, 2015.

15. SEGMENTED INFORMATION

The Company operates in one reportable operating segment, which is the acquisition, exploration and development of mineral property interests, which financial information is evaluated regularly by the Company's Chief Executive Officer, the chief operating decision maker. The format for segment reporting is based on major project segments segregated by geographic locations.

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

	September 30, 2015		
	China	Canada	Total
Mineral property interests	\$ 8,661,508	\$ -	\$ 8,661,508
Plant and equipment	66,426	33,389	99,815
Other Investment		380,800	380,800
Reclamation deposits	-	15,075	15,075
Total Assets	\$ 9,820,458	\$ 24,248,051	\$ 34,068,509
Total Liabilities	(615,600)	(864,434)	(1,480,034)

New Pacific Metals Corp.

Notes to Unaudited Condensed Consolidated Interim Financial Statements For the three months ended September 30, 2015 and 2014

(Expressed in Canadian dollars)

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

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

	Three Months ended September 2015		
	China	Canada	Total
Salaries and benefits	\$ 5,626	\$ 107,439	\$ 113,065
Share-based compensation	-	45,744	45,744
Foreign exchange gain	(36,020)	(1,540,138)	(1,576,158)
Other operating expenses	21,371	114,141	135,512
Loss (income) before other income and expenses	\$ (9,023)	\$ (1,272,814)	\$ (1,281,837)
Gain on disposal of equipment	-	(21,255)	(21,255)
Finance income	(54)	(88,585)	(88,639)
Other expense	31	-	31
Net income	\$ 9,046	\$ 1,382,654	\$ 1,391,700
Attributed to:			
Equity holders of the Company	7,418	1,382,654	1,390,072
Non-controlling interests	1,628	-	1,628
Net (loss) income	\$ 9,046	\$ 1,382,654	\$ 1,391,700

	Three months ended September 30, 2014		
	China	Canada	Total
Salaries and benefits	\$ 15,785	\$ 119,511	\$ 135,296
Share-based compensation	-	72,739	72,739
Foreign exchange gain	(106)	(924,999)	(925,105)
Other operating expenses	49,868	107,162	157,030
Loss (income) before other income and expenses	\$ 65,547	\$ (625,587)	\$ (560,040)
Loss on disposal of plant and equipment	-	2,886	2,886
Finance income	-	(36,921)	(36,921)
Other expense	789	676	1,465
Net (loss) income	\$ (66,336)	\$ 658,946	\$ 592,610
Attributed to:			
Equity holders of the Company	(54,395)	658,946	604,551
Non-controlling interests	(11,941)	-	(11,941)
Net (loss) income	\$ (66,336)	\$ 658,946	\$ 592,610