**DATE OF REPORT Originally as at May 14, 2010, amended as at June 29, 2010**

*This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the Company's unaudited consolidated financial statements for the three and nine months ended March 31, 2010 and related notes thereto, which have been prepared in accordance with Canadian generally accepted accounting principles. In addition, the following should be read in conjunction with the audited consolidated financial statements for the year ended June 30, 2009, the related annual Management Discussion and Analysis, and the related Annual Information Form, as well as other information relating to New Pacific Metals Corp. (the "Company") on file with the Canadian provincial securities regulatory authorities, on SEDAR at www.sedar.com and the Company's website at www.newpacificmetals.com. This Management's Discussion and Analysis contains "forward looking" statements that are subject to risk factors set out in the cautionary note contained herein. All figures are in Canadian ("CAD") dollars unless otherwise noted.*

## 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 under the heading "Outlook". 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 in accordance with 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.*

## COMPANY OVERVIEW

New Pacific Metals Corp. ("the Company") is an exploration stage company engaged in the acquisition and exploration of mineral properties. The Company is a reporting issuer in British Columbia and Alberta and trades on the TSX Venture Exchange under the symbol NUX.

The Company's focus is exploring for gold poly-metallic metals in the Dayao mountain range located in Guangdong Province (the "Huaiji Project") in China.

The Company's strategy is to strengthen and grow through the exploration and development of its current portfolio of China based projects, as well as to acquire further high potential mineral prospects to enhance shareholders value.

## EXPLORATIONS

Exploration expenditures for the nine months ended March 31, 2010 totaled $828,237, of which $768,124 represented exploration expenditures incurred at the Huaiji Project and $60,113 represented expenditures incurred at the Sichuan Project.

*(a) Huaiji Project*

The Huaiji Project is composed of two gold-poly-metallic exploration permits referred to as "HNK" and "XSK", covering a total area of approximately 160 square kilometers, located in Guangdong Province, China.

During the three months ended March 31, 2010, the Company incurred exploration expenditures of $226,055 and completed 283 meters of underground tunneling. A total of $599,155 (RMB 3,997,032) was recovered mainly from selling tunneling by-product ores to a third-party smelter.

Up to March 31, 2010, the Company had incurred total exploration expenditures of $3,957,102 at the Huaiji Project, and had completed a total of 15,279 meters diamond drilling and 4,557 meters of underground tunneling.

*(b) Kang Dian Project*

The Kang Dian Project was suspended and written off during the year ended June 30, 2008.

*(c) Sichuan Project*

Sichuan Project is composed of five exploration permits of copper-poly-metal and nickel-poly-metal, located in Sichuan Province, China.

During the quarter, the Company continued to analyze samples obtained from previous geophysical and geochemical surveys, conducted trenches program for about 128 cube meters, and a total of $4,971 expenditures occurred for such purpose.

**(Expressed in Canadian Dollars, except share, per share data)**

*(d) Project Expenditures*

The continuity schedule of mineral property interest acquisition costs and deferred exploration and development expenditures are as follows:

| Expenditures | Huaiji | Sichuan | Total |
|---|---|---|---|
| Balance, June 30, 2009 | $ 3,188,978 | $ 378,898 | $ 3,567,876 |
| Capitalized exploration and development costs | | | |
| Drilling and assay | 14,039 | 441 | 14,480 |
| Geophysical and geochemical surveys | - | 51,976 | 51,976 |
| Site activities | 43,820 | 1,345 | 45,165 |
| Tunneling | 260,835 | - | 260,835 |
| Balance, September 30, 2009 | 3,507,672 | 432,660 | 3,940,332 |
| Mineral property interest acquisition costs | - | 915 | 915 |
| Capitalized exploration and development costs | | | |
| Geophysical and geochemical surveys | - | 2,725 | 2,725 |
| Site activities | 5,030 | (1,345) | 3,685 |
| Tunneling | 218,345 | - | 218,345 |
| Balance, December 31, 2009 | 3,731,047 | 434,955 | 4,166,002 |
| Capitalized exploration and development costs | | | |
| Geophysical and geochemical surveys | - | 1,319 | 1,319 |
| Site activities | (3,072) | 1,345 | (1,727) |
| Trenching | - | 2,307 | 2,307 |
| Tunneling | 229,127 | - | 229,127 |
| Recovery from mineral property explorations | (599,155) | - | (599,155) |
| **Balance, March 31, 2010** | **$ 3,357,947** | **$ 439,926** | **$ 3,797,873** |

## RISK FACTORS

The Company is subject to many risks which are outlined in the Annual Information Form 51-102F2, which is available on SEDAR at www.sedar.com. In addition, please refer to *Section Financial Instruments* for the analysis of financial risk factors.

## RESULTS OF OPERATIONS

***Three months ended March 31, 2010***

*(a) Highlights*

For the three months ended March 31, 2010 ("Q3 2010"), the Company incurred a loss of $417,667, or $0.01 per share (three months ended March 31, 2009 or Q3 2009 - income of $63,760 or $0.002 per share).

*(b) Expenses*

In Q3 2010, the Company incurred total expenses of $444,765. Compared to the same quarter last year, the overall expenses, not including foreign exchange effect, were $441,100, which was in line with total expenses of $493,538 recorded in Q3 2009.

*(i) General explorations*

In Q3 2010, the Company incurred $71,862 general explorations mainly for general property investigations. A total of $25,249 general exploration was incurred in the same period last year to wind up Kang Dian Project.

*(ii) Investor relations*

Investor relations were $12,414, increased by $6,684 compared to $5,730 in the same period last year due to increased traveling activities to promote investor relations.

*(iii) Salaries and benefits*

Salaries and benefits were $116,529, increased by $44,086 compared to $72,443 in Q3 2009 mainly due to the addition of administration staff in Yunnan Jin Chang Jiang Mining Co. ("YJCJ") acquired by the Company in March 2009.

*(iv) Office and administration*

Office and administration of $29,905, slightly decreased by $2,883 compared to $32,788 in the same period last year.

*(v) Stock-based compensation*

Stock-based compensation expense was $78,817, decreased by 145,793 compared to same period last year (Q3 2009 - $224,610). Due to the amortization of the stock-based compensation over the vesting period, more expenses were expenses in Q3 2009 when new options were granted in January 2009.

*(vi) Travel and promotion*

Travel and promotions expenses decreased by $6,773 to $15,562 (Q3 2009 - $22,335) due to less travel activities.

*(vii) Foreign exchange loss (gain)*

Foreign exchange loss of $3,665 was recorded in Q3 2010, while a foreign exchange gain of $474,714 was recorded in the same quarter last year.

*(c) Gain on disposal of plan and equipment*

In Q3 2010, the Company recorded a gain of $9,345 (Q3 2009 - $nil) on disposal of machinery equipment.

*(d) Interest Income*

In Q3 2010, interest income decreased by $64,831 to $17,753 (Q3 2009 - $82,584) due to lower interest rates compared to the same period last year.

***Nine months ended March 31, 2010***

*(a) Highlights*

For the nine months ended March 31, 2010, the Company incurred a loss of $1,288,704 or $0.04 per share (same period last year - $516,448 or $0.02 per share).

**(Expressed in Canadian Dollars, except share, per share data)**

*(b) Expenses*

During the nine months ended March 31, 2010, the Company incurred total expenses of $1,367,216, an increase of $309,153 compared to $1,058,063 in the same period last year. The expenses were comprised of:

*(i) General explorations*

During the nine months ended March 31, 2010, the Company incurred total general exploration expenses of $88,729 mainly for the general property investigation conducted. A total of $134,078 general exploration was incurred in the same period last year to wind up Kang Dian Project.

*(ii) Investor relations*

Investor relations were $63,132, comparable with $56,476 in the same period last year.

*(iii) Salaries and benefits*

Salaries and benefits were $297,892, increased by $50,893 compared to $246,999 in the same period last year. The increase was mainly due to the addition of administration staff in YJCJ acquired by the Company in March 2009.

*(iv) Office and administration*

Office and administration was $121,651, increased by $19,954 compared to $101,697 in the same period last year due to increased administrative activities in head office and YJCJ for Huaiji Project.

*(v) Stock-based compensation*

The Company discovered an accounting discrepancy in its previously reported March 31, 2010 financial statements, relating to an error in the calculation of stock-based compensation. The correction of this error resulted in a decrease of stock-based compensation expenses, contributed surplus, and deficit of $292,762 for the nine months ended March 31, 2010.

The effect of such adjustments on stock-based compensation expenses, loss from operations, and basis and diluted loss per share for the quarters ended September 30, 2009 ("Q1 2010"), December 31, 2009 ("Q2 2010"), and March 31, 2010 ("Q3 2010") are as follows:

| | Stock-based compensation | | Net (loss) income | | Basic and diluted loss per share | |
|---|---|---|---|---|---|---|
| | As previously reported | **As amended** | As previously reported | **As amended** | As previously reported | **As amended** |
| Q1 2010 | $ 365,974 | **$ 146,593** | $ (650,967) | **$ (431,586)** | $ (0.02) | **$ (0.01)** |
| Q2 2010 | 175,727 | **128,431** | (486,747) | **(439,451)** | (0.02) | **(0.02)** |
| Q3 2010 | 104,902 | **78,817** | (443,752) | **(417,667)** | (0.01) | **(0.01)** |
| | $ 646,603 | **$ 353,841** | $ (1,581,466) | **$ (1,288,704)** | $ (0.05) | **$ (0.04)** |

**(Expressed in Canadian Dollars, except share, per share data)**

The effect of such adjustments on the balances of contributed surplus and deficit as at September 30, 2009, December 31, 2009, and March 31, 2010 are as follows:

| | Contributed surplus | | Deficit | |
|---|---|---|---|---|
| | As previously reported | **As amended** | As previously reported | **As amended** |
| Q1 2010 | $ 12,994,516 | **$ 12,775,135** | $ (14,987,365) | **$ (14,767,984)** |
| Q2 2010 | 13,141,683 | **12,875,006** | (15,474,112) | **(15,207,435)** |
| Q3 2010 | 13,246,585 | **12,953,823** | (15,917,864) | **(15,625,102)** |

*(vi) Travel and promotion*

Travel and promotions expenses were increased by $50,521 to $99,060 (same period last year - $48,539). The increase was mainly due to more travel activities for property investigations and the travel expenses incurred for HNK project.

*(vii) Foreign exchange loss (gain)*

Foreign exchange loss of $39,478 was recorded in the current period, while a foreign exchange gain of $498,046 was recorded in the same period last year.

*(c) Gain on disposal of mineral property interests*

For the nine months ended March 31, 2010, the Company recorded a gain of $15,330 (CNY¥100,000) on disposal of one exploration permit of Kang Dian Project, while a gain of $217,560 (CNY¥1,200,000) was recorded in the same period last year.

*(d) Gain/loss on disposal of plant and equipment*

For the nine months ended March 31, 2010, the Company recorded a gain of $7,541 on disposal of equipment, while a loss of $808 was recorded in the same period last year.

*(e) Interest Income*

For the nine months ended March 31, 2010, interest income decreased by $201,117 to $55,641 (same period last year - $256,758) due to lower interest rates compared to the same period last year.

**(Expressed in Canadian Dollars, except share, per share data)**

**SUMMARY OF QUARTERLY RESULTS**

| | For the Quarters Ended | | | |
|---|---|---|---|---|
| | **31-Mar-10 (1)** | 31-Dec-09 (1) | 30-Sep-09 (1) | 30-Jun-09 |
| Expenses | **$ (444,765)** | $ (473,701) | $ (448,750) | $ (643,956) |
| Other income and expenses | **27,098** | 34,250 | 17,164 | 234,558 |
| Net (loss) income | **(417,667)** | (439,451) | (431,586) | (409,398) |
| Basic and diluted loss per share | **(0.01)** | (0.02) | (0.01) | (0.01) |
| Total assets | **14,623,548** | 14,967,730 | 15,373,053 | 15,376,817 |

| | For the Quarters Ended | | | |
|---|---|---|---|---|
| | 31-Mar-09 | 31-Dec-08 | 30-Sep-08 | 30-Jun-08 |
| Expenses | $ (18,824) | $ (423,568) | $ (615,671) | $ (8,130,659) |
| Other income and expenses | 82,584 | 312,510 | 146,521 | 111,964 |
| Net (loss) income | 63,760 | (111,058) | (469,150) | (5,868,727) |
| Basic and diluted loss (earning) per share | - | - | (0.01) | (0.19) |
| Total assets | 15,630,760 | 14,821,056 | 14,964,647 | 15,193,844 |

(1) These results have been amended for the stock-based compensation error, noted in Note 7(b) of the unaudited interim consolidate financial statements.

The expenses incurred by the Company are typical of junior exploration companies that have not yet established mineral reserves. The Company's expenditures fluctuated from quarter to quarter are mainly related to exploration activities conducted during the respective quarter and impairment charges, if any, to the mineral property interest.

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 equivalent and short term investment, as well as the timing to recognize gain or loss on the disposal of mineral property interest and plant and equipment.

For the quarter ended June 30, 2009, the Company recorded a gain of $188,242 on the disposal of an exploration permit of the Kang Dian Project.

For the quarter ended March 31, 2009, the Company recorded net income of $63,760 mainly due to a foreign exchange gain of $474,714 recognized during the quarter.

For the quarter ended December 31, 2008, the Company recognized a gain of $217,560 on the disposal of two exploration permits of the Kang Dian Project.

For the quarter ended June 30, 2008, the Company recorded a loss of $5.9 million primarily as a result of writing off the mineral property interest in the Kang Dian and the Bingdihong projects due to the unfavorable exploration results.

**(Expressed in Canadian Dollars, except share, per share data)**

## SELECTED ANNUAL INFORMATION

| | 2009 | 2008 | 2007 |
|---|---|---|---|
| Expenses | $ (1,702,019) | $ (9,492,674) | $ (1,833,885) |
| Other income | 776,173 | 595,143 | 209,278 |
| Net loss | (925,846) | (6,746,348) | (1,606,290) |
| Basic and diluted loss per share | (0.03) | (0.21) | (0.06) |
| Total assets | 15,376,817 | 15,193,844 | 22,926,788 |

## LIQUIDITY AND CAPITAL RESOURCES

*(a) Working Capital*

As at March 31, 2010, the Company had a working capital position of $9,862,178 (June 30, 2009 - $11,003,475) mainly comprised of cash and cash equivalents $1,940,049 (June 30, 2009 - $758,917), short term investments $7,907,541 (June 30, 2009 - $10,599,000), receivables and prepaid expenses $539,398 (June 30, 2009 - $94,818), offset by current liabilities of $524,810 (June 30, 2009 - $449,260).

*(b) Cash Flows*

*(i) Operating Activities*

During the three months ended March 31, 2010, cash used by operating activities of $564,924 (same period last year - provided $549,805), mainly resulted from loss of $417,667 (same period last year - income $63,760), net changes of non-cash working capital $221,735 (same period last year - positive $255,241), offset by items not affecting cash $74,478 (same period last year – positive $230,804).

During the nine months ended March 31, 2010, cash used by operating activities of $1,331,917 (same period last year - $118,699) mainly resulted from loss of $1,288,704 (same period last year - $516,448) and net changes of non-cash working capital $388,989 (same period last year - $29,805), offset by items not affecting cash $345,776 (same period last year - $427,554).

The cash used by operating activities is mainly attributed to the Company's development of its infrastructure and corporate governance to support its acquisition and exploration activities.

*(ii) Investing Activities*

During the three months ended March 31, 2010, cash provided by investing activities of $1,934,011 (same period last year - $684,933) was mainly resulted from proceeds from sale of short term investment of $1,691,459 (same period last year - $285,000), recovery from exploration by-product ore sales of $319,341 (same period last year - expenditures of $211,603), deposit received from customers of $nil (same period last year - $166,160), cash increased on acquisition of Lachlan $nil (same period last year - $690,073), offset by purchase of plant and equipment of $23,088 (same period last year - $189,377), purchase of marketable securities of $52,286 (same period last year - $nil), and reclamation deposit paid of $nil (same period last year - $55,320).

During the nine months ended March 31, 2010, cash provided by investing activities of $2,405,195 (same period last year - $81,838) was mainly attributable to proceeds from sale of short term investment of $2,691,459 (same period last year - purchase of $186,000), deposit received from customers of $86,778 (same period last year - $221,280), proceeds from disposal of mineral property interest of $15,590 (same period last year - $nil), proceeds from disposal of plant and equipment $13,875 (same period last year - $127), cash increased on acquisition of Lachlan $nil (same period last year - $690,073); offset by net expenditures for mineral property interests $253,593 (same period last year - $370,647), purchase of plant and equipment of $96,628 (same period last year - $190,750), and reclamation deposits paid of $nil (same period last year - $55,320).

*(iii) Financing Activities*

For the three months ended March 31, 2010, cash provided by financing activities of $11,043 (same period last year - $35,249) was attributed to change in amount due to related parties.

For the nine months ended Month 31, 2010, cash provided by financing activities of $156,948 (same period last year - $38,947) was attributed to increase of amount due to related parties of $113,698 (same period last year - $27,187), and share issued for cash of $43,250 (same period last year - $11,760) upon exercise of options.

*(iv) Foreign Exchange Effect*

For the three and nine month ended March 31, 2010, foreign exchange rate had a negative effect of $10,691 and $67,053 (three and nine months ended March 31, 2009 - negative $49,094 and $23,773), respectively, on cash and cash equivalent.

*(c) Liquidity and Capital Requirements*

The Company's cash and cash equivalent and short term investment as at March 31, 2010 was $9,847,590 decreased by $1,510,327 compared to $11,357,917 on June 30, 2009. The decrease mainly resulted from the expenditures for the general operating activities $1,331,917, net expenditures for mineral property explorations of $253,593, purchase of plant and equipment $96,628, and purchase of marketable securities of $52,286; offset by deposit of $86,778 received from customers, proceeds of $15,590 from disposal of mineral property interest, proceeds of $13,875 from disposal of plant and equipment, amount due to related parties of $113,698, and cash from issuance of shares of $43,250. During the tunneling explorations program, the Company received $233,850 (CNY¥1,500,000) in cash from a third party smelter for the sales of the tunneling by-product ores. Based on the expenditures during the nine months period in fiscal 2010 as well as in the fiscal 2009, the management believes that the working capital of the Company is sufficient to discharge liabilities as they come due and to fund planned project explorations in the foreseeable future.

The Company is in the exploration stage and does not generate revenues. The Company relies on equity financing for its working capital requirements to fund its exploration activities. The Company has no long-term debt and does not anticipate that it will require debt financing for current planned expenditures.

The Company has no purchase commitments and contractual obligations as at March 31, 2010.

## FINANCIAL INSTRUMENTS

The Company manages its exposure to financial risks, including liquidity risk, foreign exchange rate risk, interest rate risk, credit risk and equity price 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 fair value of financial instruments as March 31, 2010 and March 31, 2009 are summarized as follows:

| | **March 31, 2010** | | June 30, 2009 | |
|---|---|---|---|---|
| | **Carrying amount** | **Fair value** | Carrying amount | Fair value |
| **Financial Assets** | | | | |
| *Held for trading* | | | | |
| Cash and cash equivalents | **$ 1,940,049** | **$ 1,940,049** | $ 758,917 | $ 758,917 |
| Short term investments | **7,907,541** | **7,907,541** | 10,599,000 | 10,599,000 |
| *Loans and receivables* | | | | |
| Receivables and deposits | **378,487** | **378,487** | 75,240 | 75,240 |
| *Available for sale* | | | | |
| Marketable securities | **115,080** | **115,080** | - | - |
| **Financial Liabilities** | | | | |
| *Other financial liabilities* | | | | |
| Accounts payable and accrued liabilities | **$ 304,022** | **$ 304,022** | $ 418,972 | $ 418,972 |
| Deposit received | **80,352** | **80,352** | - | - |
| Due to related parties | **140,436** | **140,436** | 30,288 | 30,288 |

Fair values are determined directly by reference to published price quotations in an active market when available. The fair value of financial instruments represents the amounts that would have been received from or paid to counterparties to settle these instruments.

*(b) Liquidity risk*

Liquidity risk is the risk that an entity will encounter difficulties in raising funds to meet obligations associated with financial instruments. The Company manages liquidity by maintaining adequate cash and cash equivalents and short term investment. As of March 31, 2010, the Company has sufficient fund to meet its short-term financial liabilities.

*(c) Exchange risk*

The Company undertakes transactions denominated in foreign currencies and as such is exposed to risks due to fluctuations in foreign exchange rates.

The Company conducts certain of its operations in China and thereby a portion of the Company's assets, liabilities, revenues and expenses are denominated in Chinese Yuan, which was tied to the U.S. Dollar until July 2005 and is now tied to a basket of currencies of China's largest trading partners. The CNY¥ is not a freely convertible currency.
The Company doesn't 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, 2010** | | June 30, 2009 |
|---|---|---|---|---|
| Canadian Dollar | **$** | **9,679,054** | $ | 10,922,538 |
| United States Dollar | | **42,190** | | 209,595 |
| Chinese Yuan | | **619,913** | | 301,024 |
| Total financial assets | **$** | **10,341,157** | $ | 11,433,157 |
| | | | | |
| Canadian Dollar | **$** | **136,199** | $ | 103,792 |
| Chinese Yuan | | **388,611** | | 345,468 |
| Total financial liabilities | **$** | **524,810** | $ | 449,260 |

As at March 31, 2010, with other variables unchanged, a 5% strengthening (weakening) of the Chinese Yuan relative to the Canadian Dollar would have decreased (increased) net loss by approximately $11,565.

As at March 31, 2010, with other variables unchanged, a 5% strengthening (weakening) of the U.S. Dollar relative to the Canadian Dollar would have decreased (increased) net loss by approximately $2,110.

*(d) Interest rate risk*

Interest 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 includes highly liquid investments that earn interests 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. Because of 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, 2010.

*(e) Credit risk*

The Company is exposed to credit risk primarily associated to cash and cash equivalents, short term investments, accounts receivable and interest receivable. The carrying amount of assets included on the balance sheet represents the maximum credit exposure.

None of the cash and cash equivalents were invested in asset backed commercial paper. The Company has deposits of cash equivalents that meet minimum requirements for quality and liquidity as stipulated by the Company's Board of Directors. Management believes the risk of credit loss to be remote.

*(f) Equity price risk*

The Company holds certain marketable securities that will fluctuate in value as a result of trading on Canadian financial markets. Furthermore, as the Company's marketable securities are also in mining companies, market values will fluctuate as commodity prices change. Based upon the Company's portfolio at March 31, 2010, a 5% increase (decrease) in the market price of the securities held, would have resulted in an increase (decrease) in other comprehensive income of $5,754

(Expressed in Canadian Dollars, except share, per share data)

## RELATED PARTY TRANSACTIONS

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

| | Three months ended March 31, | | | | Nine months ended March 31, | | | |
|---|---|---|---|---|---|---|---|---|
| **Transactions with related parties** | | **2010** | | 2009 | | **2010** | | 2009 |
| Silvercorp Metals Inc. (a) | **$** | **79,159** | $ | 57,737 | **$** | **172,917** | $ | 164,507 |
| R. Feng Consulting Ltd. (b) | | **18,000** | | 18,000 | | **54,000** | | 54,000 |
| 0799952 BC Ltd.(c) | | **31,500** | | 31,500 | | **94,500** | | 94,500 |
| | **$** | **128,659** | $ | 107,237 | **$** | **321,417** | $ | 313,007 |

The transactions with related parties during the period were incurred in the normal course of operations and measured at the exchange amount, which is the amount of consideration established and agreed by the parties.

As at March 31, 2010, the balances with related parties, which are unsecured, non-interest bearing, and due on demand, are as follows:

| **Amount due to related parties** | | **March 31, 2010** | | June 30, 2009 |
|---|---|---|---|---|
| Silvercorp Metals Inc. (a) | **$** | **140,436** | $ | 30,288 |
| | **$** | **140,436** | $ | 30,288 |

(a) Silvercorp Metals Inc. ("SVM") has a director and officers in common with the Company and shares office space and provides various general and administrative services to the Company. During the three and nine months ended March 31, 2010, the Company recorded total expenses of $79,519 and $172,917 (three and nine months ended March 31, 2009 - $57,737 and $164,507), respectively, for services rendered and expenses incurred by SVM on behalf of NUX.

(b) During the three and nine months ended March 31, 2010, the Company incurred $18,000 and $54,000 (three and nine months ended March 31, 2009 - $18,000 and $54,000), respectively, consulting fees for consulting services rendered by R. Feng Consulting Ltd., a company controlled by a director of the Company.

(c) During the three and nine months ended March 31, 2010, the Company paid $31,500 and $94,500 (three and nine months ended March 31, 2009 - $31,500 and $94,500), respectively, to 0799952 BC Ltd., a company controlled by a director of the Company, for consulting services.

## OFF-BALANCE SHEET ARRANGEMENTS

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

## PROPOSED TRANSACTIONS

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

## INITIAL ADOPTION AND CHANGE IN ACCOUNTING POLICIES

The significant accounting policies outlined in the Company's audited consolidated financial statements for the year ended June 30, 2009 have been applied consistently for the three and nine months ended March 31, 2010, except below listed in (a) Initial Adoption.

*(a) Initial Adoption*

*(i) Goodwill and Intangible Assets*

In February 2008, the Canadian Institute of Chartered Accountants ("CICA") issued Section 3064, "Goodwill and Intangible Assets", which replaces Section 3062, "Goodwill and Other Intangible Assets" and Section 3450, "Research and Development Costs". This new standard provides guidance on the recognition, measurement, presentation and disclosure of goodwill and intangible assets. Concurrent with the adoption of this standard, CICA Emerging Issues Committee Abstract 27 "Revenues and Expenditures in the Pre-operating Period" ("EIC-27") was withdrawn.

The standard is effective for the Company's fiscal year beginning July 1, 2009. Adoption of this standard did not have a significant effect on the unaudited consolidated financial statements.

*(ii) Financial Instruments – Recognition and Measurement*

On June 17, 2009, the Accounting Standards Board of Canada ("AcSB") released Embedded Derivatives on Reclassification of Financial Assets, amending Section 3855, Financial Instruments – Recognition and Measurement. The amendment indicates that contracts with embedded derivatives cannot be reclassified out of the held for trading category if the embedded derivative cannot be fair valued. The standard is effective for reclassifications made on or after July 1, 2009. The adoption of this standard did not have a significant effect on the unaudited consolidated financial statements.

*(b) New Canadian Accounting Pronouncements*

*(i) Convergence with IFRS*

In February 2008, the Canadian Accounting Standards Board confirmed that publicly accountable enterprises will be required to adopt International Financial Reporting Standards ("IFRS") for fiscal years beginning on or after January 1, 2011, with earlier adoption permitted. Accordingly, the Company plans to adopt IFRS for fiscal years beginning July 1, 2011.

The conversion to IFRS will impact the Company's accounting policies, information technology and data systems, internal control over financial reporting, and disclosure controls and procedures. A diagnostic assessment of the Company's current accounting policies, systems and processes to identify the differences between current Canadian GAAP and IFRS is in progress and the impact on our consolidated financial position and results of operations has not yet been determined. The Company intends to update the critical accounting policies and procedures to incorporate the changes required by a conversion to IFRS and the impact of these changes on its financial disclosures.

*(ii) Business Combinations and Related Sections*

In January 2009, the CICA issued Section 1582 "Business Combinations" to replace Section 1581 to harmonize the business combinations standard under Canadian GAAP with IFRS. The new standard revises guidance on the determination of the carrying amount of the assets acquired and liabilities assumed, goodwill and accounting for non-controlling interests at the time of a business combination.

The CICA concurrently issued Section 1601 "Consolidated Financial Statements" and Section 1602 "Non-controlling Interests", which replace Section 1600 "Consolidated Financial Statements". Section 1601 provides revised guidance on the preparation of consolidated financial statements and Section 1602 addresses accounting for non-controlling interests in consolidated financial statements subsequent to a business combination.

**(Expressed in Canadian Dollars, except share, per share data)**

These sections will be applied to the Company's financial statements for the fiscal year beginning July 1, 2011. The Company is currently assessing the impacts to its consolidated financial statements upon adoption of this new accounting guidance.

*(iii) Financial Instruments - Disclosures*

In June 2009, the AcSB amended Section 3862, Financial Instruments – Disclosures, to converge with Improving Disclosures about Financial Instruments (Amendments to IFRS 7). The amendments expand the disclosures required in respect of recognized fair value measurements and clarify existing principles for disclosures about the liquidity risk associated with financial instruments. This standard will be effective for the annual consolidated financial statements of the Company for the annual period beginning July 1, 2010. The Company is currently assessing the impacts to its consolidated financial statements upon adoption of this new accounting guidance.

## 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 - 31,907,988 common shares with a recorded value of $16,710,643
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 |
|---:|---:|---:|
| **380,000** | 0.56 | March 8, 2011 |
| **24,143** | 0.88 | August 28, 2011 |
| **287,000** | 1.25 | November 30, 2011 |
| **450,000** | 1.55 | July 16, 2012 |
| **79,572** | 1.55 | January 30, 2013 |
| **200,000** | 1.85 | March 25, 2013 |
| **200,000** | 3.05 | May 12, 2013 |
| **1,171,000** | 0.50 | January 18, 2014 |
| **1,570,000** | 0.65 | June 13, 2015 |
| **4,361,715** | | |

## ADDITIONAL INFORMATION IN RELATION TO THE COMPANY

Additional information relating to the Company:
- may be found on SEDAR at www.sedar.com;
- may be found at the Company's web-site www.newpacificmetals.com;
- may be found in the Company's annual information form; and,

- is also provided in the Company's annual audited consolidated financial statements for the years ended June 30, 2009 and June 30, 2008.

## DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

The management of the Company is responsible for establishing and maintaining appropriate information systems, procedures and controls to ensure that information used internally and disclosed externally is complete, reliable and timely. Management is also responsible for establishing adequate internal controls over financial reporting to provide sufficient knowledge to support the representations made in this MD&A and the interim consolidated financial statements for the three and nine months ended March 31, 2010.

The management of the Company has filed the Venture Issuer Basic Certificate with the Annual Filings on SEDAR at www.sedar.com.

In contrast to the certificate required under Multilateral Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings ("MI 52-109"), the venture issuer certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in MI52-109. In particular, the certifying officers filing certificates for venture issuers are not making any representations relating to the establishment and maintenance of:

(i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified inn securities legislation, and

(ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's generally accepted accounting principles.

The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in their certificates(s).

Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in MI 52-109 may result in additional risks to the quality, reliability, transparency, and timeliness of interim and annual filings and other reports provided under securities legislation.

## OUTLOOK

The Company's strategy is to strengthen and grow through the exploration and development of its current portfolio of China based projects, as well as to acquire further high potential mineral prospects to enhance shareholders value.

Meanwhile, the Company is actively seeking out acquisition projects in China and other jurisdictions.