New Pacific Metals Corp.
TSX: NUX

CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2013 and 2012

(Expressed in Canadian Dollars)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of New Pacific Metals Corp.

We have audited the accompanying consolidated financial statements of New Pacific Metals Corp., which comprise the consolidated balance sheets as at June 30, 2013 and June 30, 2012, and the consolidated statements of loss, comprehensive loss, changes in equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of New Pacific Metals Corp. as at June 30, 2013 and June 30, 2012, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Deloitte LLP

Chartered Accountants
September 12, 2013
Vancouver, Canada

New Pacific Metals Corp.
Consolidated Balance Sheets
(Expressed in Canadian dollars)

	Notes		**June 30, 2013**		June 30, 2012
ASSETS					
Current Assets					
Cash and cash equivalents	4	**$**	**11,278,705**	$	22,527,940
Short term investments	5		**15,848,500**		8,080,500
Trade and other receivables	6		**684,187**		264,025
			27,811,392		30,872,465
Non-current Assets					
Reclamation deposits			**15,075**		15,075
Plant and equipment	7		**1,816,044**		1,978,201
Mineral property interests	8		**39,972,023**		37,084,565
TOTAL ASSETS		**$**	**69,614,534**	$	69,950,306
LIABILITIES AND EQUITY					
Current Liabilities					
Trade and other payables	9	**$**	**760,952**	$	661,813
Provisions	10		**81,000**		156,000
Due to related parties	11		**58,886**		56,968
Total Liabilities			**900,838**		874,781
Equity					
Share capital	12		**57,084,157**		57,516,613
Reserves			**17,051,605**		16,726,035
Accumulated other comprehensive income			**170,949**		-
Deficit			**(6,308,080)**		(5,167,123)
Equity attributable to the equity holders of the Company			**67,998,631**		69,075,525
Non-controlling interest	13		**715,065**		-
Total Equity			**68,713,696**		69,075,525
TOTAL LIABILITIES AND EQUITY		**$**	**69,614,534**	$	69,950,306

Approved on behalf of the Board:

(Signed) David Kong
Director

(Signed) Rui Feng
Director

See accompanying notes to the consolidated financial statements

New Pacific Metals Corp.

Consolidated Statements of Loss

(Expressed in Canadian dollars)

	Notes	Year ended June 30, 2013	2012
Expenses			
Audit and accounting		$ **100,112**	$ 82,808
Consulting		**144,520**	78,500
Depreciation		**38,805**	39,017
Filing and listing		**139,383**	109,375
Foreign exchange gain		**(616,786)**	(1,149,804)
General exploration		**123,858**	-
Investor relations		**42,552**	411,942
Legal and professional fees		**91,276**	83,382
Salaries and benefits		**599,903**	532,029
Office and administration		**159,226**	258,961
Rent		**157,705**	220,568
Share-based compensation		**294,851**	387,874
Travel and promotion		**254,632**	109,461
Loss before other income and expenses		**1,530,037**	1,164,113
Other income and expenses			
Loss on disposal of plant and equipment		**-**	(48,209)
Finance expense		**(3,267)**	(5,093)
Finance income		**179,336**	143,049
Other income		**31,375**	(169,130)
		207,444	(79,383)
Net loss for the year		$ **(1,322,593)**	$ (1,243,496)
Attributable to:			
Equity holders of the Company		**(1,259,722)**	(1,243,496)
Non-controlling interests		**(62,871)**	-
		$ **(1,322,593)**	$ (1,243,496)
Basic and diluted loss per share	18	$ **(0.02)**	$ (0.02)
Weighted average number of shares - basic and diluted	18	**67,197,451**	67,344,763

See accompanying notes to the consolidated financial statements

New Pacific Metals Corp.

Consolidated Statements of Comprehensive Loss

(Expressed in Canadian dollars)

	Notes		Year ended June 30, 2013		2012
Net loss		**$**	**(1,322,593)**	$	(1,243,496)
Other comprehensive income					
Items that may subsequently be reclassified to net income or loss:					
Currency translation adjustment			**208,474**		-
Other comprehensive income			**208,474**		-
Comprehensive loss		**$**	**(1,114,119)**	$	(1,243,496)
Attributable to:					
Equity holders of the Company		**$**	**(1,088,773)**	$	(1,243,496)
Non-controlling interest			**(25,346)**		-
		$	**(1,114,119)**	$	(1,243,496)

See accompanying notes to the consolidated financial statements

New Pacific Metals Corp.
Consolidated Statements of Cash Flows
(Expressed in Canadian dollars)

	Notes	Year ended June 30, 2013	2012
Cash (used in) provided by			
Operating activities			
Net loss for the year		**$ (1,322,593)**	$ (1,243,496)
Add (deduct) items not affecting cash :			
Depreciation		**38,805**	39,017
Finance income		**(179,336)**	(143,049)
Reversal of provision		**(75,000)**	-
Loss on disposal of plant and equipment		**-**	48,209
Share-based compensation		**294,851**	387,874
Unrealized foreign exchange gain		**(640,957)**	(1,161,727)
Interest received		**139,336**	143,049
		(1,744,894)	(1,930,123)
Change in non-cash working capital			
Trade receivables		**484,480**	1,195,785
Trade and other payables		**(28,438)**	(1,215,673)
Inventory		**-**	41,412
Due to related parties		**1,918**	32,429
Provisions		**50,850**	156,000
Cash (used in) operating activities		**(1,236,084)**	(1,720,170)
Investing activities			
Expenditures on mineral property interests		**(607,583)**	(5,948,062)
Acquisition of plant and equipment		**(19,960)**	(570,645)
Proceeds from disposition of plant and equipment		**-**	9,135
Net redemption (purchase) of short term investments		**(7,768,000)**	8,942,500
Acquisition of FMI & QFM (net of cash acquired of $1.53 million)	3	**(2,017,474)**	-
Cash (used in) provided by investing activities		**(10,413,017)**	2,432,928
Financing activities			
Shares issued for cash		**12,500**	27,783
Payments for share buy back	12(c)	**(334,691)**	-
Cash (used in) provided by financing activities		**(322,191)**	27,783
Effect of exchange rate changes on cash and cash equivalents		**722,057**	1,161,727
(Decrease) increase in cash and cash equivalents		**(11,249,235)**	1,902,268
Cash and cash equivalents, beginning of the year		**22,527,940**	20,625,672
Cash and cash equivalents, end of the year	4	**$ 11,278,705**	$ 22,527,940

See accompanying notes to the consolidated financial statements

New Pacific Metals Corp.

Consolidated Statements of Changes in Equity

(Expressed in Canadian dollars, except for share figures)

		Share Capital								
	Notes	Number of common shares issued	Number of shares held for cancellation	Amount	Reserve	Accumulated other comprehensive income	Deficit	Equity attributable to equity holders of the Company	Non-controlling interest	Total equity
Balance, July 1, 2011		67,314,203	-	$ 57,467,380	$ 16,230,915	$ -	$ (3,923,627)	$ 69,774,668	$ -	$ 69,774,668
Options exercised		55,000	-	52,450	(21,450)	-	-	31,000	-	31,000
Share issuance costs		-	-	(3,217)	-	-	-	(3,217)	-	(3,217)
Share-based compensation		-	-	-	516,570	-	-	516,570	-	516,570
Net loss for the year		-	-	-	-	-	(1,243,496)	(1,243,496)	-	(1,243,496)
Balance, June 30, 2012		67,369,203	-	$ 57,516,613	$ 16,726,035	$ -	$ (5,167,123)	$ 69,075,525	$ -	$ 69,075,525
Options exercised		25,000	-	21,000	(8,500)	-	-	12,500	-	12,500
Normal course issuer bid	12(c)	(540,974)	27,336	(450,751)	-	-	118,765	(331,986)	-	(331,986)
Transaction costs	12(c)	-	-	(2,705)	-	-	-	(2,705)		(2,705)
Share-based compensation		-	-	-	334,070	-	-	334,070	-	334,070
Acquisition of FMI & QFM	3	-	-	-	-	-	-	-	740,411	740,411
Net loss for the year		-	-	-	-	-	(1,259,722)	(1,259,722)	(62,871)	(1,322,593)
Currency translation adjustment		-	-	-	-	170,949	-	170,949	37,525	208,474
Balance, June 30, 2013		**66,853,229**	**27,336**	**$ 57,084,157**	**$ 17,051,605**	**$ 170,949**	**$ (6,308,080)**	**$ 67,998,631**	**$ 715,065**	**$ 68,713,696**

See accompanying notes to the consolidated financial statements

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.

The consolidated financial statements of the Company as at and for year ended June 30, 2013 were authorized for issue in accordance with a resolution of the Board of Directors dated on September 12, 2013.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of Compliance and Basis of Preparation
These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The policies applied in these consolidated financial statements are based on IFRS in effect as of June 30, 2013.

The 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.

(b) Principles of Consolidation
These consolidated financial statements include the accounts of the Company and its 100% owned subsidiaries: Tagish Lake Gold Corp. ("TLG"), Mount Skukum Gold Mining Corporation, New Pacific Offshore Inc., SKN Nickel & Platinum Ltd., Lachlan Gold Ltd., 0876044 B.C. Ltd., Glory Metals Investment Corp. Limited, Pacific Goldcorp Limited, and Fortress Mining Inc., as well as 82% owned subsidiary, Qinghai Found Mining Co. Ltd.

Subsidiaries are fully consolidated from the date on which the Company obtains control. For non-wholly-owned subsidiaries, the net assets attributable to outside equity shareholders are presented as "non-controlling interests" in the equity section of the consolidated balance sheets. Loss for the period that is attributable to the non-controlling interests is calculated based on the ownership of the minority shareholders in the subsidiary.

Balances, transactions, income and expenses between the Company and its subsidiaries are eliminated on consolidation.

(c) Business Combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Company elects whether it measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in general and administrative expenses.

When the Company acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts hold by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

(d) Foreign Currency Translation

The functional currency for each subsidiary of the Company is the currency of the primary economic environment in which the entity operates. The functional currency of the head office, Canadian subsidiaries and all intermediate holding companies is the Canadian dollar ("CAD"). The functional currency of all Chinese subsidiaries is the Chinese Renminbi ("RMB").

Foreign currency monetary assets and liabilities are translated into the functional currency using exchange rates prevailing at the balance sheet date. Foreign currency non-monetary assets are translated using exchange rates prevailing at the transaction date. Foreign exchange gains and losses are included in the determination of net income.

The consolidated financial statements are presented in CAD. The financial position and results of the Company's entities are translated from functional currencies to CAD as follows:

- assets and liabilities are translated using exchange rates prevailing at the balance sheet date;
- income and expenses are translated using average exchange rates prevailing during the period; and
- all resulting exchange gains and losses are included in other comprehensive income.

The Company treats inter-company loan balances, which are not intended to be repaid in the foreseeable future, as part of its net investment. When a foreign entity is sold, the historical exchange differences plus the foreign exchange impact that arises on the transaction are recognized in the statement of income as part of the gain or loss on sale.

(e) Cash and Cash Equivalents

Cash and cash equivalents include cash, and short-term money market instruments that are readily convertible to cash with original terms of three months or less.

(f) Short Term Investments

Short term investments consist of certificates of deposit and money market instruments with original terms of three months or more, but less than one year.

(g) Plant and Equipment

Plant and equipment are initially recorded at cost, including all directly attributable costs to bring the assets to the location and condition necessary for it to be capable of operating in the manner intended by management. Plant and equipment are subsequently measured at cost less accumulated depreciation and applicable impairment losses. Depreciation is computed using the declining balance method at the following rates based on the nature and useful lives of the asset.

Buildings	5%
Machinery	20%
Motor vehicles	20%
Office equipment and furniture	20%
Computer software	20%

Subsequent costs that meet the asset recognition criteria are capitalized while costs incurred that do not extend the economic useful life of an asset are considered repair and maintenance, which are accounted for as an expense recognized during the period. The Company conducts an annual assessment of the residual balances, useful lives, and depreciation methods being used for plant and equipment and any changes are applied prospectively.

Assets under construction are capitalized as construction-in-progress. The cost of construction-in-progress comprises of its purchase price and any costs directly attributable to bringing it into working condition for its intended use. Construction-in-progress assets are not depreciated until it is completed and available for use.

(h) Mineral Property Interests

The cost of acquiring mineral rights and properties either as an individual asset purchase or as part of a business combination is capitalized and represents the property's fair value at the date of acquisition. Fair value is determined by estimating the value of the property's reserves, resources and exploration potential.

Exploration and evaluation costs, incurred associated with specific mineral rights and properties prior to demonstrable technical feasibility and commercial viability of extracting a mineral resource, are capitalized.

The Company determines that a property is in the development stage when it has completed a positive economic analysis of the mineral deposit. Subsequent development costs incurred prior to the commercial production stage are capitalized and included in the carrying amount of the related property in the period incurred. Proceeds from sales during this period, if any, are offset against costs capitalized.

(i) Impairment of Long-lived Assets

Long-lived assets, including mineral property interests, plant and equipment are reviewed and tested for impairment when indicators of impairment are considered to exist. Impairment assessments are conducted at the level of cash-generating units ("CGU") or at the individual asset level, whichever is the lowest level for which identifiable cash inflows are largely independent of the cash flows of other assets. An impairment loss is recognized for any excess of carrying amount of a CGU over its recoverable amount, which is the greater of its fair value less costs to sell and value in use. For mineral properties and processing facilities, the recoverable amount is estimated as the discounted future net cash inflows expected to be derived from expected future production, metal prices, and net proceeds from the disposition of assets on retirement, less operating and capital costs. Impairment losses are recognized in the period they are incurred.

For exploration and evaluation assets, indication of impairment includes but is not limited to expiration of the right to explore, substantive expenditures in the specific area is neither budgeted nor planned, and exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources.

Impairment losses are reversed if the conditions that gave rise to the impairment are no longer present and it has been determined that the asset is no longer impaired as a result. This reversal is recognized in net income in the period the reversal occurs limited by the carrying value that would have been determined, net of any depreciation, had no impairment charge been recognized in prior years.

(j) Share-based Payments

The Company recognizes share-based compensation expense for all stock options awarded to employees, officers, and directors based on the fair values of the stock options at the date of grant. The fair values of the stock options at the date of grant are expensed over the vesting periods of the stock options with a corresponding increase to equity. The fair value of stock 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 non-employees is measured at the fair value of the services delivered unless fair value cannot be estimated reliably, in which case, fair value is determined using the Black-Scholes option pricing model. Stock options with graded vesting schedules are accounted for as separate grants with different vesting periods and fair values. Forfeitures are accounted for using estimates based on historical actual forfeiture data. Share-based compensation expense related to exploration is capitalized in mineral properties interests.

Upon the exercise of the stock option, consideration received and the related amount transferred from reserves are recorded as share capital.

(k) Rehabilitation Provision

Rehabilitation provisions are recognized when a present legal or constructive obligation exists, as a result of past events, and it is probable that an outflow of resources that can be reliably estimated will be required to settle the obligation. The nature of these rehabilitation activities may include dismantling and removing structures, rehabilitating mines, dismantling operating facilities, closure of plant and waste sites, and restoration, reclamation and re-vegetation of affected areas.

Upon initial recognition of the rehabilitation provision liability, the present value of the estimated costs is capitalized to the carrying value of the related asset. The estimated costs are subsequently amortized to earnings based on the same method of amortization of the underlying asset. The liability is also accreted to full value over time through periodic unwinding of the discount charged to finance expenses in the statement of income.

Management has determined that there is no rehabilitation provision at June 30, 2013 and June 30, 2012.

(l) Income Taxes

Current tax for each taxable entity is based on the local taxable income at the local substantively enacted statutory tax rate at the balance sheet date and includes adjustments to taxes payable or recoverable in respect to previous periods.

Current tax assets and current tax liabilities are only offset if a legally enforceable right exists to set off the amounts, and the Company intends to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Deferred tax is recognized using the 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. Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses, can be utilized, except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that future taxable profit will be available to allow the deferred tax asset to be recovered.

Deferred 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 substantively enacted by the end of the reporting period.

Deferred tax relating to items recognized outside profit or loss is recognized in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(m) Earnings (loss) per Share

Earnings (loss) per share is computed by dividing net income (loss) attributable to equity holders of the Company by the weighted average number of common shares outstanding for the period. Diluted earnings per share reflect the potential dilution that could occur if additional common shares are assumed to be issued under securities that entitle their holders to obtain common shares in the future. For stock options, the number of additional shares for inclusion in diluted earnings per share calculations is determined when the exercise price is less than the average market price of the Company’s common shares; the stock options are assumed to be exercised and the proceeds are used to repurchase common shares at the average market price for the period. The incremental number of common shares issued under stock options and repurchased from proceeds is included in the calculation of diluted earnings per share.

(n) Financial Instruments

On initial recognition, all financial assets and financial liabilities are recorded at fair value adjusted for directly attributable transaction costs except for financial assets and liabilities classified as fair value through profit or loss, of which transactions costs are expensed as incurred.

Subsequent measurement of financial assets and liabilities depends on the classification of such assets and liabilities.

Classified as fair value through profit or loss ("FVTPL"):

Financial assets and liabilities classified as at FVTPL are measured at fair value with changes in fair values recognized in net income. Financial assets and liabilities are classified as at FVTPL when: (i) they are acquired or incurred principally for short-term profit taking and/or meet the definition of a derivative (held-for-trading); or (ii) they meet the criteria for being designated as at FVTPL and have been designated as such on initial recognition.

Classified as available-for-sale:

A financial asset is classified as available-for-sale when: (i) it is not classified as a loan and receivable, a held-to-maturity investment or as at FVTPL; or (ii) it is designated as available-for-sale on initial recognition. A financial asset classified as available-for-sale is measured at fair value with mark-to-market gains and losses recognized in other comprehensive income and accumulated in accumulated other comprehensive income within equity until the financial asset is derecognized or there is objective evidence that the asset is impaired.

Loans and receivables and other financial liabilities:

Financial assets classified as loans and receivables and other financial liabilities are measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest method.

The Company classifies its financial instruments as follows:

- Financial assets classified as at FVTPL: cash and cash equivalents, short term investments.
- Loans and receivables: trade and other receivables.
- Financial liabilities: trade and other payables, amount due to related parties.

Impairment:

The Company assesses at the end of each reporting period whether there is objective evidence that financial assets are impaired. Impairment losses and reversal of impairment losses, if any, are recognized in net income in the period it occurs.

(o) Significant Judgments and Estimation Uncertainties

Many amounts included in the consolidated financial statements require management to make judgments and/or estimates. These judgments and estimates are continuously evaluated and are based on management's experience and knowledge of relevant facts and circumstances. Actual results may differ from the amounts included in the consolidated balance sheet.
Areas of significant judgment include:

- Capitalization of expenditures with respect to exploration, evaluation and development costs to be included in mineral property interests.
- Determination of functional currency.
- Determination of cash generating units.
- Determination of asset acquisition versus business combination.
- Recognition of a provision for environmental rehabilitation costs.

Areas of significant estimates include:
- Estimates of the quantities of proven and probable mineral reserves and the portion of resources considered to be probable of economic extraction.
- Forecast prices of commodities, exchange rates, production costs, and recovery rates.
- The estimated fair values of cash generating units for impairment tests, including estimates of future costs to produce proven and probable reserves, future commodity prices, and discount rates.
- The estimated useful lives and residual values of tangible and long-lived assets and the measurement of depreciation expense.
- Estimation of environmental rehabilitation costs.
- The fair value of acquired assets and liabilities.
- Valuation input and forfeiture rates used in calculation of share-based compensation.
- Evaluation and assessment of contingent liabilities.
- The accounting and recognition of income taxes and composition of deferred income tax asset and liabilities.

The Company estimates its ore reserves and mineral resources based on information compiled by qualified persons as defined in accordance with the National Instrument 43-101.

(p) Changes in Accounting Standards

For annual periods beginning on or after July 1, 2013:

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.

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.

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.

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.

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 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. The Company does not anticipate the application of this standard to have a significant impact on the consolidated financial statements.

Amendments to IFRS 10, IFRS 11, IFRS 12 provides additional transitional relief in applying the respective standards by limiting the requirement to provide adjusted comparative information to only the preceding comparative period. The Company does not anticipate the application of this amendment to have a significant impact on the consolidated financial statements.

For annual periods beginning on or after July 1, 2014:

Amendments to IAS 32 - *Financial Instruments* - this amends IAS 32 - *Financial Instruments: Presentation* to provide clarifications on the application of the offsetting rules. The Company does not anticipate the application of this amendment to have a significant impact on the consolidated financial statements.

For annual periods beginning on or after July 1, 2015:

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 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. 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.

3. ASSET ACQUISITION

On March 28, 2013, the Company acquired 80% of Fortress Mining Inc.'s ("FMI") interest in the RZY Silver-Lead-Zinc Project ("RZY Project") through the purchase of all the outstanding common shares of FMI from Silvercorp Metals Inc. ("Silvercorp"), a related party of the Company, for cash consideration of US$3,489,918 (CAD$3,544,361). The RZY Project is held through FMI's 82% owned subsidiary, Qinghai Found Mining Co. Ltd. ("QFM"). QFM has a 67% interest in the RZY Project.

The RZY Project exploration permit is held by Qinghai Geological Survey Institute ("QGSI"), the minority shareholder of QFM. The exploration permit will be transferred to QFM when QFM completes funding of RMB30 million (US$4.8 million) on RZY Project exploration or capital expenditures; or the RZY Project matures to a development stage project. Once the exploration permit is transferred; QFM will have a 100% interest in the RZY Project, giving FMI an 82% interest in the project.

As part of the agreement, the Company has an option to purchase the remaining 20% of FMI's interest within two years for an additional payment of US$5 million.

The TSX has approved the RZY transaction subject to the approval by the disinterested shareholders of the Company. The Company expects to obtain the approval by the disinterested shareholders at the annual general meeting in November 2013.

The transaction is entered into based on normal market conditions at the amounts agreed on by the parties and has been accounted for as an acquisition of assets and related liabilities by the Company. The purchase consideration has been allocated to the assets acquired and liabilities assumed as follows:

Purchase Price		
Cash consideration	$	3,544,361
Fair Value of Assets Acquired and Liabilities Assumed		
Cash	$	1,526,887
Other current assets		833,095
Plant and equipment		69,876
Mineral property interests		1,927,991
Accounts payable and accrued liabilities		(73,077)
Non-controlling interests		(740,411)
	$	3,544,361

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

		June 30, 2013		June 30, 2012
Cash in bank	**$**	**11,278,705**	$	2,207,572
Cash equivalents		**-**		20,320,368
	$	**11,278,705**	$	22,527,940

Cash and cash equivalents includes US dollar denominated deposits of US$7,082,887 (June 30, 2012 – US$19,939,523) in premium rate savings accounts redeemable at any time with an average annual interest rate of 0.39% (June 30, 2012 – 0.35%) calculated daily and paid monthly. The remaining funds are held in Canadian dollars.

5. SHORT TERM INVESTMENTS

Short term investments consist of:

		June 30, 2013		June 30, 2012
Guaranteed Investment Certificates	**$**	**80,500**	$	8,080,500
Term Deposits		**15,768,000**		-
	$	**15,848,500**	$	8,080,500

Term deposit balance consists of a one year non-redeemable term deposit of US$15,000,000 with a fixed interest rate of 0.8% per annum.

(Expressed in Canadian dollars)

6. TRADE AND OTHER RECEIVABLES

Trade and other receivables consisted of the following:

		June 30, 2013		June 30, 2012
GST/HST receivable	$	7,210	$	57,558
Interest receivable		40,000		48,604
Deposits and prepaid expenses		636,977		157,863
	$	684,187	$	264,025

7. PLANT AND EQUIPMENT

Cost	Buildings	Machinery	Motor vehicles	Office equipment and furniture	Computer software	Total
Balance as at July 1, 2011	$ 503,640	$ 723,157	$ 106,042	$ 71,609	$ 138,801	$ 1,822,622
Additions	3,000	396,455	26,895	22,572	16,883	570,546
Disposals	-	(1,528)	(70,449)	-	-	(71,977)
Reclassification from construction in progress	384,114	-	-	-	-	-
Balance as at June 30, 2012	$ 890,754	$ 1,118,084	$ 62,488	$ 94,181	$ 155,684	$ 2,321,191
Acquisition of FMI & QFM	-	4,581	40,002	25,009	284	69,876
Additions	-	1,526	10,302	8,132	-	19,960
Reclassification	-	(1,000)	1,000	-	-	-
Foreign currency translation impact	-	271	1,934	1,272	14	3,491
Balance as at June 30, 2013	**$ 890,754**	**$ 1,123,462**	**$ 115,726**	**$ 128,594**	**$ 155,982**	**$ 2,414,518**
Accumulated depreciation and amortization						
Balance as at July 1, 2011	$ (5,513)	$ (32,050)	$ (4,753)	$ (5,932)	$ (27,687)	$ (75,935)
Depreciation and amortization	(41,189)	(175,479)	(20,458)	(17,759)	(26,803)	(281,688)
Disposals	-	466	14,167	-	-	14,633
Balance as at June 30, 2012	$ (46,702)	$ (207,063)	$ (11,044)	$ (23,691)	$ (54,490)	$ (342,990)
Depreciation and amortization	(41,249)	(160,361)	(15,903)	(17,214)	(20,479)	(255,206)
Reclassification	-	81	(81)	-	-	-
Foreign currency translation impact	-	(23)	(146)	(100)	(8)	(277)
Balance as at June 30, 2013	**$ (87,951)**	**$ (367,366)**	**$ (27,174)**	**$ (41,005)**	**$ (74,977)**	**$ (598,473)**
Carrying amount						
Balance as at June 30, 2012	$ 844,052	$ 911,021	$ 51,444	$ 70,490	$ 101,194	$ 1,978,201
Balance as at June 30, 2013	**$ 802,803**	**$ 756,096**	**$ 88,551**	**$ 87,589**	**$ 81,005**	**$ 1,816,044**

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.

(Expressed in Canadian dollars)

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, 2011	$	30,765,038	$	-	$	30,765,038
Capitalized exploration expenditures						
Reporting and assessment		569,146		-		569,146
Drilling and assaying		2,377,772		-		2,377,772
Staking and mapping		-		-		-
Geophysical and geochemical surveys		-				-
Camp services		1,602,767		-		1,602,767
Site preparation		877,914		-		877,914
Permitting		240,326		-		240,326
Environmental study		131,193		-		131,193
Other		520,409		-		520,409
Balance, June 30, 2012	$	37,084,565	$	-	$	37,084,565
Acquisition of mineral property interest (Note 3)				1,927,991		1,927,991
Capitalized exploration expenditures						
Reporting and assessment		42,429		-		42,429
Drilling and assaying		-		81,155		81,155
Staking and mapping		43,165		-		43,165
Camp services		441,218		-		441,218
Permitting		1,335		-		1,335
Environmental study		16,035		-		16,035
Other		225,610		12,256		237,866
Foreign currency translation impact		-		96,264		96,264
Balance, June 30, 2013	**$**	**37,854,357**	**$**	**2,117,666**	**$**	**39,972,023**

9. TRADE AND OTHER PAYABLES

Trade and other payables comprised of:

		June 30, 2013		June 30, 2012
Trade payable	**$**	**107,314**	$	37,708
Acquisition cost payable		**441,903**		441,903
Accrued liabilities		**211,735**		182,202
	$	**760,952**	$	661,813

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 June 30, 2013, the Company has a provision for certain legal matters of $81,000 (June 30, 2012 - $156,000). The legal provision is based on management's best estimate of the amount and timing of the potential settlements.

(Expressed in Canadian dollars)

During the fiscal year, certain legal matters were settled for $24,150. As such, the unused portion of the related provisions of $75,000 to these legal matters was reversed in the fiscal year.

11. RELATED PARTY TRANSACTIONS

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

		Year ended June 30,		
Transactions with related parties		**2013**		2012
Silvercorp Metals Inc. (a)	**$**	**388,392**	$	555,463
R. Feng Consulting Ltd. (b)		**36,000**		72,000
Parkside Management Ltd. (c)		**36,000**		-
	$	**460,392**	$	627,463

Related party transactions are entered into based on normal market conditions at the amounts agreed on by the parties. As at June 30, 2013, the balances with related parties, which are unsecured, non-interest bearing, and due on demand, are as follows:

Due to related parties		**June 30, 2013**		June 30, 2012
Silvercorp Metals Inc. (a)	**$**	**40,886**	$	36,808
R. Feng Consulting Ltd. (b)		**-**		20,160
Parkside Management Ltd. (c)		**18,000**		-
	$	**58,886**	$	56,968

(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 year ended June 30, 2013, the Company recorded total expenses of $388,392 (year ended June 30, 2012 - $555,463) for services rendered and expenses incurred by Silvercorp on behalf of the Company.

(b) During the year ended June 30, 2013, the Company incurred $36,000 (year ended June 30, 2012 - $72,000) in consulting fees for consulting services rendered by R. Feng Consulting Ltd., a company controlled by a director and an officer of the Company.

(c) During the year ended June 30, 2013, the Company incurred $36,000 (year ended June 30, 2012 - $nil) in consulting fees for consulting services rendered by Parkside Management Ltd., a company controlled by a director and an officer of the Company.

(d) Compensation of key management personnel

The remuneration of directors and other members of key management personnel for the years ended June 30, 2013 and 2012 are as follows:

		Year ended June 30,		
		2013		2012
Directors' fees	**$**	**73,750**	$	30,000
Salaries/consulting fees for key management personnel		**487,546**		748,755
Share-based compensation		**663,009**		138,103
	$	**1,224,305**	$	916,858

(Expressed in Canadian dollars)

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 June 30, 2013 and 2012, is as follows:

	Number of options		Weighted average exercise price
Balance, July 1, 2011	3,725,750	$	1.08
Options granted	140,000		1.33
Options exercised	(55,000)		0.56
Options forfeited	(737,500)		1.61
Options expired	(23,000)		1.25
Balance, June 30, 2012	3,050,250	$	0.98
Options granted	2,630,000		0.61
Options exercised	(25,000)		0.50
Options forfeited	(666,250)		1.14
Options expired	(219,000)		1.55
Balance, June 30, 2013	**4,770,000**	**$**	**0.73**

During the year ended June 30, 2013, a total of 2,630,000 options were granted to employees and directors of the Company at a weighted average exercise price of $0.61 for a term of five years subject to a vesting period of 48 months with 12.5% of the options vesting every six months.

Option pricing model requires the input of highly subjective assumptions including the expected volatility. Changes in the assumptions can materially affect the fair value estimate and therefore, the existing models do not necessarily provide a reliable estimate of the fair value of the Company's stock options. The Company's expected volatility is based on the historical volatility of the Company's share price on the Toronto Stock Exchange.

The fair value of the options granted were estimated using the Black-Scholes options pricing model with the following assumptions:

	Year ended June 30,	
	2013	2012
Risk free interest rate	**1.18%**	1.41%
Expected volatility	**84%**	109%
Expected life of options in years	**3.2**	4.2
Expected dividend yield	**0%**	0%
Estimated forfeiture rate	**19%**	9%

The weighted average grant date fair value for the options granted during the year was $0.34 (year ended June 30, 2012 – $0.99).

For the year ended June 30, 2013, a total of $294,851 (year ended June 30, 2012 - $387,874) was recorded as share-based compensation expense. For the year ended June 30, 2013, $39,219 (year ended June 30, 2012 – $128,696) was capitalized to mineral property interests.

(Expressed in Canadian dollars)

The following table summarizes information about stock options outstanding as at June 30, 2013:

Exercise prices	Number of options outstanding as at June 30, 2013	Weighted average remaining contractual life (years)	Weighted average exercise price	Number of options exercisable as at June 30, 2013	Weighted average exercise price
$ 0.50	475,000	0.55	$ 0.50	475,000	$ 0.50
0.65	1,175,000	1.95	0.65	881,250	0.65
1.44	250,000	2.34	1.44	156,250	1.44
1.60	320,000	2.41	1.60	200,000	1.60
1.65	10,000	2.48	1.65	6,250	1.65
2.04	10,000	2.49	2.04	6,250	2.04
1.42	25,000	2.96	1.42	12,500	1.42
0.61	1,690,000	4.23	0.61	211,250	0.61
0.62	815,000	4.77	0.62	-	-
$0.5 - $2.04	4,770,000	3.16	$ 0.73	1,948,750	$ 0.78

(c) Normal Course Issuer Bid

On June 25, 2012, the Company announced a normal course issuer bid (“NCIB”) which allows it to acquire up to 5 million of its own common shares. As at June 30, 2013, the Company purchased 540,974 common shares for a total consideration of $331,986, allocating $450,751 to share capital and $118,765 to retained earnings. Transaction costs related to the common share acquisitions were $2,705. As at June 30, 2013, of the total common shares repurchased under the NCIB, 513,638 common shares have been cancelled and returned to treasury. The remaining 27,336 common shares were held for cancellation as at June 30, 2013 but have been cancelled subsequently.

13. NON-CONTROLLING INTEREST

		Qinghai Found
Balance, July 1, 2012	$	-
Acquisition of FMI & QFM		740,411
Share of net loss		(62,871)
Share of other comprehensive income		37,525
Balance, June 30, 2013	**$**	**715,065**

As at June 30, 2013, non-controlling interests in Qinghai Found Mining Co. Ltd. was 18%.

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.

(Expressed in Canadian dollars)

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 June 30, 2013, 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	$ 11,278,705	$ -	$ -	$ 11,278,705
Short term investments	15,848,500	-	-	15,848,500

(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 June 30, 2013, the Company had a working capital position of $26,910,554 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.

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:

	June 30, 2013	June 30, 2012
	Due within a year	
Trade and other payables	**$ 760,952**	$ 661,813
Due to related parties	**58,886**	56,968
	$ 819,838	$ 718,781

(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		June 30, 2013		June 30, 2012
United States dollars	$	**23,230,653**	$	21,209,196
Chinese RMB		**99,529**		-
Financial assets in foreign currency	$	**23,330,182**	$	21,209,196
Chinese RMB		**80,371**		-
Financial liabilities in foreign currency	$	**80,371**	$	-

As at June 30, 2013, with other variables unchanged, a 1% strengthening (weakening) of the U.S. Dollar against the CAD would have increased (decreased) net income by approximately $230,000.

As at June 30, 2013, with other variables unchanged, a 1% strengthening (weakening) of the Chinese RMB against the CAD would have increased (decreased) net income by approximately $200.

(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 June 30, 2013.

(e) Credit Risk

Credit risk is the risk of financial loss to the Company if the counterparty to a financial instrument fails to meets its contractual obligations. The Company is exposed to credit risk primarily associated with cash and cash equivalents, short term investments, trade and other receivables. 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. As at June 30, 2013, the Company has a trade and other receivables balance of $684,187 (June 30, 2012 - $264,025).

15. 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.

(Expressed in Canadian dollars)

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 June 30, 2013.

16. INCOME TAXES

The provision for income taxes differs from the amount computed by applying the cumulative Canadian federal and provincial income tax rates to the loss before income tax provision due to the following:

	Years ended June 30,	
	2013	2012
Canadian statutory tax rate	**25.25%**	28.28%
Loss before income taxes	**$ (1,322,593)**	$ (1,243,496)
Income tax recovery computed at Canadian statutory rates	**(333,955)**	(351,622)
Foreign tax rates different from statutory rate	**30,029**	(676,592)
Rate differences related to origination and reversal of temporary differences	**(50,902)**	4,776
Permanent items and other	**101,867**	832,666
Investment tax credits	**(37,236)**	(432,295)
Change in unrecognized deferred tax assets	**356,420**	1,161,402
Adjustments in respect of prior years	**(21,301)**	(550,495)
Change in future tax rates	**(46,119)**	-
Other	**1,197**	12,160
	$ -	$ -

The Canadian income tax rate declined during the year due to changes in the law that reduced corporate income tax rates in Canada.

The significant components of the Company's deferred tax assets and liabilities are as follows:

	2013	2012
Deferred tax assets:		
Non-capital loss carry forward	**$ 2,405,725**	$ 2,153,916
Deferred tax liabilities:		
Mineral Property Interests	**$ 2,405,725**	$ 2,153,916

Deferred tax assets are recognized to the extent that the realization of the related tax benefit through future taxable profit is probable. The ability to realize the tax benefits is dependent upon numerous factors, including the future profitability of operations in the jurisdiction in which the tax benefit arise. Deductible temporary differences and unused tax losses for which no deferred tax assets have been recognized are attributable to the following:

	2013	2012
Non-capital loss carry forward	**$ 6,053,776**	$ 4,670,409
Plant and equipment	**1,396,504**	808,698
Mineral property interests	**315,056**	315,056
Share issuance costs	**442,058**	663,088
Provisions	**81,000**	156,000
Investment tax credit	**1,628,747**	1,649,443
	$ 9,917,141	$ 8,262,694

(Expressed in Canadian dollars)

As at June 30, 2013, the Company has the following net operating losses, expiring various years to 2033 and available to offset future taxable income in Canada and China, respectively:

	Canada	China
2014	$ 393,190	$ 161,128
2015	328,589	172,957
2016	-	160,247
2017	-	170,665
2018	-	295,366
2026	637,545	-
2027	2,084,049	-
2028	1,641,372	-
2029	1,449,913	-
2030	2,233,380	-
2031	1,856,703	-
2032	1,309,418	-
2033	1,178,184	-
	$ 13,112,342	$ 960,363

As at June 30, 2013, the Company had tax credits of $1.6 million (June 30, 2012 – $1.6 million) that have not been recognized, expiring between 2026 to 2033.

17. 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. For the year ended and as at June 30, 2012, all assets, liabilities and operating results of the Company were located in Canada.

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

		June 30, 2013	
	China	Canada	Total
Mineral property interests	$ 2,117,666	$ 37,854,357	$ 39,972,023
Plant and equipment	68,046	1,747,998	1,816,044
Reclamation deposits	-	15,075	15,075
Total Assets	$ 5,394,792	$ 64,219,742	$ 69,614,534
Total Liabilities	(80,371)	(820,467)	(900,838)

(Expressed in Canadian dollars)

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

	Year Ended June 30, 2013		
	China	Canada	Total
Salaries and benefits	$ (20,149)	$ (579,754)	$ (599,903)
Share-based compensation	-	(294,851)	(294,851)
Foreign exchange gain (loss)	(24,438)	641,224	616,786
Other operating expenses	(285,343)	(966,726)	(1,252,069)
Loss before other income and expenses	$ (329,930)	$ (1,200,107)	$ (1,530,037)
Finance income	119	179,217	179,336
Other income (expenses)	(19,475)	47,583	28,108
Net loss for the year	$ (349,286)	$ (973,307)	$ (1,322,593)
Attributed to:			
Equity holders of the Company	(286,415)	(973,307)	(1,259,722)
Non-controlling interests	(62,871)	-	(62,871)
Net loss for the year	$ (349,286)	$ (973,307)	$ (1,322,593)

18. LOSS PER SHARE

The basic loss per share is computed by dividing the net loss by the weighted average number of common shares outstanding during the year. The diluted loss per share reflects the potential dilution of common share equivalents such as outstanding stock options in the weighted average number of common shares outstanding during the year, if dilutive. The impact of stock options and warrants were anti-dilutive for the years presented:

	Year ended June 30,	
	2013	2012
Net loss attributable to equity holders of the Company	**$ (1,259,722)**	$ (1,243,496)
Weighted average number of shares outstanding		
Basic	**67,197,451**	67,344,763
Effect of diluted securities		
Stock options	**-**	-
Diluted	**67,197,451**	67,344,763
Basic loss per share	**$ (0.02)**	$ (0.02)
Diluted loss per share	**$ (0.02)**	$ (0.02)