

ANNUAL INFORMATION FORM

For the year ended June 30, 2018



New Pacific Metals Corp.

TSX-V: NUAG | OTCQX: NUPMF

Dated as at September 28, 2018

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ITEM 1: PRELIMINARY NOTES

1.1 Form

This Annual Information Form (“AIF”) of New Pacific Metals Corp. (the “**Company**” or “**NPMC**”) is prepared in the format prescribed by Form 51-102F2 for companies with financial years beginning on or after January 1, 2011, and is hereby filed with the securities regulatory authorities in the provinces of British Columbia, Alberta, Manitoba, Ontario, and Quebec.

1.2 Date of Information

All information in this AIF is as of June 30, 2018, unless otherwise indicated.

1.3 Forward-Looking Statements

This AIF contains “forward-looking statements” and “forward-looking information” collectively referred to herein as “**forward-looking statements**” within the meaning of the applicable Canadian securities laws that are based on expectations, estimates and projections as at the date of this AIF. These forward-looking statements include but are not limited to statements and information concerning: plans and expectations for the Silver Sand Project (as defined below), the Tagish Lake Gold Property (as defined below) and the RZY Project (as defined below).

Any statements that involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often but not always using phrases such as “expects” or “does not expect”, “is expected”, “anticipates” or “does not anticipate”, “plans”, “budget”, “scheduled”, “forecasts”, “estimates”, “believes” or “intends” or variations of such words and phrases or stating that certain actions, events, or results “may” or “could”, “would”, “might”, or “will” be taken to occur or be achieved) are not statements of historical fact and may be forward-looking statements and are intended to identify forward-looking statements.

These forward-looking statements are based on the beliefs of the Company’s management as well as on assumptions, which management believes to be reasonable based on information currently available at the time such statements were made. However, there can be no assurance that the forward-looking statements will prove to be accurate.

By their nature, forward-looking statements are based on assumptions and involve known and unknown risks, uncertainties, and other factors that may cause the actual results, performance, or achievements of the Company to be materially different from any future results, performance, or achievements expressed or implied by the forward-looking statements. Forward-looking statements are subject to a variety of risks, uncertainties, and other factors that could cause actual events or results to differ from those expressed or implied by the forward-looking statements, including, without limitation: general business, economic, competitive, political, regulatory and social uncertainties; silver, lead, copper and gold price volatility; uncertainty related to mineral exploration properties; risks related to the ability to finance the continued exploration of mineral properties; risks related to factors beyond the control of the Company; risks and uncertainties associated with exploration and mining operations; risks related to the ability to obtain adequate financing for planned development activities; lack of infrastructure at mineral exploration properties; risks and uncertainties relating to the interpretation of drill results and the geology, grade and continuity of mineral deposits; uncertainties related to title to mineral properties and the acquisition of surface rights; risks related to governmental regulations, including environmental laws and regulations and liability and obtaining permits and licences; future changes to environmental laws and regulations; unknown environmental risks from past activities; commodity price fluctuations; risks related to reclamation activities on mineral properties; risks related to political instability and unexpected regulatory change; currency fluctuations; influence of third party stakeholders; conflicts of interest; risks related to dependence on key individuals; risks related to the involvement of some of the directors and officers of the Company with other natural resource companies; enforceability of claims; the ability to maintain adequate control over financial reporting; disruptions or changes in the credit or security markets; actual results of current exploration activities; mineral reserve and mineral resource estimate risk; actual results of current reclamation activities; conclusions of economic evaluations; changes in project parameters as plans continue to be refined; changes in labour costs or other costs of production; labour disputes and other risks of the mining industry; delays in obtaining governmental approvals or financing or in the completion of development or construction activities; the ability to renew

existing licenses or permits or obtain required licenses and permits; increased infrastructure and/or operating costs; risks of not meeting production and cost targets; discrepancies between actual and estimated production; metallurgical recoveries; mining operational and development risk; litigation risks; speculative nature of silver exploration; global economic climate; dilution; environmental risks; community and non-governmental actions; and regulatory risks. This list is not exhaustive of the factors that may affect any of the forward-looking statements of the Company.

Forward-looking statements are statements about the future and are inherently uncertain. Actual results could differ materially from those projected in the forward-looking statements as a result of the matters set out generally and certain economic and business factors, some of which may be beyond the control of the Company. Further, these statements are only current as of June 30, 2018, unless otherwise indicated, as the case may be. Important risk factors are identified in this AIF under the heading “Item 4.2 - Risk Factors”. Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described. Investors are cautioned against attributing undue certainty to forward-looking statements. The Company does not undertake to update or supplement any of these forward-looking statements as a result of changing circumstances or otherwise, and the Company disclaims any obligation to do so, except as required by applicable laws. For all of these reasons, such forward-looking statements included in, or incorporated by reference into, this AIF should not be unduly relied upon.

1.4 Currency

All sums of money which are referred to herein are expressed in lawful money of Canada, unless otherwise specified.

ITEM 2: CORPORATE STRUCTURE

2.1 Names, Current address and Incorporation

The Company was formed as a special limited company in the name of Academy Resources Ltd. (N.P.L.) under the *Company Act* (British Columbia) on April 19, 1972. By special resolution of its shareholders dated July 21, 1983, Academy Resources Ltd. (N.P.L.) converted itself from a special limited company to a limited company and altered its Memorandum of Association, also changing its name to “Academy Resources Ltd.” Further, by special resolution of its shareholders dated November 29, 1994, Academy Resources Ltd. consolidated its share capital on a four (old) to one (new) basis, amended its Memorandum of Association and changed its name to “Acadamax Ventures Inc.” Subsequently, Acadamax Ventures Inc. changed its name to “XMP Mining Limited” and continued into Bermuda on November 6, 1997. On August 23, 2003, XMP Mining Limited, by resolution of its shareholders and with the approval of the Registrar of Companies in Bermuda, incorporated and changed its name to “NU XMP Ventures Limited”.

On November 5, 2003, NU XMP Ventures Limited continued into British Columbia under the *Company Act* (British Columbia). On November 3, 2004, NU XMP Ventures Limited changed its name to “New Pacific Metals Corp.” The current *Business Corporations Act* (British Columbia) (the “**BCBCA**”) came into force on March 29, 2004, at which time, the board of directors of the Company approved the transition of the Company under the BCBCA and the filing of a transition application containing a Notice of Articles which replaced the existing Memorandum of Association of the Company. At the Company’s annual and special general meeting of shareholders held September 30, 2004, the shareholders approved an increase to the Company’s authorized capital to an unlimited number of common shares and adopted a new set of articles consistent with the provisions of the BCBCA, including the reduction of the majority required to pass a special resolution from 75% to 66⅔%.

At the Company’s annual general and special meeting of shareholders held November 13, 2015 (the “**2015 Meeting**”), the shareholders passed a special resolution authorizing and approving an amendment to the articles of the Company to change the name of the Company from New Pacific Metals Corp. to “New Pacific Holdings Corp.” and an ordinary resolution authorizing and approving a change of the Company’s business from a mining issuer engaged in mineral exploration to an investment issuer engaged in investing in privately held and publicly traded corporations under the policies of the TSX Venture Exchange (the “**TSX-V**”). On July 1, 2016 the Company’s name was changed to “New Pacific Holdings Corp.” and the Company changed its business from a mining issuer listed on the Toronto Stock Exchange (“**TSX**”) to an investment issuer listed on the TSX-V, trading under the symbol “**NUX**”.

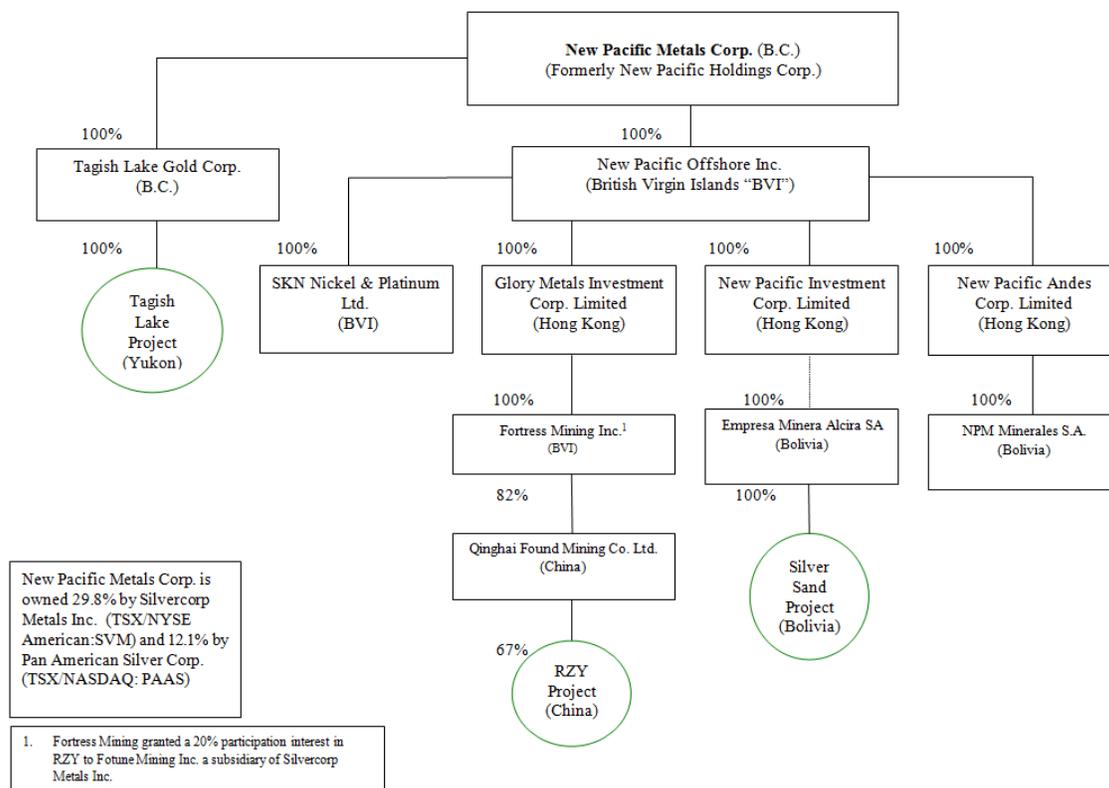
On June 30, 2017, at a special meeting of shareholders (the “**2017 Special Meeting**”) held in connection with the Company’s acquisition of Empresa Minera Alcira S.A. (“**Alcira**” or the “**prior Owner**”), a private mining company incorporated in Bolivia (as described further below), the shareholders passed a special resolution authorizing and approving an amendment to the articles of the Company to change the name of the Company from New Pacific Holdings Corp. back to “New Pacific Metals Corp.” and an ordinary resolution authorizing and approving a change of the Company’s business from an investment issuer back to a mining issuer engaged in mineral exploration under the policies of the TSX-V, trading under the symbol “NUAG”. On March 12, 2018, the Company’s common shares commenced trading on the OTCQX Market under the symbol “NUPMF”.

The head office, principal address, and registered and records office of the Company is located at Suite 1378 –200 Granville Street, Vancouver, British Columbia, Canada V6C 1S4.

The Company is a reporting issuer in British Columbia, Alberta, Manitoba, Ontario, and Quebec.

2.2 Intercorporate Relationships

The corporate structure of the Company and its subsidiaries, as of June 30, 2018, is as follows:



ITEM 3: GENERAL DEVELOPMENT OF THE BUSINESS

3.1 Three Year History

Change of Business

At the 2017 Special Meeting, shareholders approved a change of business of the Company from an investment issuer to mining issuer engaged in mineral exploration and development in connection with the Company’s acquisition of Alcira. The closing of the acquisition of Alcira occurred on July 20, 2017 and is described further below. Subsequent to June 30, 2017, the Company is focused on the development of the Silver Sand Project.

From July 1, 2017 to July 21, 2017, the Company's business was that of an investment issuer. As a former investment issuer, the Company holds bonds issued by other companies from various industries acquired through the open market and equity interests of other publicly trading or privately held companies that the Company acquired through the open market or through private placements. Please refer to the Company's Management Discussion and Analysis for the year ended June 30, 2018 and filed under the Company's profile on SEDAR for a description of such bonds and equity interests.

Acquisition of Alcira

The acquisition of Alcira was carried out pursuant to the terms of a share transfer agreement (the "**Share Transfer Agreement**") dated March 28, 2017 among New Pacific Investment Corp. Limited., a wholly owned subsidiary of the Company, as the purchaser and Ningde Jungie Minería Co., Ltd. ("**JMI**"), Cai Ximing and Li Chengliang (together, the "**Vendors**"), as the vendors.

Pursuant to the Share Transfer Agreement, the Company agreed to acquire all of the issued and outstanding shares of Alcira in exchange for US\$45,000,000 in cash (the "**Consideration**"). US\$5,000,000 of the Consideration is due to the Vendors on the earlier of (i) the date on which Alcira obtains all permits and authorizations for mining and milling of industry scale from the Government of Bolivia and (ii) at such time as Alcira begins commercial production. The Company closed the acquisition of Alcira pursuant to the Share Transfer Agreement on July 20, 2017 and upon closing, Alcira became an indirect, wholly-owned subsidiary of the Company. As a result of the acquisition of Alcira, the Company obtained the concessions comprising the Silver Sand silver property (the "**Silver Sand Project**" or the "**Property**") located in the Potosí Department of Bolivia. For additional information regarding the Silver Sand Project, see "Item 5.1: The Silver Sand Project" in this AIF.

Private Placements

The Company announced on April 10, 2017 that it would seek to complete a private placement (the "**July Private Placement**") of 40,000,000 subscription receipts (each, a "**Subscription Receipt**") at a price of US\$0.80 per Subscription Receipt to raise gross proceeds up to US\$32,000,000. Each Subscription Receipt was convertible into one common share of the Company upon closing of the acquisition of Alcira. Due to increased demand, the Company increased the size of the July Private Placement and on July 17, 2017, the Company closed the July Private Placement and issued 43,521,250 Subscription Receipts for gross proceeds of US\$34,817,000. On July 20, 2017, each Subscription Receipt was automatically converted into one common share of the Company upon completion of the acquisition of Alcira and the Company issued 43,521,250 common shares to holders of the Subscription Receipts. The proceeds of the July Private Placement were used to partially satisfy the Consideration.

On July 28, 2017, the Company also closed a private placement of 1,250,000 common shares at US\$0.80 per share for gross proceeds of US\$1,000,000.

On November 27, 2017, the Company announced the closing of its non-brokered strategic private placement (the "**November Private Placement**") of units (the "**Units**") with Pan American Silver Corp. ("**Pan American**") for 16,000,000 Units and Silvercorp Metals Inc. ("**Silvercorp**") for 3,000,000 Units, at a price of \$1.42 per Unit to raise gross proceeds of approximately \$27,000,000. Each Unit is comprised of one common share of the Company and one half of one common share purchase warrant. Each whole warrant is exercisable into one common share for a period of 18 months at an exercise price of \$2.10 per common share. The proceeds of the November Private Placement are being used to further the Company's exploration and/or development program on its Silver Sand Project and for general working capital purposes.

Pan American subscribed for \$22,720,000 and Silvercorp subscribed for \$4,260,000 of the November Private Placement respectively. As a result of the November Private Placement, Pan American became entitled to appoint one director to the board of directors of the Company and owns 12% of the outstanding common shares of the Company as of the date of this AIF.

Silvercorp, a control person of the Company, acquired through its own wholly owned subsidiary Victor Resources Ltd., 25,000,000 Subscription Receipts under the July Private Placement and 3,000,000 Units under the November Private Placement while Dr. Rui Feng purchased an additional 5,000,000 Subscription Receipts. As a result, Silvercorp and Dr.

Rui Feng beneficially own, directly and indirectly, and control 49,708,300 common shares representing 37.41% of the outstanding common shares of the Company as of the date of this AIF.

Exploration Properties

Prior to the change of business to a mining issuer effective July 21, 2017 in connection with the acquisition of Alcira and prior to the Company becoming an investment issuer effective July 1, 2016, the Company was an exploration stage company engaged in the acquisition and exploration of mineral property interests in Canada and China. The Company has no intention to conduct further exploration on the Tagish Lake Gold Property or the RZY Property under current circumstances.

Tagish Lake Gold Property

In December 2010, the Company completed the acquisition of 100% of the Tagish Lake Gold property located in Yukon, Canada (the “**Tagish Lake Gold Property**”) through the acquisition of Tagish Lake Gold Corp. (“**TLG**”). TLG is a wholly owned direct subsidiary of the Company. The Tagish Lake Gold Property is located 80 kilometres by road south of Whitehorse, Yukon, Canada, and consists of 1,510 mineral claims covering approximately 254 square kilometres. Within the property, three geographically distinct projects have been identified: the Skukum Creek, Goddell, and Mt. Skukum projects. On September 14, 2012, the Company filed an updated National Instrument 43-101 *Standards of Disclosure for Mineral Projects* (“**NI 43-101**”) report for the Skukum Creek, Goddell, and Mt. Skukum projects. The Company does not intend to conduct any further exploration on the Tagish Lake Gold Property and will examine strategic opportunities for the Tagish Lake Gold Property in accordance with its investment strategies and objectives. Since the acquisition of the Tagish Lake Gold Property in December 2010, the Company had one exploration season that commenced on May 18, 2011 and ended on October 9, 2011. The property was on care and maintenance status with a rotating crew of two men on site at all times between the end of exploration work and November 2014. Since November 2014 the camp has been sealed and unmanned.

RZY Project

On March 28, 2013, the Company acquired 80% of Fortress Mining Inc.’s (“**FMI**”) interest in the RZY silver- lead- zinc project in Qinghai Province, China (the “**RZY Project**”) through the purchase of all the outstanding common shares of FMI from Silvercorp for cash consideration of US\$3.5 million. The RZY Project is held through FMI’s 82% owned subsidiary, Qinghai Found Mining Co. Ltd. (“**QFM**”). The RZY Project exploration permit was transferred from Qinghai Geological Survey Institute, the minority shareholder of QFM, to QFM as of September 3, 2013.

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 296 kilometres via paved and gravel roads from the capital city of Yushu, Tibetan Autonomous Prefecture, or 1,157 kilometres via paved highway from Qinghai Province’s capital city of Xining. Regular commercial flights are available from Xining to Yushu.

The most recent drill program at the RZY Project was completed on October 20, 2013. In 2016, the Qinghai Provincial Government issued a moratorium which temporarily suspends exploration for twenty six mining projects including the RZY Project. RZY’s exploration permit expired on November 19, 2016. The Company is currently waiting for the Government’s response on whether the permit will be renewed or compensated for the moratorium.

Change of Listing from TSX to TSX Venture Exchange

On June 13, 2016, the Company announced that it has applied to voluntarily delist its common shares from the TSX and received conditional approval to list its common shares on the TSX-V. The shares of the Company commenced trading on the TSX-V on July 4, 2016, under the symbol “**NUX**”. Following the recent change of the Company’s business from an investment issuer back to a mining issuer, the common shares of the Company recommenced trading on the TSX-V under the symbol “**NUAG**”.

Listing on OTCQX

On March 12, 2018, the Company's common shares commenced trading on the OTCQX Market under the symbol "NUPMF".

3.2 Significant Acquisitions

The Company made no significant acquisitions in its most recently completed financial year.

ITEM 4: DESCRIPTION OF THE BUSINESS

4.1 General

Change of Business from Investment Issuer to Mining Issuer

Effective July 21, 2017, in connection with the acquisition of Alcira, the Company changed its business from an investment issuer engaged in investing in privately held and publicly traded corporations to a mining issuer engaged in exploration and development focused on the development of the Silver Sand Project.

Specialized Skill and Knowledge

All aspects of the Company's business activities require specialized skills and knowledge. Such skills and knowledge include the fields of geology, mining, metallurgy, engineering, environment issues, permitting, social issues, and accounting. While competition in the resource mining industry has made it more difficult to locate and retain competent employees in such fields, the Company has been successful in finding and retaining experts for the majority of its key activities.

Competitive Conditions

Competition in the mineral exploration industry is intense. The Company competes with other mining companies, many of which have greater financial resources and technical facilities for the acquisition and development of mineral concessions, claims, leases and other interests, as well as for the recruitment and retention of qualified employees and consultants.

Business Cycles

The mining business is subject to mineral price and investment climate cycles. The marketability of minerals is also affected by worldwide economic and demand cycles. In recent years, the significant demand for minerals in some countries has driven increased commodity prices, although commodity prices have generally decreased over the past year. It is difficult to assess if the current commodity prices are long-term trends, and there is uncertainty as to the recovery, or otherwise, of the world economy. If the global conditions weaken and commodity prices decline as a consequence, a continuing period of lower prices could significantly affect the economic potential of the Silver Sand Project.

Economic Dependence

The Company's business is not substantially dependent on any contract such as a contract to sell the major part of its products or services or to purchase the major part of its requirements for goods, services or raw materials, or on any franchise, license or other agreement to use a patent, formula, trade secret, process or trade name upon which its business depends.

Bankruptcy and Similar Procedures

There is no bankruptcy, receivership or similar proceedings against the Company, nor is the Company aware of any such pending or threatened proceedings. There have not been any voluntary bankruptcy, receivership or similar proceedings by the Company within the three most recently completed financial years or currently proposed for the current financial year.

Foreign Operations

Our principal operations and assets are located in Bolivia. Our operations are exposed to various levels of political, economic and other risks and uncertainties. These risks and uncertainties include, but are not limited to government regulations (or changes to such regulations) with respect to restrictions on production, export controls, income taxes, expropriation of property, repatriation of profits, environmental legislation, land use, water use, local ownership requirements and land claims of local people, regional and national instability and mine safety. The effect of these factors cannot be accurately predicted. See “Risk Factors”.

Employees

As at June 30, 2018, the Company had 39 employees.

4.2 Risk Factors

Mining Business

The Company is currently in the business of acquiring and exploring mineral properties, and is exposed to a number of risks and uncertainties that are common to other mineral exploration companies in the same business. The following is a brief discussion of those factors which may have a material impact on, or constitute risk factors in respect of, the Company’s future financial performance.

No Revenues or Ongoing Mining Operations

The Company is a development stage mineral company and has no revenue from operations and no ongoing mining operations of any kind. The Company has not developed or operated any mines, and has no operating history upon which an evaluation of the Company’s future success or failure can be made. The Company’s ability to achieve and maintain profitable mining operations is dependent upon a number of factors, including the Company’s ability to successfully build and operate mines, processing plants, and related infrastructure. The Company may not successfully establish mining operations or profitably produce metals at its properties. As such, the Company does not know if it will ever generate revenues.

Mineral Deposits Not Economic

The determination of whether any mineral deposits on the Company’s mineral projects are economical is affected by numerous factors beyond the control of the Company. These factors include: (a) the metallurgy of the mineralization forming the mineral deposit; (b) market fluctuations for metal prices; (c) the proximity and capacity of natural resource markets and processing equipment; and (d) government regulations governing prices, taxes, royalties, land tenure, land use, importing and exporting of minerals, and environmental protection.

Political and Economic Risks in Bolivia

The Silver Sand Project is located in Bolivia. Regardless of recent progress in restructuring its political institutions and revitalizing its economy, Bolivia’s history since the mid-1960s has been one of political and economic instability under a variety of governments. Since 2006, the government has frequently intervened in the national economy and social structure, including periodically imposing various controls, the effects of which have been to restrict the ability of both domestic and foreign companies to freely operate. Although the Company believes that the current conditions in Bolivia are relatively stable and conducive to conducting business, the Company’s current and future mineral exploration and mining activities in Bolivia are exposed to various levels of political, economic, and other risks and uncertainties. These risks and uncertainties include, but are not limited to, terrorism, hostage taking, military repression, extreme fluctuations in currency exchange rates, high rates of inflation, political and labour unrest, the risks of war or civil unrest, expropriation and nationalization, renegotiation or nullification of existing concessions, licences, permits and contracts, illegal mining, changes in taxation policies, restrictions on foreign exchange and repatriation, changing political conditions, currency controls, and governmental regulations that favour or require the awarding of contracts to local contractors or require foreign contractors to employ citizens or purchase supplies from a particular jurisdiction.

There has been a significant level of social unrest in Bolivia in recent years resulting from a number of factors, including a high rate of unemployment. Protestors have previously targeted foreign firms in the mining sector, and as a result there is no assurance that future social unrest will not have an adverse impact on the Company's operations. The Company's exploration and development activities may be affected by changes in government, political instability, and the nature of various government regulations relating to the mining industry. Bolivia's fiscal regime has historically been favourable to the mining industry, but there is a risk that this could change. In addition, labour in Bolivia is customarily unionized and there are risks that labour unrest or wage agreements may impact operations. The Company cannot predict the government's positions on foreign investment, mining concessions, land tenure, environmental regulation, or taxation. A change in government positions on these issues could adversely affect the Company's business and/or its holdings, assets, and operations in Bolivia. Any changes in regulations or shifts in political conditions are beyond the control of the Company. The Company's operations in Bolivia entail significant governmental, economic, social, medical, and other risk factors common to all developing countries. The status of Bolivia as a developing country may also make it more difficult for the Company to obtain any required financing because of the investment risks associated with it.

The Company's operations in Bolivia may be adversely affected by economic uncertainty characteristic of developing countries. Operations may be affected in varying degrees by government regulations with respect to restrictions on production, price controls, export controls, currency remittance, income taxes, expropriation of property, foreign investment, maintenance of claims, environmental legislation, land use, land claims of local people, water use, and safety factors.

Any such changes could have a material adverse effect on the Company's results of operations and financial condition.

Obstacles Implementing Capital Expenditure Projects

The Company's mineral projects are subject to a number of risks that may make it less successful than anticipated, including: (a) delays or higher than expected costs in completing the environmental review process; (b) delays or higher than expected costs in responding to the recommendations contained in the Silver Sand Technical Report (as defined below) or other technical reports that may be prepared for the Company's mineral projects; (c) delays in receiving environmental permits; (d) delays in receiving construction and operating permits; (e) delays or higher than expected costs in obtaining the necessary equipment or services to build and operate projects on the Silver Sand Project and the Company's other mineral projects; and (f) adverse mining conditions may delay and hamper the ability of the Company to produce the expected quantities of minerals.

General Market Events and Conditions

The unprecedented events in global financial markets in the past several years have had a profound impact on the global economy. Many industries, including the mining industry, are impacted by these market conditions. Some of the key impacts of the current financial market turmoil include contraction in credit markets resulting in a widening of credit risk, devaluations, high volatility in global equity, commodity, foreign exchange and precious metal markets, and a lack of market liquidity. A continued or worsened slowdown in the financial markets or other economic conditions, including but not limited to, consumer spending, employment rates, business conditions, inflation, fuel and energy costs, consumer debt levels, lack of available credit, the state of the financial markets, interest rates, and tax rates may adversely affect the Company's business and industry. A number of issues related to economic conditions could have a material adverse effect on financial condition and results of operations of the Company, specifically: (a) the global credit/liquidity crisis could impact the cost and availability of financing and the Company's overall liquidity; (b) the volatility of metal prices would impact the revenues, profits, losses and cash flow of the Company; (c) continued recessionary pressures could adversely impact demand for the production from the Company's mineral projects, if any; and (d) volatile energy, commodity and consumables prices and currency exchange rates would impact the Company's production costs, if any.

No Known Commercial Mineral Deposits

Neither the Silver Sand Project nor any of the Company's other mineral projects currently contain known amounts of commercial mineral deposits. The Company's program is exploratory only and there is no certainty that the expenditures to be made by the Company will result in the discovery of any commercial mineral deposits.

Changes in Market Price of Metals

The potential of the Company's mineral projects to be economically mined is significantly affected by changes in the market price of metals. The market price of metals is volatile and is impacted by numerous factors beyond the control of the Company, including: (a) expectations with respect to the rate of inflation; (b) the relative strength of the U.S. dollar and certain other currencies; (c) interest rates; (d) global or regional political or economic conditions; (e) supply and demand for jewellery and industrial products containing metals; and (f) sales by central banks, other holders, speculators, and producers of gold and other metals in response to any of the above factors. A decrease in the market price of metals could make it difficult or impossible to finance the exploration or development of the Company's mineral projects or cause the Company to determine that it is impractical to continue development of such projects, which would have a material adverse effect on the financial condition and results of operations of the Company. There can be no assurance that the market price of metals will not decrease.

Mining Operations May Not be Established or Profitable

The Company has no history of production and the Company's mineral projects are currently in the exploration stage. The future development of the Company's mineral projects will require additional financing, permits, design, construction, processing plant, and related infrastructure. As a result, the Company will be subject to all of the risks associated with establishing new mining operations and business enterprises, including: (a) the timing and cost, which will be considerable, of obtaining all necessary permits including environmental, construction, and operating permits; (b) the timing and cost, which will be considerable, of the construction of mining and processing facilities; (c) the availability and costs of skilled labour, power, water, transportation, and mining equipment; (d) the availability and cost of appropriate smelting and/or refining arrangements; (e) the need to obtain necessary environmental and other governmental approvals and permits, and the timing of those approvals and permits; and (f) the availability of funds to finance construction and development activities.

It is common in new mining operations to experience unexpected problems and delays during permitting, construction, development, and mine start-up. In addition, delays in the commencement of mineral production often occur, and once commenced, the production of a mine may not meet expectations or the estimates set forth in feasibility or other studies. Accordingly, there are no assurances that the Company will successfully establish mining operations or become profitable.

Estimates of Mineralization Figures

The mineralization figures presented in the Silver Sand Technical Report are based upon estimates made by qualified persons. These estimates are imprecise and depend upon interpretation of geologic formations, grade, and metallurgical characteristics and upon statistical inferences drawn from drilling and sampling analysis, any or all of which may prove to be unreliable. Material changes in mineral resources or mineral reserves, grades, stripping ratios, or recovery rates may affect the economic viability of any project. Estimates can also be affected by such factors as environmental permitting regulations and requirements, weather, environmental factors, unforeseen technical difficulties, unusual or unexpected geological formations, and work interruptions. There can be no assurance that: (a) the estimates made by qualified persons upon which the mineralization figures presented in the Silver Sand Technical Report are based will be accurate; (b) mineral resource or other mineralization figures will be accurate; or (c) this mineralization could be mined or processed profitably.

Mineralization estimates for the Silver Sand Project may require adjustments or downward revisions based upon further exploration or development work. It is possible that the following may be encountered: unusual or unexpected geologic formations or other geological or grade problems, unanticipated changes in metallurgical characteristics and silver recovery, and unanticipated ground or earth conditions. If mining operations are commenced, the grade of mineralization ultimately mined, if any, may differ from that indicated by drilling results. Estimates of mineral recovery rates used in mineral reserve and mineral resource estimates are uncertain and there can be no assurance that mineral recovery rates in small scale tests will be duplicated in large scale tests under on-site conditions or in production scale.

Acquisition and Maintenance of Permits

Exploration and development of, and production from, any deposit at the Company's mineral projects require permits from various governmental authorities. There can be no assurance that any required permits will be obtained in a timely manner or at all, or that they will be obtained on reasonable terms. Delays or failure to obtain, expiry of, or a failure to comply with the terms of such permits could prohibit development of the Company's mineral projects and have a material adverse impact on the Company.

The Company's current and future operations, including development activities and commencement of production, if warranted, require permits from governmental authorities and such operations are and will be governed by laws and regulations governing prospecting, development, mining, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, mine safety, and other matters. Companies engaged in property exploration and the development or operation of mines and related facilities generally experience increased costs and delays in production and other schedules as a result of the need to comply with applicable laws, regulations, and permits. The Company cannot predict if all permits which it may require for continued exploration, development, or construction of mining facilities and conduct of mining operations will be obtainable on reasonable terms, if at all. Costs related to applying for and obtaining permits and licenses may be prohibitive and could delay planned exploration and development activities. Failure to comply with applicable laws, regulations, and permitting requirements may result in enforcement actions, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions.

Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations. Amendments to current laws, regulations, and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Company's operations and cause increases in capital expenditures or production costs, or reduction in levels of production at producing properties, or require abandonment or delays in development of new mining properties.

Operations and Explorations Subject to Governmental Regulations

The Company's operations and exploration and development activities are subject to extensive laws and regulations governing various matters, including: (a) environmental protection; (b) management and use of toxic substances and explosives; (c) management of natural resources; (d) management of tailings and other wastes; (e) mine construction; (f) exploration, development of mines, production and post-closure reclamation; exports; (g) price controls; (h) taxation and mining royalties; (i) regulations concerning business dealings with indigenous groups; (j) labour standards and occupational health and safety, including mine safety; and (k) historic and cultural preservation. Failure to comply with applicable laws and regulations may result in civil or criminal fines or penalties or enforcement actions, including orders issued by regulatory or judicial authorities, enjoining or curtailing operations, or requiring corrective measures, installation of additional equipment, or remedial actions, any of which could result in the Company incurring significant expenditures. The Company may also be required to compensate private parties suffering loss or damage by reason of a breach of such laws, regulations, or permitting requirements. It is also possible that future laws and regulations, or a more stringent enforcement of current laws and regulations by governmental authorities, could cause additional expenses, capital expenditures, restrictions on or suspensions of the Company's operations, if any, and delays in the development of the Silver Sand Project.

Impact of Environmental Laws and Regulations

The Company's mineral projects are subject to regulation by governmental agencies under various environmental laws. These laws address emissions into the air, discharges into water, management of waste, management of hazardous substances, protection of natural resources, antiquities and endangered species, and reclamation of lands disturbed by mining operations. Compliance with environmental laws and regulations may require significant capital outlays on behalf of the Company and may cause material changes or delays in the Company's intended activities. There can be no assurance that future changes in environmental regulations will not adversely affect the Company's business, and it is possible that future changes in these laws or regulations could have a significant adverse impact on some portion of the Company's business, causing the Company to re-evaluate those activities at that time.

Mining is Inherently Dangerous

The business of mining is subject to a number of risks and hazards including environmental hazards, industrial accidents, labour disputes, cave-ins, pit wall failures, flooding, fires, rock bursts, explosions, power outages, periodic interruptions due to inclement or hazardous weather conditions, and other acts of God or unfavourable operating conditions. Such risks could result in damage to, or destruction of, mineral properties or processing facilities, personal injury or death, loss of key employees, environmental damage, delays in mining, increased production costs, monetary losses, and possible legal liability.

Where considered practical to do so, the Company will maintain insurance against risks in the operation of its business in amounts which it believes to be reasonable. Such insurance, however, contains exclusions and limitations on coverage. There can be no assurance that such insurance will continue to be available, will be available at economically acceptable premiums, or will be adequate to cover any resulting liability. In some cases, coverage is not available or is considered too expensive relative to the perceived risk. The Company may suffer a material adverse effect on its business if it incurs losses related to any significant events that are not covered sufficiently or at all by its insurance policies.

Financing

The continuing development of the Company's mineral projects will depend upon the Company's ability to obtain financing on reasonable terms. There is no assurance the Company will be successful in obtaining the required financing. The failure to obtain such financing could have a material adverse effect on the Company's results of operations and financial condition.

Competition

The mining industry is intensely competitive. The Company will compete with other mining companies, many of which have greater financial resources for the acquisition of mineral claims, permits, and concessions, as well as for the recruitment and retention of qualified employees. Increased competition could adversely affect the Company's ability to attract necessary capital funding.

Specialized Skill and Knowledge

All aspects of the Company's business activities require specialized skills and knowledge. Such skills and knowledge include the fields of geology, mining, metallurgy, engineering, environment issues, permitting, social issues, and accounting. While competition in the resource mining industry has made it more difficult to locate and retain competent employees in such fields, the Company has been successful in finding and retaining experts for the majority of its key activities in the past.

Environmental Protection

The Company is currently in compliance with all material environmental regulations applicable to its exploration, development, construction and operating activities. The financial and operational effects of environmental protection requirements on capital expenditures, earnings and non-capital expenditures during the fiscal year ended June 30, 2018 were not material.

Title to Mineral Properties

Establishing title to mineral properties is a very detailed and time-consuming process. Title to the area of mineral properties may be disputed. While the Company has investigated title to all of its mineral claims and, to the best of its knowledge, title to all of its properties are in good standing, the Company's mineral properties may be subject to prior unregistered agreements or transfers and title may be affected by such undetected defects. There may be valid challenges to the title of the Company's properties which, if successful, could impair exploration, development and/or operations. The Company's mineral properties may be subject to aboriginal land claims, prior unregistered agreements or transfers and title may be affected by undetected defects. The Company cannot give any assurance that title to its

properties will not be challenged. None of the Company's mineral properties have been surveyed, and the precise location and extent thereof may be in doubt.

Conflicts of Interest

Certain directors of the Company are also directors, officers, or shareholders of other companies that are engaged in the business of acquiring, developing, and exploiting natural resource properties. Such associations may give rise to conflicts of interest from time to time. Such a conflict poses the risk that the Company may enter into a transaction on terms which place the Company in a worse position than if no conflict existed. The directors are required by law to act honestly and in good faith with a view to the best interest of the Company, and to disclose any interest which they may have in any project or opportunity of the Company. However, each director has a similar obligation to other companies for which such director serves as an officer or director. If a conflict of interest arises at a meeting of the board of directors, any director in a conflict will disclose his/her interest and abstain from voting on such matter. In determining whether or not the Company will participate in any project or opportunity, the board will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time.

Foreign Currency Exchange Fluctuations

Operations in Bolivia are subject to foreign currency exchange fluctuations. The Company raises its funds through equity issuances which are priced in Canadian dollars, and the majority of the exploration costs of the Company are denominated in Bolivian boliviano. In addition, the Consideration is payable in United States dollar. The Company may suffer losses due to adverse foreign currency fluctuations. The Company does not actively hedge against foreign currency fluctuations.

Dependence on Certain Key Personnel

The Company is highly dependent upon its senior management and other key personnel, and the loss of any such individuals could have a materially adverse effect on the business of the Company. In addition, there can be no assurance that the Company will be able to maintain the services of its officers or other key personnel required in the operation of the business. Failure to retain these individuals could adversely impact the Company's business and prospects.

Recent and Current Market Conditions

Over recent years worldwide securities markets, including those in the United States and Canada, have experienced a high level of price and volume volatility. Accordingly, the market price of securities of many mining companies, particularly those considered exploration or development-stage companies, have experienced unprecedented shifts and/or declines in price which have not necessarily been related to the underlying asset values or prospects of such companies. As a consequence, despite the Company's past success in securing significant equity financing, market forces may render it difficult or impossible for the Company to secure investors to participate in new share issues at an attractive price for the Company, or at all. Therefore, there can be no assurance that significant fluctuations in the trading price of the Company's common shares will not occur, or that such fluctuations will not have a material adverse impact on the Company's ability to raise equity funding.

Dividends

To date, the Company has not paid dividends on any of its common shares and the Company is not required to pay any dividends on its common shares in the foreseeable future. Any decision to pay dividends will be made on the basis of the Company's earnings, financial requirements and other conditions.

Company Risk

Loss of Investment Risk

An investment in the Company is speculative and may result in the loss of a substantial portion of an investor's investment. Only potential investors who are experienced in high risk investments and who can afford to lose a substantial portion of their investment should consider an investment in the Company.

No Guaranteed Return

There is no guarantee that an investment in the Company will earn any positive return in the short term or long term.

Investment Issuer Risks

From July 1 to 21, 2017 for the year ended June 30, 2018, the Company's business was that of an investment issuer which was subject to a number of significant risk factors. The Company continues to hold bonds issued by other companies from various industries acquired through the open market and equity interests of other publicly trading or privately held companies that the Company acquired through the open market or through private placement. Accordingly, the following factors may have a material impact on, or constitute risk factors in respect of, the Company's future financial performance as a result of its investments in bonds and equity:

Risks of Fluctuations in the Value of the Company and the Common Shares

The net asset value of the Company and market value of the Company's common shares will fluctuate with changes in the market value of the Company's investments. Such changes in value may occur as the result of various factors, including general economic and market conditions, the performance of corporations whose securities are part of the Company's investment portfolio and changes in interest rates which may affect the value of interest-bearing securities owned by the Company. There can be no assurance that shareholders will realize any gains from their investment in the Company and may lose their entire investment.

Due Diligence

The due diligence process undertaken by the Company in connection with investments that it made may not reveal all relevant facts in connection with such investment. The due diligence investigations that were carried out with respect to any investment opportunity may not have revealed or highlighted all relevant facts that may have been necessary or helpful in evaluating such investment opportunity. Moreover, such an investigation will not have necessarily resulted in the investment being successful.

Risks of Investment in Illiquid Securities

There is a possibility that the Company will be unable to dispose of illiquid securities held in its portfolio and if the Company is unable to dispose of some or all of its investments at the appropriate time, a return on such investment may not be realized.

Lack of Diversification of Investments

Investments concentrated in a specific sector such as natural resource are generally more volatile than the overall market. Investing in only one specific sector of the stock market, such as the resource sector, entails greater risk (and greater potential reward) than investing in all sectors of the stock market. If a sector declines or falls out of favour, the share values of most or all of the corporations in that sector will generally fall faster than the market as a whole. The opposite is also true.

Natural Resource Sector

Investing in natural resource corporations can be speculative in nature and the value of the Company's investments may be subject to significant fluctuations. Such businesses entail a degree of risk, regardless of the skill and experience of the corporation's management. The assets, earnings and share values of corporations involved in the natural resource industry is subject to risks associated with the world prices of various natural resources, forces of nature, economic cycles, commodity prices, exchange rates, royalty and taxation changes and political events. Government restrictions, such as price regulations, production quotas, royalties and environmental protection, can also be factors.

Equity Market Risk

The price of the equity securities in which the Company has invested are influenced by the issuing corporation's outlook, market activity and regional, national and international economic conditions. When the economy is expanding, the outlook for many corporations is equally promising, and the value of their equity securities should rise in agreement. The opposite is also true. Typically, the greater the potential reward, the greater the potential risk. For small corporations and corporations in the emerging sectors the risk and reward ratio is usually greater. Equity-related securities, which give indirect exposure to the equity value of a corporation, such as warrants and convertible securities, can also be affected by this equity risk.

Private Corporation Risks

Investments in natural resource private corporations cannot be resold without a prospectus, an available prospectus exemption or an appropriate ruling under relevant securities legislation. Even if they can be sold, there may not be a market for such securities. This may impair the Company's ability to react quickly to market conditions or negotiate the most favourable terms for exiting such investments. Investments in private corporations may offer relatively high potential returns, but will also be subject to a relatively high degree of risk. The process of valuing investments in natural resource private corporations will inevitably be based on inherent uncertainties and the resulting values may differ from values that would have been used had a ready market existed for the investments.

ITEM 5: MINERAL PROPERTY

As at June 30, 2018, the Company considers the Silver Sand Project to be a material property for the purposes of NI 43-101.

As at June 30, 2018, the Tagish Lake Gold Property was carried on the Company's balance sheet with a book value of \$nil. The book value is also not necessarily the fair market value of the properties. During the year ended June 30, 2018, there was no exploration expenditure at the Tagish Lake Property.

The Company's other non-material mineral property is the RZY Project which was carried on the Company's balance sheet with a book value of \$4.5 million as at June 30, 2018.

5.1 Silver Sand Project

Except as otherwise stated, the information in this AIF is based on the latest technical report on the Silver Sand Project entitled "Silver Sand Project, Potosi Department, Bolivia" dated August 15, 2017, with an effective date of August 1, 2017 (the "**Silver Sand Technical Report**") prepared by Mr. Donald J. Birak, Registered Member SME and Fellow AusIMM. Mr. Birak is an Independent Qualified Person within the meaning of NI 43-101. Prior to the closing of the acquisition Mr. Birak prepared a technical report on the Silver Sand Property dated April 6, 2017 and effective May 31, 2017 (the "Pre-Closing Technical Report"). Mr. Birak visited the Silver Sand Property for three days each in both December 2016 and May 2017.

The below information is based on the assumptions, qualifications and procedures described in the Silver Sand Technical Report, which are not fully described herein. References to figures and tables are from the Silver Sand Technical Report, which is available for review under the Company's profile on SEDAR at www.sedar.com.

Project Description, Location and Access

The Property is located approximately 57 km by road northeast from the city of Potosí, in the Eastern Cordillera region of southern Bolivia (figs 1.1.1 and 4.1.1).

Figure 1.1.1. Location of the Property in the Department of Potosí, Bolivia



◆ - The Silver Sand Property

(Source:

http://newsimg.bbc.co.uk/media/images/40178000/gif/_40178298_bolivia_potosi_map203.gif)

Access to the Property is good on paved road to the village of Don Diego, from either the cities of Potosí or Sucre, and thence via gravel roads. The Property consists of 17 contiguous concessions (pertenencias), totaling 3.15 square kilometers in size (Figure 4.1.1). Annual holding costs of the concessions are approximately US\$700.00.

History

(a) Historic Mining and Exploration

Mining in the Colavi district, which includes the mineral deposits at Colavi, Canutillos and the Property, commenced with recovery of silver by Spanish colonials (1500's) and then tin in the 1920's (Arce, 2009). Many of the old pits, shafts, adits and drifts evident in the Property are likely attributed to their activity, especially the colonials. In the 1950's, the Bolivian State Mining Company, COMIBOL (Corporación Minería de Bolivia), conducted geological surveys and prospecting, a small amount of drilling and drove exploratory adits in the greater Colavi district.

Historic mining methods used on the Property were a combination of small surface pits and slot cuts and underground mining. Figure 7.2.3 illustrates some of the historic mining workings evident on the Property. Currently there are a few local contract miners conducting small-scale underground artisanal mining intermittently on the Property. Despite the visual evidence of historic mining activity on the Property the Qualified Person is not aware of any records documenting the tonnes and grade of material removed by historic mining activity.

(b) The Prior Owner's Exploration

The prior Owner conducted exploration at the Property from 2009 through 2015, both internally and contracted to two different geologic survey teams from the People's Republic of China ("PRC" or "China"). The historic work, reported to have been performed on the Property, is listed in Table 9.1.1. From 2009 to 2011, the prior Owner hired the Fourth Geological Brigade of the Fujian Province, China to conduct 1:10,000 scale geological reconnaissance at the Property and, in 2012, the prior Owner hired the Geophysical and Geochemical Exploration Brigade of Jiangxi Provincial Bureau of Geological & Mineral Resources Exploration & Development, China to conduct additional prospecting exploration of the Property. During this period through the end of 2015, eight core holes were drilled at the Property in two separate campaigns, 2012 and 2015, totaling 2,334.3 meters of core (776.6 meters in 2012 and 1,557.7 meters in 2015).

The most significant parts of the prior Owner's historic exploration was the collection of 1,628 meters of channel samples, assaying of 546 of those samples, and the drilling of 2,334.3 meters of HQ-sized (63.5 mm diameter) core and, from that core, the collection of 504 samples of half core for geochemical analyses (assaying). During the December 2016 site visit, the Qualified Person inspected many channel sampling sites and all of the core remaining from the 2015

drilling and assaying campaign. During a May 2017 site visit, the Qualified Person revisited several of the prior Owner's core drilling sites and stored core.

Channel Samples - Channel samples were collected by chiseling from diamond saw cut channels on outcrop and some underground rock exposures. An example of one of the channels, inspected by the Qualified Person, is shown in Section 9 of this Technical Report (Figure 9.1.1). Analytical results from the prior Owner's channel sampling identified the presence of anomalous silver mineralization in the host rock sandstones. Analytical results from this work are summarized in Table 9.1.2, which indicate the presence of silver mineralization ranging from less than 100 grams/tonne (g/t) of silver to over 500 g/t.

Core Drilling – Results from exploration lead to the selection of 8 core drilling sites completed in two, separate drilling campaigns (2012 and 2015). Core drilling samples were collected by the prior Owner from its HQ-sized core. The prior Owners cut the core then collected half of the cut core for submission to its own laboratories for analyses. An example of cut core, inspected by the Qualified Person, is shown in Figure 8.1.1. Analytical results from the prior Owner's core sample assaying are listed in Table 10.2.1 which defined several discrete sub-zones of silver mineralization within Exploration Target Zone I; the most significant results of which were reported from the prior Owner's 2015 drilling campaign. In the 2015 campaign, silver mineralization grades, from composited assays on half drill core samples, ranged from 60 to over 329 g/t.

To validate the prior Owner's channel sampling and drilling work, the Qualified Person and NPMC conducted a large program of QA/QC as presented in Section 12.

(c) Historical Mineral Resources and Mineral Reserves

There are no known, NI 43-101-compliant, estimates of Mineral Resources or Mineral Reserves at the Property.

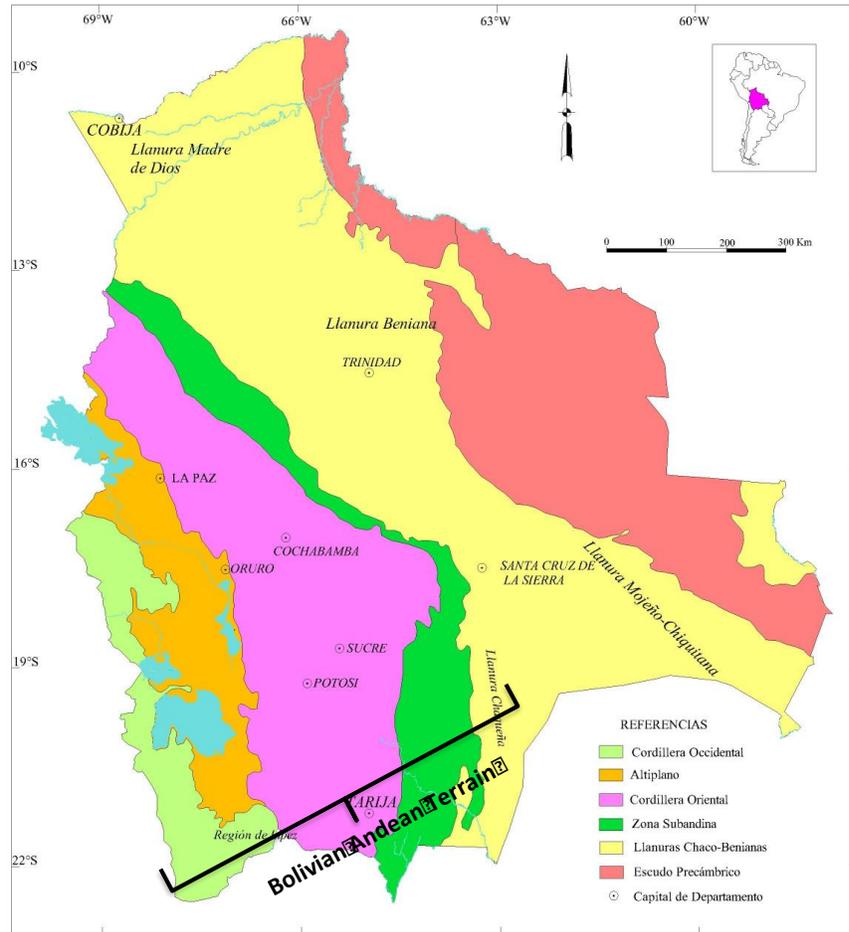
Geological Setting, Mineralization and Deposit Types

(a) Regional Geology

Bolivia consists of six, distinct physiographic provinces. From west to east they are: the Cordillera Occidental (Western Cordillera), Altiplano (High Plain), Cordillera Oriental (Eastern Cordillera), Subandean, Chaco-Beni Plain and Precambrian provinces (Arce, 2009a). Two, prominent northwest trending mountain ranges, the Cordillera Occidental and Cordillera Oriental, separated by the Altiplano (Figure 7.1.1) trend northwesterly across the country. Together with the Subandean province, they form the Bolivian Andean Terrain, cover over 40% of the surface area of Bolivia and are the source of most historic and current mineral production (Arce, 2009b).

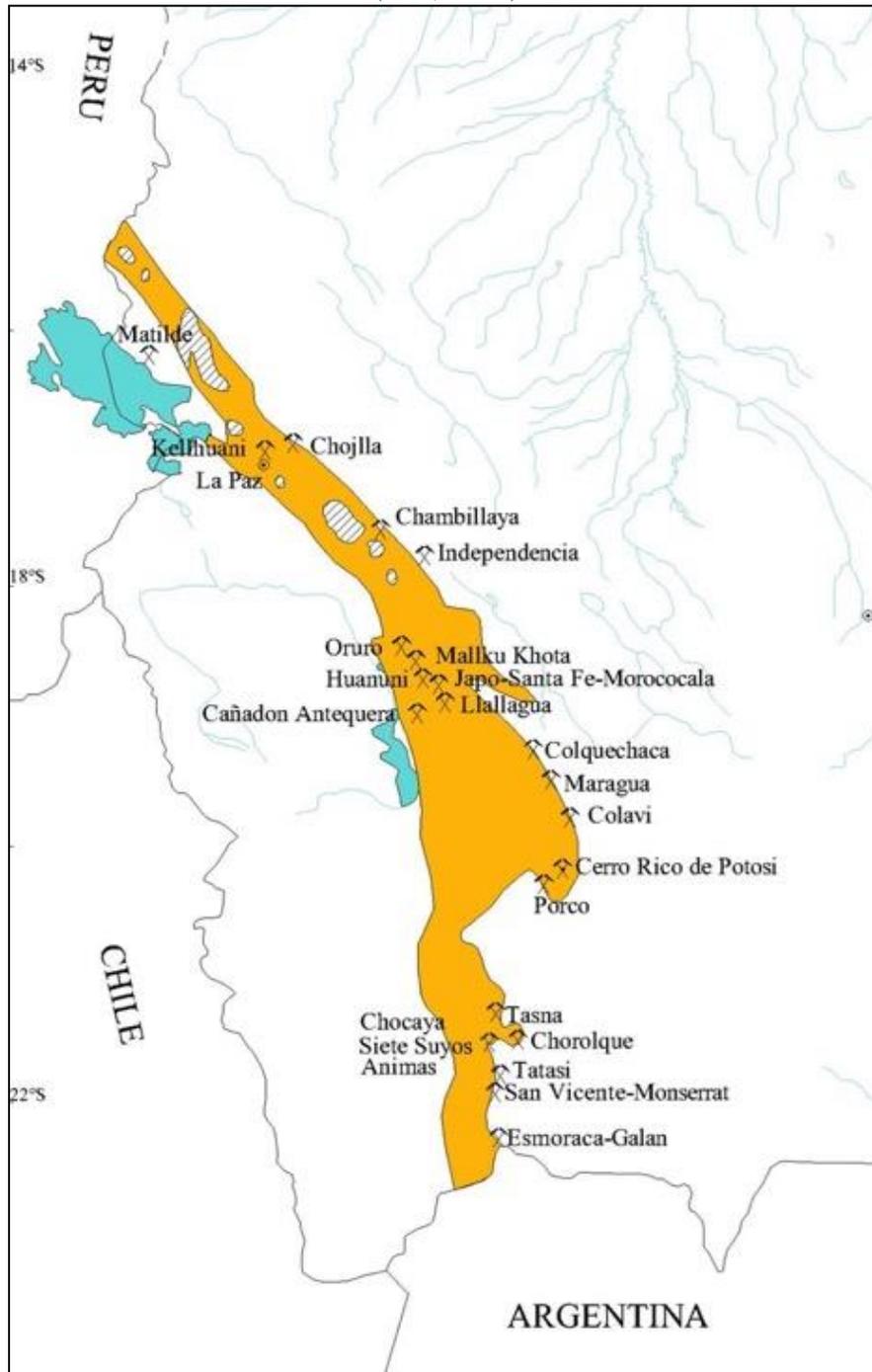
The Cordillera Oriental province, in which the Property is located, is underlain by a thick sequence of intensely folded, lower Paleozoic, marine clastic sedimentary rocks overlain by Cretaceous to lower Tertiary, continental sedimentary rocks, un-deformed late Tertiary, unconsolidated, continental sediments and upper Oligocene to Pliocene intrusive and volcanic rocks. The Paleozoic rocks were deformed by late-Paleozoic-aged compression to form a northwest trending belt of tight folds and thrusts. The Mesozoic rocks were also folded like the underlying Paleozoic rocks, though into more gentle, open folds with shallow plunges, during a subsequent event in the late Mesozoic Andean event compression (Arce, 2009b).

Figure 7.1.1. General geology of Bolivia
(Modified from: Arce, 2009a)



The Cordillera Oriental hosts the major share of the metalliferous deposits of Bolivia; of which a prominent component is within the Bolivian Tin Belt (Figure 7.1.2). The Property is located southern end of the Colavi Sn-Ag-base metal district, on the east margin of the belt (Figure 7.1.2).

Figure 7.1.2. The Bolivian Tin Belt and its mineral deposits
(Arce, 2009a)



Note: the Property occurs within the Colavi District.

Table 7.2.1. Stratigraphic sequence at the Property

Age	Sequence	Formation	Description
Tertiary			Dacitic intrusions
Cretaceous	upper	Aroifilla	Limestone Cross-bedded sandstone Basal conglomerate
	middle	Miraflores	
	lower	La Puerta	
Unconformity			
Silurian	Chuquisaca Supersequence	Llallagua	Flysch basin sedimentary rocks
Ordovician		Cancañiri Tocochi	

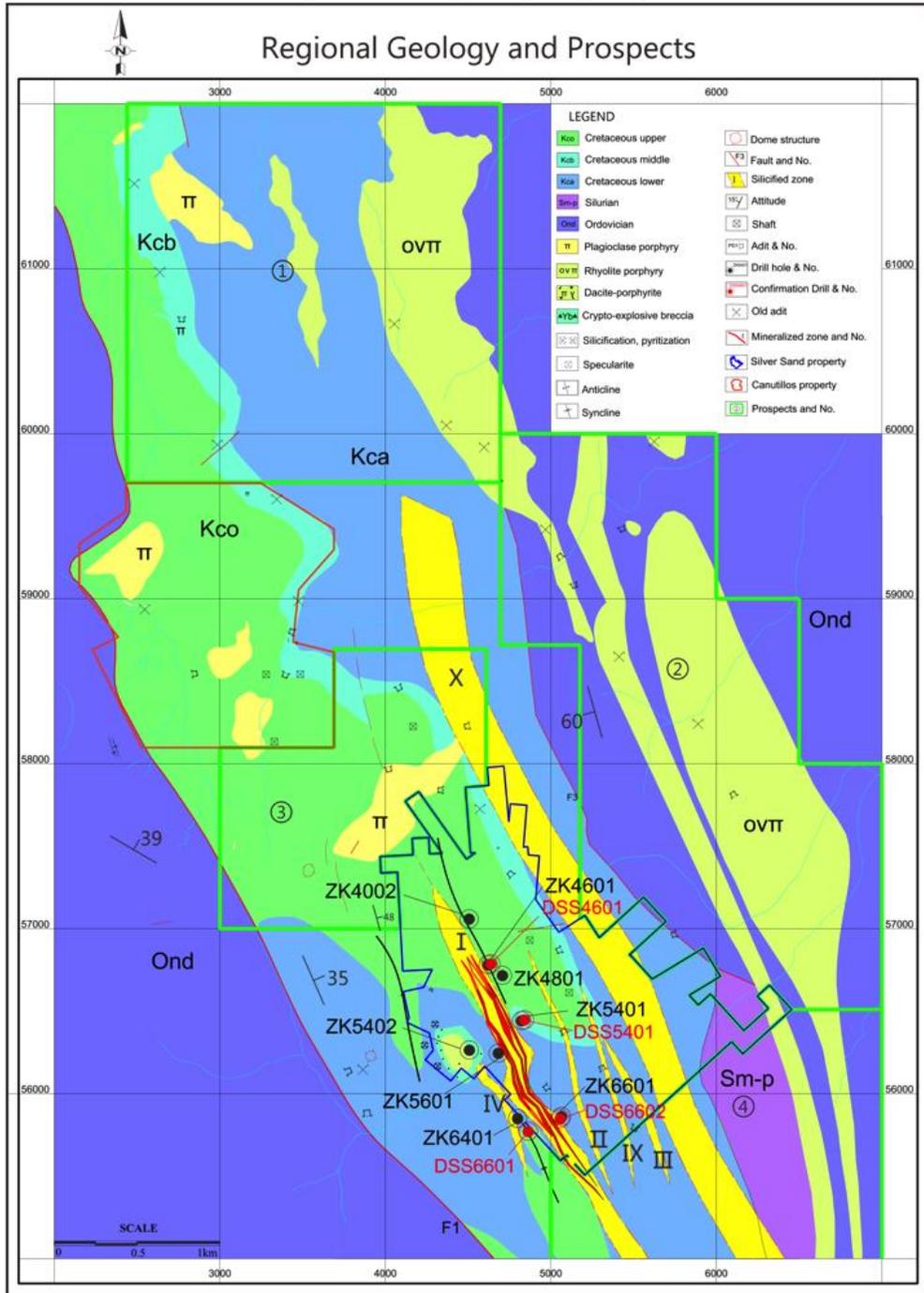
Faults in the Colavi district trend north to northwest and northeast to east (Figure 7.2.1), both with steep dips primarily to the east and southeast. The north to northwest set is parallel to the Andean Orogen. At the Property both sets of structures are evident though the north to northwest structures are most prominent as are similarly striking open folds.

Property Geology. Mapping, by the prior Owner and its contractors at the Property has largely confirmed the more regional geologic picture from COMIBOL as presented by Arce (2009a) and in Figure 7.2.1. Rocks exposed at the Property are Cretaceous-aged clastic rocks, quartz sandstone, deformed into a system of north- to northwest-striking, open anticlines and synclines. The sandstone is the most common rock exposed, and it is medium- to thick-bedded, locally laminated and cross-bedded. Cutting across the bedding, chaotically oriented, liesegang banding is common as colored bands or concentric rings of iron oxides and/or other minerals.

North-northwest and east-northeast striking faults cut and flank the folded strata. Paleozoic rocks occur to the northeast and southwest of the mineral concession blocks separated from the main part of the property by regional-scale northwest trending faults.

In addition to the broad open folding, the prior Owners identified five structural and mineralized zones; zones I, II, III, IV and V. Zones I through IV are roughly sub-parallel, northwest striking zones of altered sandstone dipping northeast. A circular geologic feature, inferred to be a crypto-explosion body/pipe, is located on the western margin of the concession block (Figure 2.2.2). This body appears to be inclined to the north and is interpreted to be of dacitic to mafic intrusion affinity by local geologists. Tertiary-aged intrusions are restricted to the areas east and northwest of the Property, mapped as plagioclase, rhyolite, and dacite porphyries.

Figure 7.2.2. Regional geology map



Note: “ZK6401” denotes historic core hole location, “DSS6601 denotes NPMC due diligence core hole location. Of the five zones, silver mineralization has been identified with channel sampling and/or drilling by the prior Owner in four of them; zones I, II, III and IV. Small- to medium-sized historic mine workings were developed in zones I, II IV.

The Cretaceous rocks at the Property exhibit alteration related to silicification, pyritization and oxidation events. Oxidation overprints both silicification and pyritization. All three are readily apparent in outcrop especially silicification which formed erosion-resistant, northwest-trending zones (Figure 7.2.3).

Figure 7.2.3. Silicified, Cretaceous-aged sandstone
(Looking south)



Note the oxidation of the sandstone, marked by red and yellow hues, and the presence of old adits, slot cuts, a rail line and a small dump of pale gray-colored material from the adits.

Deposit Types

Bolivia is a major source of silver production, ranking 7th in the world in 2015 with 42 million troy ounces of production (The Silver Institute, www.silverinstitute.org); including production the San Bartolomé mine at Potosí in the southern portion of the Bolivian Tin Belt, operated by Coeur Mining (<http://www.coeur.com/mines-projects/mines/san-bartolomé-bolivia>) and from the San Cristobal zinc-silver mine, operated by the Sumitomo Corporation, located southwest of the Property (<http://www.sumitomocorp.co.jp/english/>). The Qualified Person has not been able to verify the information from San Bartolomé or San Cristobal and that information may not indicative of mineralization at Silver Sand; the subject of this Technical Report.

(c) Style of Silver Mineralization

The age of mineralization in the Bolivian Tin Belt ranges from 22 ma to 4 ma (million years ago) and is believed to have been sourced from Tertiary-aged intrusions, which may or may not be evident in the immediate deposit areas. Ore mineralogy in the belt is diverse consisting of cassiterite, argentite, tetrahedrite, freibergite and other miscellaneous sulfosalt minerals, sphalerite, galena, chalcopyrite and stibnite. Gangue sulfide minerals associated with the ore mineral suite are pyrite, pyrrhotite and arsenopyrite. Many of these minerals are also found at the Property.

Deposits in the belt have been grouped by Arce (2009a), by host rock affinity, as;

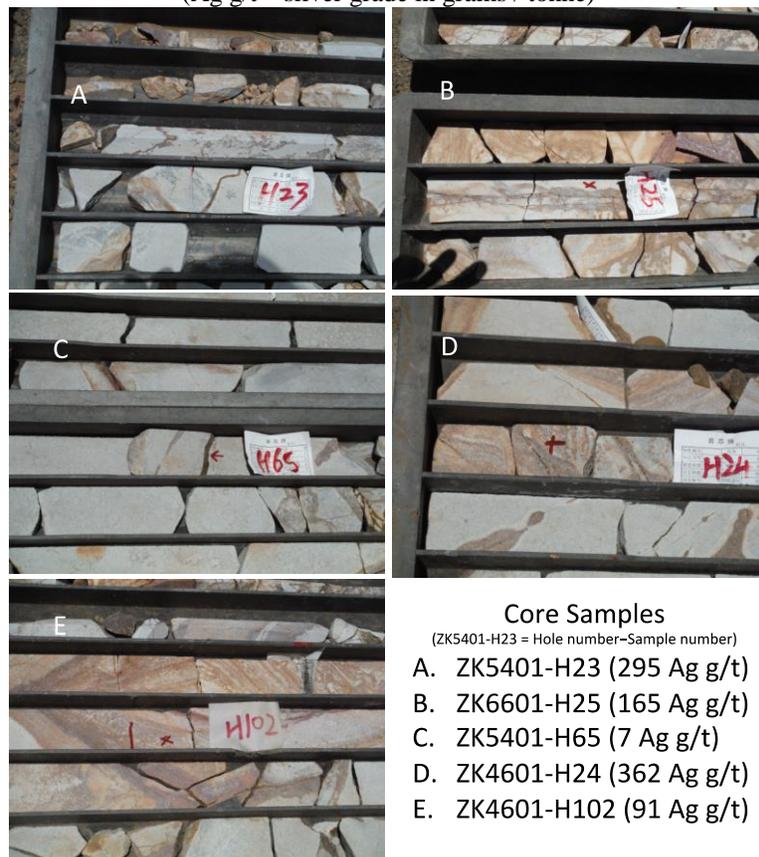
- Deposits associated with tin porphyries;
- Deposits associated with felsic composition domes and subvolcanic intrusions;
- Deposits associated with sedimentary rocks.

Arce (2009a) interprets that the deposits of the Colavi District are typical of those associated with felsic composition domes and subvolcanic intrusions and Arce and Goldfarb (2009b) put them into the Bolivian polymetallic vein-type. At the Property the nearest felsic igneous body occurs to the north of the concessions and there is a felsic- to mafic-affinity crypto-explosion breccia (“Yb” in Figure 7.3.1) in the western portion of the Property, which may suggest the presence of a subvolcanic intrusion at depth to the north; the direction in which the body is plunging. However, silver-bearing veins are not prominent in the exploration samples from the Property. Highly oxidized, silver-mineralized fractures, stockworks and disseminated textures are much more prevalent in the same sample suite.

In a genetic classification system, the style of mineralization at the Property could be of epithermal, intermediate-sulfidation style. Epithermal deposits, according to Sillitoe and Hedenquist (2003), occur as **“both vein and bulk-tonnage styles may be broadly grouped into high-sulfidation (HS), intermediate-sulfidation (IS), and low-sulfidation (LS) types based on the sulfidation states of their hypogene sulfide assemblages”**. However, the large Ag, Sn, base metal deposit at Cerro Rico demonstrates some of difficulty in understanding the genesis of deposits in the Bolivian Tin Belt. Sillitoe, et al, (1998) noted a high-sulfidation type affinity within the lithocap of the deposit but a Mesothermal, low-sulfidation character of the tin, base metal massive sulfide veins below the lithocap.

Silver mineralization at the Property is hosted in silicified sandstone in veinlets, fractures, breccias, and bedding-parallel disseminations (Figure 8.1.1). Tin and base metals are also present at the Property. Figure 8.1.1 shows examples of disseminated (E) and fracture controlled (B) styles of mineralization.

Figure 8.1.1. Mineralization examples in drill core with silver grades
(Ag g/t – silver grade in grams / tonne)



Moderate- to high-angle fractures and faults are very common at the Property. These structures may have acted as pathways for hydrothermal fluids to access porous, laminated and cross-bedded sandstone resulting in locally strong silicification of the sandstones to form mineralization with both structural and bedding control. Minor occurrences of thin (less than 1 cm wide) quartz veinlets were noted in outcrop of Zone I and form part of the silicification alteration event though appear to be later than the host rock silicification. Fractures and faults occur in various orientations some of which parallel the strike and dip of the different zones. In some cases fractures parallel the general trend of the zones but dip in opposite directions, which is also suggested from the alignment of historic workings across Zone I (Figure 8.1.2).

Figure 8.1.2. Zone I views



Note the steep, easterly dips to the structures and historic workings in the upper part of Fig. 8.1.2 and the west-dipping alignment of historic workings in the lower part.

Breccia-hosted silver and base metal mineralization was noted by the Qualified Person in some sections of the prior Owner's drill core but in relatively smaller amounts as compared to the fracture and disseminated styles.

In addition to silicification alteration, the host rock sandstones are often bleached from their original reddish hues. Locally the bleached sandstone has been oxidized showing strong yellow-orange-earthly red/brown sections, perhaps from oxidation of disseminated and fracture-controlled sulfide minerals, such as pyrite.

Mineralization of the altered, host rock sandstones resulted in the following observed minerals (in relative abundance from most to least):

- Pyrite (FeS_2). Pervasive, crystals in veinlets and in disseminations and clusters;
- Limonite and hematite (iron oxides). Yellow to earthy red on fractures, joints, bedding;
- Acanthite-Agenticite (Ag_2S). Gray to dark gray crystals and crystal aggregates on fractures and disseminations;
- Boulangerite ($\text{Pb}_3\text{Sb}_4\text{S}_{11}$). Orthorhombic (needle-like) and/or Bournonite (CuPbSbS_3) orthorhombic (tabular) crystals and clusters, on fractures and disseminations;
- Proustite-Pyrargyrite (Ag_3AsS_3 - Ag_3SbS_3). Dark gray locally with internal color on fractures;
- Barite (BaSO_4). White tabular crystals on fractures;
- Manganese oxides (not common). Fracture staining;
- Copper oxide staining (not common). Fracture staining;
- Native sulfur (not common).

Figure 8.2.1. Mineralization styles in NPMC core



A. Core hole DSS6601 at 149 m; 30 g/t Ag
C. DSS5401 at 191.5 m; 229 g/t Ag

B. DSS6601 at 223.5 to 226.5 m; 256, 30, 153 g/t Ag
D. DSS4601 at 218 m; 461 g/t Ag (up arrow shown)

Note the secondary and sedimentary structures in Figure 8.2.1; bedding/cross-bedding and fractures/veins.

Geochemical analyses by NPMC, on samples from its due diligence core drilling, verifies the presences of silver plus associated elements, such as antimony, arsenic, copper, lead and zinc, as contained the minerals listed herein. However, the correlation between silver and the other elements is statistically not strong (Section 9). More work is needed to understand the spatial relationship between the elements and how that may help future exploration for additional silver mineralization at Silver Sand.

(d) Basis for Exploration

Further studies are needed to better understand the types and sequence of the various mineralogy and alteration feature at the Property. However observations to-date, suggest that a preliminary basis of exploration is the combination of structure and currently identified mineralization within the host sandstones. These geologic features, to be further documented with new mapping and sampling by NPMC, will help select specific, future core drilling sites. At this point in time, new exploration core drilling sites can be based on the following criteria:

- Twin, core drilling and scissor, core drilling proximal to historic drill sites. Scissor drilling, which is drilling in a direction opposite to that of the prior Owner’s drill holes, will help assess the importance of the different fractures and faults as controls to silver mineralization. NPMC has plans to conduct this type of drilling as part of its purchase due diligence.
- Surface mapping of structures. At this point in time, the NW trend, NE dip to main Zone I is valid though there is evidence for other orientations that may contain silver mineralization.
- Core drilling oriented from either the hanging wall or footwall, as surface conditions dictate, to transect the north-northwest striking and northeast to southwest dipping zones.
- Channel sampling to test for surface exposures of silver mineralized sandstone in gaps within the Owner’s channel sampling.
- Surface and underground (the latter only where safely achievable) mapping to assist with documentation of structural and mineralization controls.

NPMC’s recent due diligence core drilling employed both twin and scissor core drilling to evaluate the data obtained by the prior Owner from its four angled core holes.

Exploration

(a) Prior Owner’s Exploration

The prior Owner conducted exploration at the Property from 2009 through 2015, both internally and contracted to two different geologic survey teams from China. The historic exploration work performed, as reported by the prior Owner, is shown in Table 9.1.1 (from the prior Owner – see Jungie, 2015).

Table 9.1.1. Prior Owner’s historical exploration work completed at the Property

Work	Completed	Notes
Geological surveys	3.15	Square kilometers, 1:5,000 scale
Geological traverses	7,272	Meters, 1:1,000 scale, 15 sections (NE–SW)
Topographic surveys	8	Points
Mapping – historic workings	208	Meters
Drilling and logging	2,334	Meters in eight core holes
Trenching	40	Meters
Reconnaissance mapping	292	Points
Reconnaissance sample assaying	1,202	Samples
Mineral/lithology analysis	19	Samples
Petrography	9	Sections
Channel sampling	1,628 / 546	Meters / samples submitted for assay
Core sampling for assay	504	Samples
Specific gravity sampling	31	Samples
QA/QC	215	Samples

The prior Owner’s work reported in Table 9.1.1 was conducted during the period 2009 through 2015. The most significant components, in terms of analytical results, of this historic work were the collection and assaying of channel samples and the collection and assaying of drill samples.

Channel Sampling - Channel sampling was used by the prior Owner to help define geologic controls of the silver mineralization. Channels were cut with a diamond saw in a horizontal orientation and were approximately 10 cm in height, 2 to 3 cm deep, and of variable, horizontal length. Vertical saw cuts were made perpendicular to the horizontal cuts and hammer and chisel used to extract sample for assay, ranging from 1 to 2.5 meters of channel length. An example of one of the channels from Zone 1 is shown in Figure 9.1.1. Channel samples were analyzed at the prior Owner’s laboratory facilities near Potosí, Bolivia for silver and, in some cases, tin and are summarized in Table 9.1.2.

Figure 9.1.1. Horizontal channel, striking NNW, in Zone I at the Property (Looking WSW)



Note the pronounced liesegang banding.

Table 9.1.2. Results of prior Owner’s surface and underground channel samples

Section	Sample Location	Zone	Length (m) ¹	Average Silver (g/t) ²	Number of Samples
50	Surface	Zone I	62.7	174	31
52	Surface	Zone I	71.4	110	35
54	Surface	Zone I	112.4	127	59
56	Surface	Zone I	105.0	122	54
58	Surface	Zone I	83.0	93	44
	Adit - PD19	Zone II	21.4	263	10
60	Surface	Zone I	125.7	120	68
62	Surface	Zone I	90.7	233	48
	Adit - PD62	Zone I	72.1	207	36
	Adit - PD62	Zone V	8.0	185	4
64	Surface	Zone I	48.0	124	25

66	Surface	Zone I	71.9	145	38
68	Surface	Zone I	64.7	105	31
70	Surface	Zone I	33.8	131	18
	Surface	Zone II	6.7	141	4
72	Adit - PD70	Zone I	11.8	163	6
	Surface	Zone II	1.5	356	1
	Surface	Zone III	16.9	198	9
74	Surface	Zone I	18.1	105	11
	Surface	Zone II	1.2	473	1
76	Surface	Zone I	14.8	125	12
	Surface	Zone II	1.5	535	1
Total					546

¹. Channel samples from adits PD62 and PD19 are believed to be close to the true width as they are nearly perpendicular to the zones.

². Please refer to QA/QC results in Section 12 of the Silver Sand Technical Report.

Core Drilling. Drilling methods and sampling were used by the prior Owner to evaluate the spatial extension of channel sample results into the surface – below levels of surface inspection. For this work, the prior Owner used diamond drilling techniques to retrieve HQ-sized (63.5 mm diameter) cores of the subsurface host rocks. Drill holes were a combination of vertical and inclined and were all completed in and around target Zone I.

A total of 8 core holes were completed by the prior Owner (Table 10.1.1) denoted on Figure 9.2.2 with “ZK” prefixes; three angled steeply to the southwest, three vertical and two angled steeply to the northeast. While all the angle holes were drilled at relatively steep angles, future drilling should attempt shallower drill angles to cut the projected target(s) at more incident angles (closer to perpendicular to the inferred target dip).

The core drilling was completed in two phases; in 2012 and in 2015, prior to the Qualified Person’s first site inspection in December 2016. As such, the Qualified Person cannot validate the procedures used during the drilling or core sampling methods. However, core inspected was half core remaining from cutting the whole core prior to sampling for analysis and in a very few instances quarter core. Core boxes still have sampling intervals marked that can be compared to assay report intervals with the same sample numbers. Core intervals were variable between about 1 and 1.6 meters in length; averaging approximately 1.3 meters in length for the three angled core holes inspected.

With few exceptions noted during core inspection, core recovery and quality are good. Some instance of poor recovery and quality were noted where the remaining core consisted of small pieces rather than whole core samples. These poor core recovery sections appear to coincide with strongly fractured and iron-stained zones. Core samples were analyzed at the prior Owner’s laboratory facilities near Potosí, Bolivia for silver and, in some cases, tin and are summarized in Table 10.1.1.

The Qualified Person inspected several of the prior Owner’s channel sample and core drilling sites (**highlighted** in Table 9.1.1) and has documented examples of them in this Technical Report. Furthermore, the Qualified Person inspected, during the December 2016 site visit, all three angled core reported by the prior Owner as having cut Zone 1 (the 2015 drilling campaign). The Qualified Person was not provided with cost summaries for the historic core drilling but based on costs used for contract drilling in Bolivia (Table 26.1.1), the 2015 core drilling, totaling 1,557.5 meters (Table 10.2.1), is estimated to have cost approximately US\$286,600.

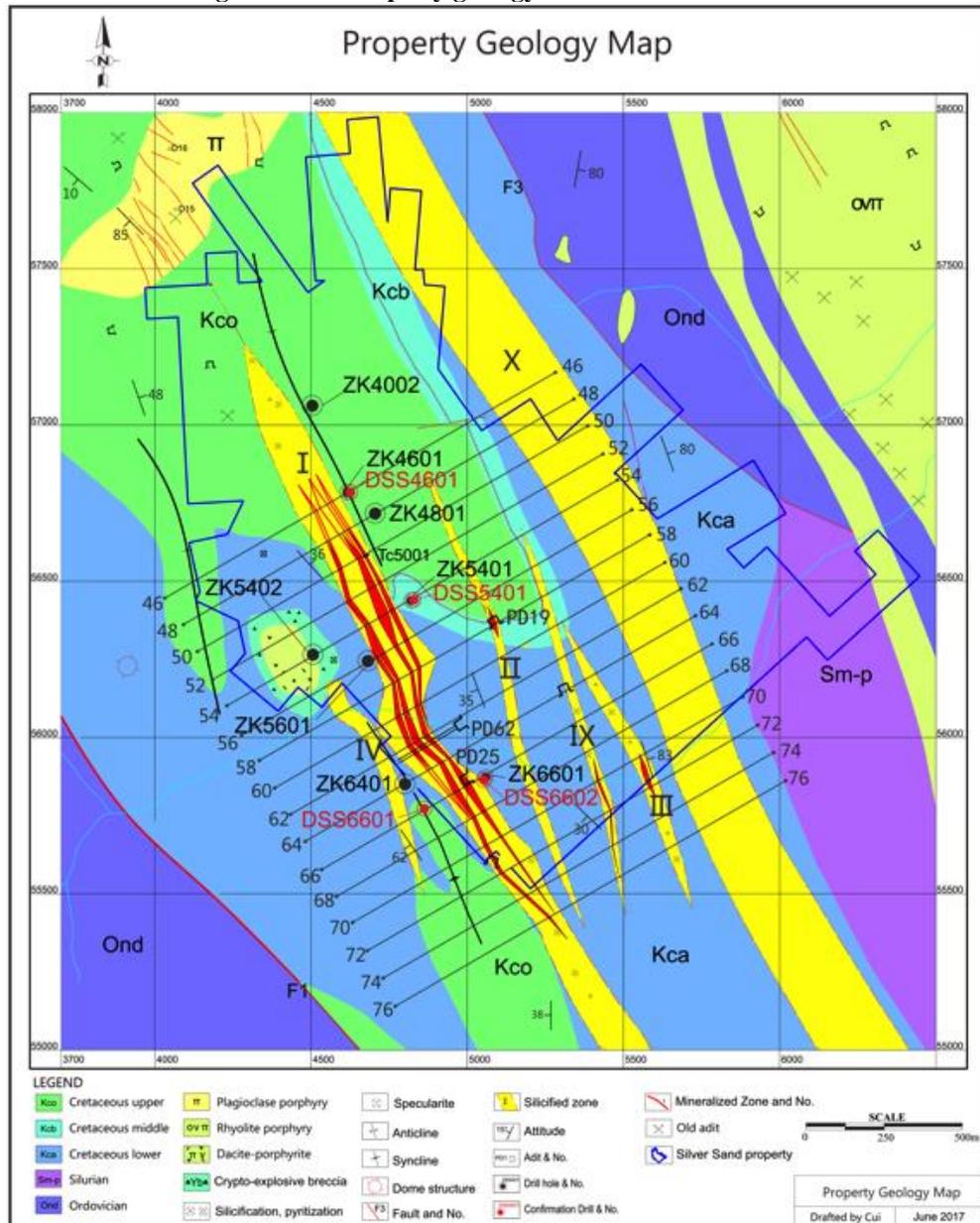
The Qualified Person has not done sufficient work to validate the other work items documented by the prior Owner. NPMC may choose to perform much of the same type of work listed in Table 9.1.1 to validate the historic results but more importantly to update it with more current information from its own efforts.

(b) NPMC Exploration

During April and May of 2017, NPMC drilled four (4) HQ- and NQ-sized core holes as part of its acquisition due diligence (Figure 9.2.1). All new drilling was performed under contract to NPMC by Maldonado Exploraciones; an independent exploration drilling services company based in Bolivia. NPMC selected four drill sites to serve its due diligence needs. A combination of twin (3 holes) and scissor (1 hole) drilling sites were chosen.

A total of 1,546 meters were completed in the four core holes; all drilled in Zone I (Figure 9.2.1). The three twin holes were DSS4601 (twinned prior Owner’s hole ZK4601), DSS5401 (twinned prior Owner’s hole ZK5401) and, DSS6602 (twinned prior Owner’s hole ZK6601). The single scissors hole was DSS6601 on section 66; it was drilled from the west side of Zone I to the northeast to intersect the mineralization from the prior Owner’s hole ZK6601.

Figure 9.2.1. Property geology and drill hole locations



“PD25” denotes an adit, “ZK6401” denotes historic core hole locations, “DSS6601 denotes NPMC due diligence core hole locations.

As with the prior Owner's core drilling, core collected by NPMC shows good recovery and quality (Figure 10.2.1).

NPMC made the decision to sample and assay all of its due diligence core. A total of 1,023 core samples were taken from the four confirmation holes by halving drill core with diamond saw and sampled over a standard interval of one and half (1.5) meters. Samples were prepared and analyzed by ALS Global, a certified commercial analytical laboratory. Assay results of all core samples have been received, and largely confirm the historical results released by the Company on April 10, 2017 and confirmed the presence of significant silver mineralization at Silver Sand.

The Qualified Person believes the uniformity of core sampling intervals and sampling of the entire NPMC core holes were prudent actions to avoid sample selection bias.

(c) NPMC drill hole geochemistry

In addition to obtaining silver analyses from half core samples, NPMC submitted pulped samples from its core to ALS Global for multi-element geochemical analyses. A total of 335 unique pulps were analyzed by ALS Global using their ME-ICP61 method; a four acid digestion, Inductively Coupled Plasma (ICP) analysis method. Observations from this analytical data suggests that silver is not well correlated to any metal, all correlation coefficients are less than 0.5, but is best correlated to Bi, Cd, Cu, Fe, S and Zn, with correlation coefficients from 0.24 to 0.5. Table 9.3.1 shows the general statistics of the multi-element data and correlation coefficients between silver to various elements.

Table 9.3.1. Element statistics and correlation coefficients – NPMC analyses
(from 334 analyses performed at ALS Global)

Statistic	Silver	Bismuth	Cadmium	Copper	Iron	Sulfur	Antimony	Zinc
Mean	189.38	22.85	3.23	0.01	2.21	0.99	286.38	0.10
Maximum	2,320.00	414.00	224.00	0.42	9.47	10.00	15,800.00	7.45
Minimum	1.00	1.00	0.25	0.00	0.42	0.01	2.50	0.00
Median	112.00	8.00	0.25	0.01	2.26	0.84	147.00	0
Std. Dev.	232.90	44.92	16.26	0.02	0.93	0.91	929.18	0.54
Correlation to Ag	1.00	0.42	0.31	0.44	0.35	0.35	0.24	0.30
Units	ppm	ppm	ppm	%	%	%	ppm	%
Analysis Method	Fire Assay	ICP						

Drilling

(a) Historic Drilling Summary

Historic drilling consisted of diamond coring (core) methods. A total of eight NQ-sized core holes were completed in two campaigns, in 2012 and 2015 (Table 10.1.1), by the prior Owners. No other prior drilling is known to have occurred on the property.

Table 10.1.1. Historic core holes at the Property

Drill Hole Number	Collar Location (UTM)		Collar Elevation (m)	Length (m)	Azimuth (degrees)	Dip Angle ¹ (degrees)	Year
	Easting	Northing					
ZK4601	234,617.28	7,856,785.18	4,094.9	313.1	241	-76	2015
ZK5401	234,824.67	7,856,443.33	4,063.8	413.7	243	-75	
ZK5402	234,510.12	7,856,267.07	3,991.1	546.6	0	-90	
ZK6601	235,057.10	7,855,869.01	3,926.0	284.3	258	-76	
Subtotal =				1,557.7			
ZK5601	234,681.33	7,856,244.63	3,962.4	242.0	61	-76	2012
ZK6401	234,808.24	7,855,854.01	4,005.9	314.5	64	-73	
ZK4002	234,504.000	7,857,063.00	4,092.0	155.3	0	-90	
ZK4801	234,708.000	7,856,719.00	4,052.0	64.8	0	-90	
Subtotal =				776.6			
TOTAL =				2,334.3			

¹ Drill hole dip angles in Table 10.1.1 are relative to horizontal (0° dip), -90 denotes a vertical hole.

Typically, core was marked and oriented within the core boxes then logged to describe the geology and mineralization. Diamond impregnated saws were used to split the core prior to sampling for assay. Half core was selected for analysis. Samples selected for analysis ranged from approximately 1.0 to 1.6 meters in core length (Table 10.2.1). In general core recoveries and quality were very good and well documented in the logging process. Figure 10.1.1 is a visual example of core recovery and core quality.

Figure 10.1.1. Typical historical drill core from the Property



Note the thin- and cross-bedded nature of the quartz sandstone in core hole ZK5401 (above).

(b) Historic Drilling Results

Of the eight, historic core holes completed:

- Two were vertical (ZK4002 and ZK4801) collared in the hanging wall of Zone I, drilled in 2012 to evaluate tin mineralization potential;
- Three were angled WSW into Zone I (ZK4601, ZK5401 and ZK6601) drilled in 2015;
- Two were collared in the footwall of Zone I angled steeply to the ENE (ZK5601 and ZK6401) drilled in 2012;
- One was vertical to test a semi-circular geologic feature approximately 250 meters to the west of Zone I (ZK5402) drilled in 2015.

Hole ZK4801 was too short to intersect the projected dip of Zone I. Core was not available for examination during the site visits.

Holes ZK5601 and ZK6401, angle drilled to the northeast, did not intersect Zone I mineralization and the prior Owner's assays suggested neither hole intersected silver mineralization. Core was not available for inspection during the December 2016 site visit but was made available for the second site visit in May 2017.

Holes ZK4601, ZK5401 and ZK6601 intersected several distinct subzones of silver mineralization. The casing was reportedly left in hole ZK4601. Length weighted average silver grades are shown in following table.

Table 10.2.1. Mineralized intervals within three historic core holes in Zone I

Drill Hole Number	Cross Section (NE-SW)	Distance to SE Grid End (m)	Average Sample Length (m)	Mineralized Interval				
				From (m)	To (m)	Length (m)	Average Ag (g/t)	
ZK4601	46	1,500	1.28m	83.3	85.6	2.3	59.9	
				107.7	111.1	3.4	80.2	
				122.0	277.2	155.2	179.0	
			<i>Incl.</i>	<i>122.0</i>	<i>145.4</i>	<i>23.4</i>	<i>260.9</i>	
			<i>Incl.</i>	<i>170.9</i>	<i>231.3</i>	<i>60.4</i>	<i>266.7</i>	
<i>Incl.</i>	<i>258.6</i>	<i>277.2</i>	<i>18.6</i>	<i>290.1</i>				
ZK5401	54	1,100	1.27 m	151.1	346.4	195.3	168.0	
				<i>Incl.</i>	<i>151.1</i>	<i>177.9</i>	<i>26.8</i>	<i>302.0</i>
				<i>Incl.</i>	<i>195.2</i>	<i>249.5</i>	<i>54.3</i>	<i>303.0</i>
			<i>Incl.</i>	<i>304.0</i>	<i>321.7</i>	<i>17.7</i>	<i>284.0</i>	
			<i>Incl.</i>	<i>336.4</i>	<i>346.4</i>	<i>10.0</i>	<i>320.5</i>	
ZK6601	66	500	1.33 m	51.9	243.2	191.3	246.0	
				<i>Incl.</i>	<i>51.9</i>	<i>108.1</i>	<i>56.2</i>	<i>329.0</i>
				<i>Incl.</i>	<i>132.1</i>	<i>182.6</i>	<i>50.5</i>	<i>316.0</i>
			<i>Incl.</i>	<i>200.3</i>	<i>243.2</i>	<i>42.9</i>	<i>282.5</i>	

Notes:
 All data from prior Owner.
 g/t = grams per metric tonne.
 Intervals are drill core length in meters.
 A 30 g/t Ag minimum grade was used to determine the average silver composite grades.
 A minimum of 2 samples used in compositing.

True widths of the mineralized intervals in Table 10.2.1 are not known, as there was only one hole per section that cut the mineralization. However, assuming a steep northeasterly dip of Zone I, based on surface mapping, the true width (perpendicular to the dip of the mineralized zone), may range from 40% to 60% of the drill length-weighted mineralization shown in Table 10.2.1. The northeasterly dip assumption can be considered a reasonable assumption at this time but should be checked by surface mapping by NPMC.

The prior Owner drilled two core holes in the footwall of Zone I, angled steeply to the NE (holes ZK5601 and ZK6401), which were not reported to have intersected Zone I. Data from these two core holes was not available for inspection during the Qualified Person’s December 2016 site visit however, during the Qualified Person’s May 2017 site visit, core from these two holes was made available for inspection. Despite the prior Owners analyses suggesting little silver mineralization, some of the core did encounter sulfide mineralization and should be re-logged and analyzed by NPMC. Moreover, all prior Owner core should be re-logged and assayed if sufficient core remains.

(c) NPMC 2017 Due Diligence Drilling

During the months of April and May, 2017, NPMC conducted a core drilling program, consisting of four (4) angled, HQ and NQ core holes to confirm mineralization reported by the prior Owner from its 2015 core drilling. The locations and summary data from the 4 confirmatory core holes are shown in Table 10.3.1.

Table 10.3.1. NPMC 2017 due diligence core hole locations

Drill Hole Number	Collar Location (UTM)		Collar Elevation (m)	Length (m)	Azimuth (degrees)	Dip Angle ¹ (degrees)
	Easting	Northing				
DSS4601	234,621.0	7,856,784.0	4,095.3	318	240	-75
DSS5401	234,826.0	7,856,439.0	4,064.0	457	237	-73
DSS6601	234,863.0	7,855,772.0	4,007.0	450	60	-45

DSS6602	235,053.0	7,855,864.0	3,929.0	321	250	-70
Total meters =				1,546		

¹ **Drill hole dip angles in Table 10.3.1 are relative to horizontal (0° dip), -90 denotes a vertical hole.**

All of NPMC's core holes were surveyed by NPMC on surface with GPS methods, to establish the collar location, and down-hole by the "Reflex EZ-Trac" method every 50 meters. Of the four, NPMC core holes completed:

- All were angle holes;
- Three (DSS4601, DSS5401 and DSS6602) were drilled from the northeast to the southwest to twin historic drill holes ZK4601, ZK5401 and ZK6601, respectively, and their surface locations (collars) were very close to the historic core hole collars (tables 10.1.1 and 10.3.1);
- With minor exception the trace of the twin holes matched well the planned trace of the historic holes; twin hole DSS6602 ended 8 degrees apart in azimuth and 6 degrees apart in dip at the bottom of the hole, relative to historic hole ZK6601;
- One hole (DSS6601, the scissors hole) was collared on the same section as ZK6601 (section 66) but approximately 190 meters to the southwest of ZK6601 and was angled to the northeast.

Samples were collected, after cutting the NPMC core in half lengthwise with a diamond saw, on a standard 1.5 m drill lengths. A total of 1,023 samples were selected in this manner for assaying at ALS Global in Oruro, Bolivia (sample preparation) and Lima, Peru (sample analysis). A total of 73 of blanks and certified commercial standards were inserted into the sample stream approximately every 40 meters (approximately 7% additional samples). All standards and blanks were analyzed along with the normal core samples with results that matched the expected values (see Section 12). Table 10.3.2 shows the composited mineralized intervals in NPMC's core holes. Compositing parameters were the same as those used to produce Table 10.2.1.

Table 10.3.2. Mineralized intervals within NPMC's core holes in Zone I

Drill Hole Number	Cross Section (NE-SW)	Distance to SE Grid End (m)	Total Depth (m)	Mineralized Interval			
				From (m)	To (m)	Length (m)	Average Ag (g/t)
Twin Holes (angle-drilled from NE to SW)							
DSS4601	46	1,500	318	86.0	90.5	4.5	73.7
				140.0	152.0	12.0	31.0
				188.0	296.0	108.0	86.0
			<i>Incl.</i>	<i>188.0</i>	<i>246.5</i>	<i>58.5</i>	<i>133.7</i>
			<i>Incl.</i>	<i>281.0</i>	<i>294.5</i>	<i>13.5</i>	<i>101.4</i>
DSS5401	54	1,100	457	138.5	327.0	187.5	162.0
			<i>Incl.</i>	<i>138.5</i>	<i>157.5</i>	<i>18.0</i>	<i>149.9</i>
			<i>Incl.</i>	<i>178.5</i>	<i>234.0</i>	<i>55.5</i>	<i>293.3</i>
			<i>Incl.</i>	<i>283.5</i>	<i>327.0</i>	<i>43.5</i>	<i>255.9</i>
DSS6602	66	500	321	48.5	182.0	133.5	226.6
			<i>Incl.</i>	<i>48.5</i>	<i>90.5</i>	<i>42.0</i>	<i>380.0</i>
				<i>107.0</i>	<i>149.0</i>	<i>42.0</i>	<i>218.0</i>
				<i>162.5</i>	<i>182.0</i>	<i>19.5</i>	<i>259.1</i>
				<i>258.5</i>	<i>260.0</i>	<i>7.5</i>	<i>36.0</i>
				<i>272.0</i>	<i>275.0</i>	<i>3.0</i>	<i>199.5</i>
				<i>281.0</i>	<i>284.0</i>	<i>3.0</i>	<i>51.0</i>
Scissors Hole (angle-drilled from SW to NE)							
DSS6601	66	500	450	31.5	37.5	6.0	39.0

				67.5	79.5	12.0	32.8
				96.0	105.0	9.0	88.0
				144.0	160.5	14.0	51.5
				187.5	289.5	102.0	197.0
			<i>Incl.</i>	187.5	226.5	39.0	263.8
			<i>Incl.</i>	231.0	235.5	4.5	76.0
			<i>Incl.</i>	240.0	249.0	9.0	127.3
			<i>Incl.</i>	256.5	289.5	33.0	251.0

Notes: All data from ALS Global for NPMC.
g/t = grams per metric tonne.
Intervals are drill core length in meters.
A 30 g/t Ag minimum grade was used to determine the average silver composite grades.
A minimum of 2 samples used in compositing.

True widths are not yet known from the information obtained with NPMC’s twin drilling though scissors hole DSS6601 suggests that the true thickness of Zone I may be 55% to 60% of the drilled interval thicknesses in holes DSS6602 and ZK6602 (Figure 25.1.3). Additional drilling on the other cross sections will be needed to further corroborate the overall geometry and thickness of Zone I.

As with the prior Owner’s core holes, NPMC’s twin core holes yielded good core recovery and quality (RQD), lending credibility to the quality of both drill sampling campaigns. In addition, NPMC collected other data from its core hole logging: Core quality (Rock Quality Determination), Core recovery (%), Lithology (rock types), Mineralization description (sulfide versus oxide), Structures (number of fractures per 2.5 meters), Alteration (type and relative intensity), Oxidation (Oxide, transitional, sulfide), and Specific gravity (SG).

Figure 10.3.1. Typical recovery and quality within NPMC core Hole DSS6601



In Figure 10.3.1, note the limonite staining and fracturing at around 223.5 meters down-hole which yielded a silver value of 256 g/t in the interval 222 m to 223.5 m followed by 30 g/t and 156 g/t in the intervals 223 to 224.5 meters and 224.5 to 226 meters, respectively.

(d) Comparison of Prior Owner’s and NPMC’s core drilling

The purpose of NPMC due diligence drilling was to validate the presence or silver mineralization with its three twin holes, as reported by the prior Owner, and conduct a test of the interpreted shape of Zone I with one scissors hole. Table 10.4.1 shows the assay composites for the original and twin hole, side-by-side for comparison.

Table 10.4.1. Assay composite comparison; prior Owner and NPMC twin holes

Prior Owner Core					New Pacific Metals Corp. Core				
Core Hole Number	From (m)	To (m)	Drill Width (m)	Ag (g/t)	Core Hole Number	From (m)	To (m)	Drill Width (m)	Ag (g/t)
ZK4601	83.3	85.6	2.3	59.9	DSS4601	86.0	90.5	4.5	73.7
	107.7	111.1	3.4	80.2		140.0	152.0	12.0	31.0
	122.0	145.4	23.4	260.9		188.0	246.5	58.5	133.7
	170.9	231.3	60.4	266.7		281.0	294.5	13.5	101.4
	258.6	277.2	18.6	290.1					
ZK5401	151.1	177.9	26.8	302.0	DSS5401	138.5	157.5	18.0	149.9
	195.2	249.5	54.3	303.0		178.5	234.0	55.5	293.3
	304.0	321.7	17.7	284.0		283.5	327.0	43.5	255.9
	336.4	346.4	10.0	320.5					
ZK6601	51.9	108.1	56.2	329.0	DSS6602	48.5	90.5	42.0	380.0
	132.1	182.6	50.5	316.0		107.0	149.0	42.0	218.0
	200.3	243.2	42.9	282.5		162.5	182.0	19.5	259.1
						258.5	260.0	7.5	36.0
						272.0	275.0	3.0	199.5
						281.0	284.0	3.0	51.0

Notes: g/t = grams per metric tonne.
 Intervals are drill core length in meters.
 A 30 g/t Ag minimum grade was used to determine the average silver composite grades.
 A minimum of 2 samples used in compositing.

The NPMC twin holes corroborated the presence silver in assays reported by the prior Owner. Similarly, both campaigns encountered several zones of silver mineralization in each core hole as demonstrated in Table 10.3.2. In general the Qualified Person makes the following observations about the drill comparison.

1. The presence of silver mineralization at Silver Sand, defined by Alcira, has been confirmed by NPMC’s core drilling and NPMC’s and the Qualified Person’s re-sampling and re-assaying of Alcira’s core drilling samples and channels.
2. In general silver grades from the new core drilling are somewhat lower than grades from the original drill holes.
3. While each pair of twin/original holes cut multiple subzones down-hole, the drill widths and intersection depths are different within each pair.
4. Though the new drill holes were surveyed down-hole, under the supervision of NPMC personnel, the original holes’ surveys cannot be similarly validated. Accordingly, the spatial position of the original holes (down-hole) cannot be taken as fact and, if in error, could explain some of the assay and intersection differences between the pairs.
5. Scissors hole DSS6601 lends good credibility to the general shape of Zone 1 mineralization on section 66 and suggests drill widths of mineralization in NPMC’s and Alcira’s WSW-oriented twins are between 45% and 60% of true width.

6. Scissors hole DSS6601 suggests the presence of mineralization in the inferred footwall of Zone 1. This was also suggested by inspection of two, angled Alcira core holes also drilled in the same general area – footwall of Zone 1 – which were stated to be un-mineralized but showed similar styles of visible mineralization and alteration to the mineralized holes.

Sampling, Analysis and Data Verification

(a) Prior Owner's Methods

The Qualified Person did not inspect the sample preparation, analyses and security measures employed by the prior Owner during its two drilling campaigns but did inspect the laboratory it used to process and analyze core and channel samples and inspected methods being employed at that laboratory on other samples. The laboratory used to analyze core and channel samples for the prior Owner is owned by the prior Owner. It is not a certified, commercial laboratory. The Qualified Person was not provided with quality control or security procedures for samples collected at the Property and submitted to the prior Owner's laboratory and could not view any methods that would have been used during the campaigns. Assuming the methods employed to analyze the Property samples were similar to those viewed as being used on other, non-Property samples, the Qualified Person believes the processes employed by the prior Owner were typical of industry standard commercial or mine-site wet chemistry laboratories. No fire assay techniques were used.

The sample preparation procedures employed followed those normally used in the mineral exploration industry.

1. Samples delivered to the laboratory in bags labeled with sample numbers corresponding to the field and core sample intervals.
2. Samples were dried in air and/or in ovens to remove moisture and weighed.
3. Weighed samples were crushed by a jaw crusher and split.
4. Split samples were further crushed in a roll crusher and split again.
5. Split roll crushed samples were pulverized in a rotating disc-type of pulverizer to produce a pulped sample.
6. Pulps were weighed.
7. Pulverized samples were mixed with a rolling cloth and split again into an assay sample, a duplicate and storage pulp.
8. The assay pulp was assayed by wet chemical analytical techniques of pulp digestion in acid that produced liquor (liquid) that was then analyzed by Atomic Absorption Spectroscopy (AAS) methods to determine metal contents.

Core remaining from splitting and sampling is stored at office facilities at Canutillos. Assay pulps are stored at the prior Owner's processing facilities near Potosí.

A combination of internal and Chinese commercial standards inserted in the sample processing and analyses stream were used. The insertion rate protocol was stated to be approximately one standard per every twenty primary samples (5%).

(b) NPMC's Methods

The sample preparation procedures employed by NMPC followed procedures typically employed in the mineral exploration industry.

- Drill sampling was taken in equal length of 1.50 meters.
- Drill cores were cleaned from mud and grease by the helpers and placed in provided core boxes.
- Core boxes were labeled and blocks placed periodically at various down-hole depths (in meters).
- The core boxes were then transported to the NPMC's camp at the community of Betanzos and logged by NPMC's geologists into hard copy log sheets.
- NPMC's geologists indicated in each core box where the sampling was to be taken and noted the exact distances on the log sheets.
- The core was split in half, by diamond saw, by NPMC's personnel.
- Half core samples were put into new, clean and transparent plastic bags with a sample number label.

- All samples were shipped to ALS Global for sample preparation in their facilities in Oruro, Bolivia and then to ALS's facilities in Lima, Peru for analyses.

(c) Qualified Person's Opinions and Recommendations

The Qualified Person inspected core drilling, core logging and core cutting employed by NPMC and its contractors and believes that the processes used to prepare and analyze exploration samples and for sample security, were reasonable and would not be expected to introduce significant bias to the analyses. NPMC's use of a certified commercial laboratory to process and analyze all of its due diligence core was appropriate.

Data Verification

Exploration data consists of assays from drill hole samples and from channel sampling. To validate the data generated by the prior Owner, NPMC and the Qualified Person collected various types of samples and submitted them to two independent, commercial laboratories for analyses: ALS Global and SGS. NPMC further validated data generated from its subsequent due diligence core drilling with its QA/QC program as outlined in this section. Refer to the Silver Sand Technical Report for further details.

Mineral Processing and Metallurgical Testing

NPMC has not conducted any of its own mineral processing or metallurgical tests as of the effective date of the Silver Sand Technical Report.

Mineral Resources and Mineral Reserves Estimates

There are no NI 43-101 compliant Mineral Resources or Mineral Reserves on the Property.

ITEM 6: DIVIDENDS AND DISTRIBUTIONS

The Company has not paid dividends on its common shares since incorporation. The Company has no present intention of paying dividends on its common shares. Payment of dividends or distributions in the future will be dependent on the earnings and financial condition of the Company and other factors which the directors may deem appropriate at that time.

ITEM 7: DESCRIPTION OF CAPITAL STRUCTURE

The Company has an authorized capital of an unlimited number of common shares without par value, of which 132,349,479 common shares were issued and outstanding as fully paid and non-assessable as of June 30, 2018. A further 4,145,000 common shares have been reserved and allotted for issuance upon the due and proper exercise of certain incentive options outstanding as of June 30, 2018. All of the common shares of the Company rank equally as to dividends, voting powers and participation in assets and in all other respects. Each common share carries one vote per share at meetings of the shareholders of the Company. There are no indentures or agreements limiting the payment of dividends and there are no conversion rights, special liquidation rights, pre-emptive rights or subscription rights attached to the common shares. The common shares presently issued are not subject to any calls or assessments.

The Company's stock option plan (the "**Stock Option Plan**") was prepared by the Company in accordance with the policies of the TSX-V and is in the form of a fixed option plan reserving for issuance upon the exercise of options granted pursuant to the Stock Option Plan a maximum of 10,000,000 common shares. As of June 30, 2018, the Company has stock options outstanding to purchase 4,145,000 common shares at exercise prices from \$0.55 to \$1.57 per share with original terms of 5 years, with the last options expiring on December 7, 2022.

As at June 30, 2018, the Company has 9,500,000 outstanding warrants at an exercise price of \$2.10 per share. The warrants have an expiry date of May 26, 2019.

ITEM 8: MARKET FOR SECURITIES

8.1 Trading Price and Volume

The Company's shares trade on the TSX-V under the symbol "NUAG". The following table provides the high and low prices, and average daily volume for the Company's shares for the period indicated:

<u>Period</u>	<u>High</u>	<u>Low</u>	<u>Volume</u>
June 2017 ⁽¹⁾	-	-	-
July 2017 ⁽²⁾	1.40	1.12	7,633
August 2017	1.59	1.16	24,068
September 2017	1.40	1.30	32,485
October 2017	1.43	1.30	57,462
November 2017	1.65	1.30	33,809
December 2017	1.64	1.38	14,011
January 2018	1.50	1.21	27,941
February 2018	1.60	1.31	56,942
March 2018	1.67	1.40	61,933
April 2018	1.65	1.41	8,500
May 2018	1.55	1.43	69,623
June 2018	1.65	1.47	19,995

Notes:

- (1) Trading was halted in connection with the acquisition of Alcira. As at March 28, 2017, the date trading was halted, the closing price of the Company's shares was \$1.05.
- (2) On July 20, 2017, the Company closed the acquisition of Alcira. Trading resumed on July 24, 2017 at the price of \$1.05 per common share.

8.2 Prior Sales

The following table summarizes the issuance of common shares or securities convertible or exercisable for common shares by the Company during the most recently completed financial year.

Date of Issue	Number of Securities	Security	Price per Security (CAD\$)
August 1, 2017	1,965,000	Stock Options	1.15
November 27, 2017	9,500,000	Warrants	2.10
December 8, 2017	200,000	Stock Options	1.57

ITEM 9: ESCROWED SECURITIES

The Company has no securities currently held in escrow.

ITEM 10: DIRECTORS AND OFFICERS

10.1 Name, Occupation and Security Holding

The Company's directors are elected by shareholders at each annual general meeting and typically hold office until the end of the next annual meeting at which time they will be re-elected or replaced. The following table sets out the names of the directors and officers, all offices in the Company each now holds, each person's principal occupation, business or employment, the period of time during which each has been a director of the Company and the number of shares of the

Company beneficially owned by each, directly and indirectly, or over which each exercised control or direction as at the date of this AIF.

Name, Position, Province & Country of Residence⁽¹⁾	Principal Occupations During Last Five Years⁽¹⁾	Date of Appointment As a Director and/or Officer	Shares Beneficially Owned or Controlled⁽¹⁾
Dr. Rui Feng <i>Chief Executive Officer and Director</i> Beijing, China	Chairman, CEO, and Director of Silvercorp Metals Inc. since September 2003; Director of the Canada China Business Council - BC Chapter Board; Vice President of Canada-China Business Association.	May 12, 2004	10,427,400 ⁽²⁾
The Honourable Jack Austin <i>Chairman and Director</i> ⁽³⁾⁽⁴⁾⁽⁵⁾ British Columbia, Canada	Chairman and Director of the Company; Advisor to Stern Partners Inc.; Honorary Professor and Senior Fellow at the Institute of Asian Research at the University of British Columbia.	May 13, 2008	450,000
David Kong <i>Director</i> ⁽³⁾⁽⁴⁾⁽⁵⁾ British Columbia, Canada	Partner at Ernst & Young LLP from 2005 to 2010. Director of Silvercorp Metals Inc., Uranium Energy Corp., and Gold Mining Inc.	November 29, 2010	513,500 ⁽⁶⁾
Greg Hawkins <i>Director</i> ⁽³⁾⁽⁴⁾⁽⁵⁾ British Columbia, Canada	Founding director and/or consultant of public and private exploration development ventures (Brohm Mining Inc., Dayton Mining Inc., Nevsun Resources Ltd., Banro Resource Corp., Tagish Lake Gold Corp., and African Gold Group Inc.). Chairman of Yellowhead Mining Inc. Director of Discovery-Corp Enterprises Inc. Managing Director of CME and Co. from 1993 to 2014.	November 29, 2010	998,700
John McCluskey <i>Director</i> Toronto, Ontario, Canada	President and Chief Executive Officer of Alamos Gold Inc.	August 1, 2017	193,750
Martin G. Wafforn <i>Director</i> British Columbia, Canada	Senior Vice President of Pan American Silver Corp.	November 27, 2017	Nil
Gordon Neal <i>President</i> British Columbia, Canada	Vice President, Corporate Development and Investor Relations, Silvercorp Metals Inc.; Vice President, Corporate Development, MAG Silver Corp.	August 1, 2017	11,400
Jalen Yuan <i>Chief Financial Officer</i> British Columbia, Canada	Controller of Silvercorp Metals Inc.	February 7, 2015	70,000
Hongen Ma <i>Vice President</i> Ontario, Canada	Former president, New Pacific Metals Corp; Geologist at Silvercorp Metals Inc.	December 2, 2013	628,700 ⁽⁷⁾

Notes:

- (1) The information as to residence, principal occupation or employment and shares beneficially owned, directly or indirectly, or controlled is not within the knowledge of the management of the Company and has been furnished by the respective director or officer.
- (2) Silvercorp Metals Inc. itself, or through subsidiaries, beneficially owns and controls 39,280,900 common shares representing 29.57% of the Company's outstanding common shares. Dr. Rui Feng and Silvercorp Metals Inc. acting jointly and in concert beneficially owns, directly and indirectly, or exercises control or direction over 49,708,300 or 37.41% of the outstanding common shares of the Company.
- (3) Denotes member of the Audit Committee (as defined herein).
- (4) Denotes member of the Company's compensation committee.
- (5) Denotes member of the Company's corporate governance and nominating committee.
- (6) Of these shares, 190,000 are held in the name of Mr. Kong's spouse.
- (7) Of these shares, 174,200 are held in the name of Mr. Ma's spouse.

As of the date of this AIF, all of the directors, officers and control persons of the Company, as a group, beneficially own, directly or indirectly, or exercise control or direction over 52,400,150 common shares representing 39.44% of the Company's 132,859,479 common shares issued and outstanding.

10.2 Cease Trade Orders, Bankruptcies, Penalties or Sanctions

No director or executive officer of the Company, within the 10 years prior to the date of this AIF, is or has been, a director, chief executive officer or chief financial officer of any company (including the Company) that: (a) while that person was acting in that capacity was subject to a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days; or (b) was subject to a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days that was issued after that person ceased to be a director, chief executive officer or chief financial officer, and which resulted from an event that occurred while that person was acting in that capacity.

No director or executive officer of the Company or a shareholder holding a sufficient number of securities to affect materially the control of the Company, within the 10 years prior to the date of this AIF, is or has been, a director or executive officer of any company (including the Company) that while that person was acting in that capacity or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

No director or executive officer of the Company or a shareholder holding a sufficient number of securities to affect materially the control of the Company has, within the 10 years prior to this AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

No director or executive officer of the Company or a shareholder holding a sufficient number of securities to affect materially the control of the Company has been subject to: (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable making an investment decision.

10.3 Conflicts of Interest

Certain directors and officers of the Company are also directors, officers or shareholders of other companies that are similarly engaged in the business of acquiring and exploiting natural resource properties. These associations to other public companies in the resource sector may give rise to conflicts of interest from time to time. Under the laws of the Province of British Columbia, the directors and senior officers of the Company are required by law to act honestly and in good faith with a view to the best interests of the Company. In the event that such a conflict of interest arises at a meeting of the Company's directors, a director who has such a conflict will disclose such interest in a contract or transaction and will abstain from voting on any resolution in respect of such contract or transaction. See also "Item 4.2: Risk Factors".

ITEM 11: AUDIT COMMITTEE

11.1 Audit Committee Charter

A copy of the Charter of the Audit Committee is attached hereto as Schedule “A”. A description of the responsibilities, powers and operation of the committee can be found therein.

11.2 Composition of the Audit Committee

The Company has an audit committee (the “**Audit Committee**”) which consists of David Kong (Chair), Jack Austin, and Greg Hawkins. All of the members are considered independent and financially literate pursuant to National Instrument 52-110 *Audit Committees* (“**NI 52-110**”). The Audit Committee will be re-constituted after the 2018 annual general meeting.

11.3 Relevant Education and Experience

The Audit Committee currently consists of David Kong, (Chair), Jack Austin, and Greg Hawkins. The directors of the Company have determined that all members of the Audit Committee are “independent” and “financially literate” for the purposes of applicable laws. The directors of the Company have also determined that David Kong, Jack Austin, and Greg Hawkins is each an “Audit Committee Financial Expert” for the purposes of applicable laws. The designation of a member of the Audit Committee as an “Audit Committee Financial Expert” does not make him an “expert” for any purpose, impose any duties, obligations or liability on the member that are greater than those imposed on members of the board of directors (the “**Board**”) who do not carry this designation or affect the duties, obligations or liability of any other member of the Audit Committee.

The Audit Committee operates under the guidelines of the Audit Committee Charter which is reproduced later in this AIF. The Audit Committee, among other things, reviews the annual financial statements of the Company for recommendation to the Board, reviews and approves the quarterly financial statements, oversees the annual audit process, the Company’s internal accounting controls and the resolution of issues identified by the Company’s auditors, and recommends to the Board the firm of independent auditors to be nominated for appointment by the shareholders at the next annual general meeting. In addition, the Audit Committee meets annually with the Company’s auditors both with and without the presence of any members of the Company’s management.

David Kong, Director

Mr. Kong holds a Bachelor in Business Administration and earned his Chartered Accountant designation in British Columbia in 1978 and U.S CPA (Illinois) designation in 2002. From 1981 to 2004, he was partner at Ellis Foster Chartered Accountants and from 2005 to 2010, a partner at Ernst & Young LLP. Currently, Mr. Kong is a director of Silvercorp Metals Inc., Uranium Energy Corp., and Gold Mining Inc. Mr. Kong is a certified director (ICD.C) of the Institute of Corporate Directors.

Jack Austin, Director

The Honourable Jack Austin, P.C., C.M., O.B.C, Q.C., B.A., LL.B., LL.M., Doc.Soc.Sci. (Hon) (Macau), LL.D. (Hon), has over 40 years’ experience in law, business, and finance. After serving as legal counsel to several senior mining companies, including International Mineral Corporation, and to BC Hydro in the development of its Peace River and Columbia River power projects, Mr. Austin was President and CEO of two operating mining companies based in B.C.

Greg Hawkins, Director

Mr. Hawkins has been involved in the mining exploration and investment industry since 1969. He has been variously responsible for the identification and/or delineation of 10 mineral deposits in Canada, USA, Chile, Ghana, Mali, and Zaire (DRC). Mr. Hawkins has extensive experience directing and managing companies since he has been a founding project consultant or a founding director of seven public and private exploration and development ventures.

11.4 Audit Committee Oversight

During the last year, recommendations of the Audit Committee to nominate or compensate an external auditor were adopted by the Board.

11.5 Pre-Approval of Policies and Procedures

The Audit Committee has adopted a specific policy and procedure for the engagement of non-audit services as described in Section 4 of the Audit Committee Charter.

11.6 External Auditor Service Fees

The Audit Committee has reviewed the nature and amount of the services provided by Deloitte LLP, Chartered Professional Accountants, auditors to the Company to ensure independence. Fees billed by external auditors for audit services in the last two fiscal years are outlined below:

Nature of Services	Year Ended June 30, 2018	Year Ended June 30, 2017
Audit Fees ⁽¹⁾	\$74,900	\$59,000
Audit-Related Fees ⁽²⁾	-	11,000
Tax- Fees ⁽³⁾	1,926	11,328
All Other Fees ⁽⁴⁾	-	42,000
Total	\$76,826	\$123,328

Notes:

- (1) "Audit Fees" include fees necessary to perform the annual audit and quarterly reviews of the Company's consolidated financial statements. Audit Fees also include audit or other attest services required by legislation or regulation, such as comfort letters, consents, reviews of securities filings and statutory audits.
- (2) "Audit-Related Fees" include services that are traditionally performed by the auditor. These audit-related services include employee benefit audits, due diligence assistance, accounting consultations on proposed transactions, internal control reviews and audit or attest services not required by legislation or regulation.
- (3) "Tax Fees" include fees for all tax services other than those included in "Audit Fees" and "Audit-Related Fees". This category includes fees for tax compliance, tax planning and tax advice. Tax planning and tax advice includes assistance with tax audits and appeals, tax advice related to mergers and acquisitions, and requests for rulings or technical advice from tax authorities.
- (4) "All Other Fees" includes all other fees billed by the Company's auditors.

ITEM 12: PROMOTERS

The Company did not retain the services of any promoters within the two most recently completed financial years.

ITEM 13: LEGAL PROCEEDINGS AND REGULATORY ACTIONS

13.1 Legal Proceedings

The Company is not aware of any actual or pending material legal proceedings to which the Company is or is likely to be party or of which any of its business or property is or is likely to be subject.

13.2 Regulatory Actions

There are no (a) penalties or sanctions imposed against the Company by a court relating to securities legislation or by a securities regulatory authority during its most recently completed financial year; (b) other penalties or sanctions imposed by a court or regulatory body against the Company that would likely be considered important to a reasonable investor in making an investment decision in the Company; or (c) settlement agreements the Company entered into before a court relating to securities legislation or with a securities regulatory authority during its most recently completed financial year.

ITEM 14: INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Except as disclosed in this AIF, during the three most recently completed financial years, no director or executive officer, insider, or any associate or affiliate of such insider, or director, or executive officer has had any material interest, direct or indirect, in any transaction or any proposed transaction which has materially affected or would materially affect the Company or any of its subsidiaries.

The following summarizes the Company’s relationship with related parties since July 1, 2017:

<u>Transactions with related parties</u>	<u>Year ended June 30, 2018</u>
Silvercorp Metals Inc. ⁽¹⁾	<u>\$351,280</u>

Related Party Transactions are entered into based on normal market conditions at the amounts agreed on by the parties. As at June 30, 2018, the balances with related parties, which are unsecured, non-interest bearing, and due on demand, are as follows:

<u>Due to related parties</u>	<u>Year ended June 30, 2018</u>
Silvercorp Metals Inc. ⁽¹⁾	<u>\$24,417</u>

Note:

- (1) 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, 2018, the Company recorded total expenses of \$351,280 (year ended June 30, 2017 - \$380,523) for services rendered and expenses incurred by Silvercorp on behalf of the Company.

ITEM 15: TRANSFER AGENTS AND REGISTRARS

The Company’s transfer agent and registrar for the Company’s common shares is Computershare Investor Services Inc. of 510 Burrard Street, 3rd Floor, Vancouver, British Columbia V6C 3B9.

ITEM 16: MATERIAL CONTRACTS

There are no other contracts, other than those herein disclosed in this AIF and other than those entered into in the ordinary course of the Company’s business, that are material to the Company and which were entered into in the most recently completed financial year ended June 30, 2018, or before the most recently completed financial year but are still in effect as of the date of this AIF.

ITEM 17: INTERESTS OF EXPERTS

17.1 Names and Interests of Experts

There is no person or company whose profession or business gives authority to a statement made by such person or company and who is named as having prepared or certified a statement, report or valuation described or included in a filing, or referred to in a filing made under NI 51-102 by the Company during the current financial year other than Deloitte LLP, the Company’s auditors, and Donald J. Birak, author of the Silver Sand Technical Report.

Deloitte LLP

None of the employees of Deloitte LLP have any registered or beneficial interests, direct or indirect, in any securities or property of the Company or of the Company’s associates or affiliates either at the time they prepared the statement, report or valuation prepared by it, at any time thereafter, or to be received by them. Deloitte LLP, the Company’s auditors, are independent in accordance with the auditor’s rules of professional conduct of the Institute of Chartered Professional Accountants of British Columbia.

In addition, none of the aforementioned persons or companies, nor any director, officer or employee of any of the aforementioned persons or companies, is or is expected to be elected, appointed or employed as a director, officer or employee of the Company or any associate or affiliate of the Company.

Deloitte LLP are the auditors for the Company and have advised that they are independent with respect to the Company within the meaning of the Rules of Professional Conduct of the Institute of Chartered Professional Accountants of British Columbia.

Silver Sand Technical Report

The latest technical report on the Silver Sand Project entitled “Silver Sand Project, Potosí Department, Bolivia” dated August 15, 2017, with an effective date of August 1, 2017 (the “**Silver Sand Technical Report**”) was prepared by Mr. Donald J. Birak, Registered Member SME and Fellow AusIMM. Mr. Birak is an Independent Qualified Person within the meaning of NI 43-101. Prior to the closing of the Alcira acquisition Don Birak prepared a technical report on the Silver Sand Property dated April 6, 2017 and effective May 31, 2017. Don Birak visited the Silver Sand Property for three days in both December 2016 and May 2017.

The independent “Qualified Person” named in “Item 17: Names and Interests of Experts”, when or after they prepared the statement, report or valuation, has not received any registered or beneficial interests, direct or indirect, in any securities or other property of the Company or any associates or affiliates of the Company or is or is expected to be elected, appointed or employed as a director, officer or employee of the Company or of any associate or affiliate of the Company. The Qualified Person who was responsible for the preparation of the Silver Sand Technical Report beneficially owned, directly or indirectly, less than 1% of the common shares.

ITEM 18: ADDITIONAL INFORMATION

Additional information on the Company may be found on the Company’s website at www.newpacificmetals.com or under the Company’s profile on SEDAR at www.sedar.com. Additional financial information, including directors’ and officers’ remuneration and indebtedness, principal holders of the Company’s securities and securities authorized for issuance under equity compensation plans, if applicable, is contained in the Company’s information circular for its most recent annual meeting of security holders that involved the election of directors.

Additional financial information is provided in the Company’s most recent financial statements and the management discussion and analysis for its most recently completed financial year.

SCHEDULE "A"

CHARTER FOR THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS (the "BOARD") OF NEW PACIFIC METALS CORP.

(Adopted by the Board on October 19, 2005)

1.0 Purpose of the Committee

1.1 The Audit Committee represents the Board in discharging its responsibility relating to the accounting, reporting and financial practices of the Company and its subsidiaries, and has general responsibility for oversight of internal controls, accounting and auditing activities and legal compliance of the Company and its subsidiaries.

2.0 Members of the Committee

2.1 The Audit Committee shall consist of no less than three Directors a majority of whom shall be "independent" as defined under Multilateral Instrument 52-110, while the Company is in the developmental stage of its business. The members of the Committee shall be selected annually by the Board and shall serve at the pleasure of the Board.

2.2 At least one Member of the Audit Committee must be "financially literate" as defined under Multilateral Instrument 52-110, having sufficient accounting or related financial management expertise to read and understand a set of financial statements, including the related notes, that present a breadth and level of complexity of the accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.

3.0 Meeting Requirements

3.1 The Committee will, where possible, meet on a regular basis at least once every quarter, and will hold special meetings as it deems necessary or appropriate in its judgment. Meetings may be held in person or telephonically, and shall be at such times and places as the Committee determines. Without meeting, the Committee may act by unanimous written consent of all members which shall constitute a meeting for the purposes of this charter.

3.2 A majority of the members of the Committee shall constitute a quorum.

4.0 Duties and Responsibilities

The Audit Committee's function is one of oversight only and shall not relieve the Company's management of its responsibilities for preparing financial statements which accurately and fairly present the Company's financial results and conditions or the responsibilities of the external auditors relating to the audit or review of financial statements. Specifically, the Audit Committee will:

- (a) have the authority with respect to the appointment, retention or discharge of the independent public accountants as auditors of the Company (the "auditors") who perform the annual audit in accordance with applicable securities laws, and who shall be ultimately accountable to the Board through the Audit Committee;
- (b) review with the auditors the scope of the audit and the results of the annual audit examination by the auditors, including any reports of the auditors prepared in connection with the annual audit;
- (c) review information, including written statements from the auditors, concerning any relationships between the auditors and the Company or any other relationships that may adversely affect the independence of the auditors and assess the independence of the auditors;

- (d) review and discuss with management and the auditors the Company's audited financial statements and accompanying Management's Discussion and Analysis of Financial Conditions ("MD&A"), including a discussion with the auditors of their judgments as to the quality of the Company's accounting principles and report on them to the Board;
- (e) review and discuss with management the Company's interim financial statements and interim MD&A and report on them to the Board;
- (f) pre-approve all auditing services and non-audit services provided to the Company by the auditors to the extent and in the manner required by applicable law or regulation. In no circumstances shall the auditors provide any non-audit services to the Company that are prohibited by applicable law or regulation;
- (g) evaluate the external auditor's performance for the preceding fiscal year, reviewing their fees and making recommendations to the Board;
- (h) periodically review the adequacy of the Company's internal controls and ensure that such internal controls are effective;
- (i) review changes in the accounting policies of the Company and accounting and financial reporting proposals that are provided by the auditors that may have a significant impact on the Company's financial reports, and report on them to the Board;
- (j) oversee and annually review the Company's Code of Business Conduct and Ethics;
- (k) approve material contracts where the Board of Directors determines that it has a conflict;
- (l) establish procedures for the receipt, retention and treatment of complaints received by the Company regarding the audit or other accounting matters;
- (m) where unanimously considered necessary by the Audit Committee, engage independent counsel and/or other advisors at the Company's expense to advise on material issues affecting the Company which the Audit Committee considers are not appropriate for the full Board;
- (n) satisfy itself that management has put into place procedures that facilitate compliance with the provisions of applicable securities laws and regulation relating to insider trading, continuous disclosure and financial reporting;
- (o) review and monitor all related party transactions which may be entered into by the Company; and
- (p) periodically review the adequacy of its charter and recommending any changes thereto to the Board.

5.0 Miscellaneous

5.1 Nothing contained in this Charter is intended to extend applicable standards of liability under statutory or regulatory requirements for the directors of the Company or members of the Committee. The purposes and responsibilities outlined in this Charter are meant to serve as guidelines rather than as inflexible rules and the Committee is encouraged to adopt such additional procedures and standards as it deems necessary from time to time to fulfill its responsibilities.