# ANNUAL INFORMATION FORM

**For the year ended June 30, 2016**

**Dated as at September 19, 2016**

# NEW PACIFIC HOLDINGS CORP.

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## ITEM 1: PRELIMINARY NOTES

### 1.1 Form

This Annual Information Form ("**AIF**") 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, 2016, unless otherwise indicated.

### 1.3 Forward-Looking Statements

Statements in this AIF that are not historical facts are forward-looking information within the meaning of applicable securities laws ("**forward-looking statements**"). This AIF contains forward-looking statements, such as estimates and statements that describe the Company's future plans, objectives, goals or expected results, including words to the effect that the Company or management expects a stated condition or result to occur. Examples of forward-looking statements in this AIF include, but are not limited to statements with respect to: plans and expectations for the Company's investment strategies and objectives, the Tagish Lake Gold Property (defined below) and the RZY Project (defined below).

Forward-looking statements are based on the beliefs of management, as well as numerous assumptions made by management and the information currently available to the Company, and are subject to all of the risks and uncertainties inherent in the Company's business, including risks inherent in investments and mineral exploration and development. These statements relate to analyses and other information that are based on forecasts of future results, estimates of amounts not yet determinable and assumptions of management. As a result, actual results may vary materially from those described in the forward-looking statements.

Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, using words or phrases such as "anticipate", "continue", "estimate", "expect", "plan", "intend", "may", "will", "project", "should", "believe" and similar expressions are intended to identify forward-looking statements. These forward-looking statements are based, in part, on assumptions and factors that may change, thus causing actual results or achievements to differ materially from those expressed or implied by the forward-looking statements. Such factors and assumptions include, but are not limited to, assumptions regarding: precious and base metal prices; ability to obtain additional financing to advance the Company's investment strategies; the availability of investment opportunities; and the ability of the Company to execute on its investment strategies and objectives.

These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Company believes that the expectations reflected in the forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in, or incorporated by reference into, this AIF should not be unduly relied upon. Further, these statements are only current as of June 30, 2016, unless otherwise indicated, or as of the date specified in the documents incorporated by reference into this AIF, 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.

### 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

New Pacific Holdings Corp. (the "**Company**" or "**New Pacific**") was formed as a special limited company in the name of Academy Resources Ltd. (N.P.L.) under the British Columbia *Company Act* on April 19, 1972. By special resolution 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 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 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. On November 3, 2004, NU XMP Ventures Limited changed its name to New Pacific Metals Corp. The new British Columbia *Business Corporations Act* (the "**New Act**") 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 New Act 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 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 New Act, including the reduction of the majority required to pass a special resolution from 75% to 66⅔%.

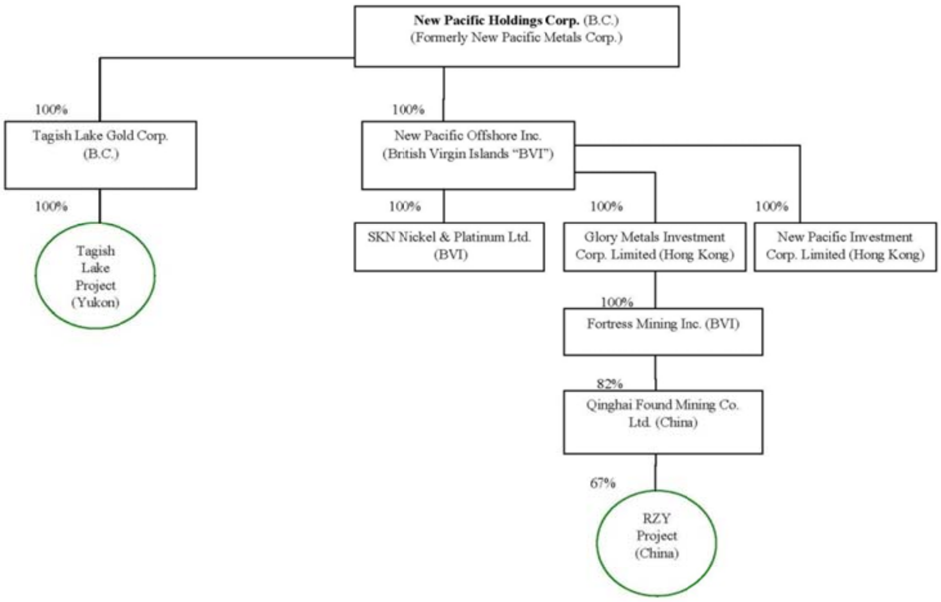
At the Company's Annual General and Special Meeting held November 13, 2015 (the "**2015 Meeting**"), the shareholders passed a special resolution authorizing and approving an amendment to the articles of the Company to change the name of New Pacific Metals Corp. and an ordinary resolution authorizing and approving a change of the Company's business from a mining issuer engaged in mineral exploration to an investment issuer ("**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.

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 on July 1, 2016 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". New Pacific 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, 2016 is as follows:




# ITEM 3: GENERAL DEVELOPMENT OF THE BUSINESS

## 3.1 Three Year History

**Transition from a Mining Issuer to an Investment Issuer**

At the 2015 Meeting, the shareholders of the Company passed as a special 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, The changes were subject to board of director approval, and any necessary regulatory approvals and became effective as of July 1, 2016. Concurrently with its change of business the Company delisted from the Toronto Stock Exchange and listed as a Tier 2 Investment Issuer on the TSX-V. At the same time the Company's name changed from New Pacific Metals Corp. to New Pacific Holdings Corp.

## Investments

Commencing July 1, 2016 the Company changed its business to become an Investment Issuer engaged in investing in privately held and publicly traded corporations. The Company's current investment portfolio contains bonds and equity investments.

## Bonds

The Company holds bonds issued by other companies from various industries through the open market. These bonds were held to receive coupon interest payments as well as to realize potential gains. The bonds may also be disposed on demand through the open market should the Company require funds for other operational or investment needs.

The bond portfolio as at June 30, 2016 is summarized as follows:

| | | | | | Fair value | |
|---|---|---|---|---|---|---|
| **Issuer** | **Coupon rate** | **Gain (loss)** | **Rate of return** | **Moody's or S&P rating** | **June 30, 2016** | June 30, 2015 |
| Huarong Finance Co., Ltd. | 3.00% | $ 94,060 | 3.46% | Baa1 | **$ 2,659,751** | $ 2,536,734 |
| ICBCIL Finance Co. Limited | 2.63% | 15,486 | 0.89% | A3 | **-** | 3,147,820 |
| ICBCIL Finance Co. Limited | 3.25% | 37,835 | 2.18% | A3 | **-** | 3,142,443 |
| Grand China Air Hong Kong Co., Ltd. | 5.50% | 30,559 | 4.90% | N.R. | **1,315,409** | - |
| Shui On Development Holding Ltd. | 8.70% | 45,496 | 6.67% | N.R. | **1,383,767** | - |
| Central China Real Estate Ltd. | 6.50% | 55,383 | 8.90% | Ba3, B+ | **1,315,138** | - |
| Evergrande Real Estate Group | 8.75% | 3,053 | 0.97% | B3, CCC+ | **651,805** | - |
| CITIC Envirotech Limited | 5.45% | 33,814 | 5.17% | N.R. | **1,342,471** | - |
| eHi Car Services Ltd. | 7.50% | 80,561 | 12.85% | BB- | **1,350,768** | - |
| Zhiyuan Group (BVI) Co., Ltd. | 6.20% | 66,423 | 10.71% | BB | **1,387,547** | - |
| Blue Sky Fliers Co., Ltd. | 6.90% | 23,185 | 14.97% | N.R. | **690,724** | - |
| Credit Agricole S.A. | 6.63% | (73,225) | (11.81%) | A1, A | **1,183,778** | - |
| Standard Chartered Bank | 6.50% | (52,774) | (8.51%) | Ba1, BB- | **1,204,086** | - |
| Stats Chippac Ltd. | 8.50% | 129,166 | 20.98% | B3, B+ | **1,360,741** | - |
| Unigroup International Holdings Ltd. | 6.00% | 88,516 | 14.26% | N.R. | **1,355,645** | - |
| **Total or weighted average** | 6.26% | $ 577,538 | 6.42% | | **$ 17,201,630** | $ 8,826,997 |

## Equity Investments

Equity investments represent equity interests of other publicly-trading or privately-held companies that the Company has acquired through the open market or through private placements. These equity interests include common shares and warrants.

The equity investments portfolio as at June 30, 2016 is summarized as follow:

| | | **June 30, 2016** | June 30, 2015 |
|---|---|---|---|
| Silvercorp Metals Inc. | (a) | **$ 3,375,120** | $ - |
| Cozystay Holdings Inc. | (b) | **325,225** | - |
| | | **$ 3,700,345** | $ - |

*(a) Silvercorp Metals Inc.*

Silvercorp Metals Inc. ("SVM") is a publicly traded mining company based in Canada. The Company acquired a total of 1,148,000 shares of SVM through the open market at a weighted average cost of

$0.764 per share. The Company's total investment in SVM represented 0.7% of SVM's total outstanding shares as at June 30, 2016. SVM was traded at $2.94 per share as at June 30, 2016. Total unrealized gain on SVM shares was $2,498,453 as at June 30, 2016.

*(b) Cozystay Holdings Inc.*

Cozystay Holdings Inc. ("Cozystay") is a private Canadian company. The Company acquired a total of 750,750 shares of Cozystay through a private placement at a cost of $0.466 (USD $0.333) per share. The Company's total investment in Cozystay represented 7% of Cozystay's total outstanding shares as at June 30, 2016.

Subsequent to June 30, 2016, and up to the date of this AIF, the Company acquired the following additional investments.

*(a) Dalradian Resources Inc.*

Dalradian Resources Inc. ("DNA") is a publicly traded mining company based in Canada. Subsequent to the year end on July 22, 2016, the Company acquired a total of 300,000 shares of DNA through the open market at a cost of $1.03 per share for a total consideration of $309,000. The Company's total investment in DNA represented 0.1% of DNA's total outstanding shares.

*(b) Centerra Gold Inc.*

Centerra Gold Inc. ("CG") is a publicly traded mining company based in Canada. Subsequent to the year end on August 3, 2016, the Company acquired a total of 60,000 shares of CG through the open market at a cost of $7.8559 per share for a total consideration of $471,354. The Company's total investment in CG represented 0.02% of CG's total outstanding shares.

*(c) Aton Resources Inc.*

Aton Resources Inc. ("AAN") is a publicly traded mining company based in Canada. Subsequent to the year end on August 5, 2016, the Company acquired a total of 14,000,000 shares of AAN through a private placement at a cost of $0.05 per share for a total consideration of $700,000. The Company's total investment in AAN represented 12.4% of AAN's total outstanding shares.

*(d) Aureus Mining Inc.*

Aureus Mining Inc. ("AUE") is a publicly traded mining company based in Canada. Subsequent to the year end from August 8 to September 9, 2016, the Company acquired a total of 6,231,000 shares of AUE through the open market at a weighted average cost of $0.0569 per share for a total consideration of $354,755. The Company's total investment in AUE represented 0.5% of AUE's total outstanding shares.

*(e) Prophecy Development Corp.*

Prophecy Development Corp. ("PCY") is a publicly traded mining company based in Canada. Subsequent to the year end on August 16, 2016, the Company acquired a total of 90,000 shares plus warrants of PCY through a private placement at a cost of $3.80 per share and warrant for a total consideration of $342,000. The warrants have an exercise price of $4.40 per share and expire in five years after the closing date of the transaction. The Company's total investment in PCY represented 2% of PCY's total outstanding shares.

*(f) Lowell Copper Limited*

Lowell Copper Limited (“JDL”) is a publicly traded mining company based in Canada. Subsequent to the year end on September 15, 2016, the Company acquired a total of 3,225,000 shares plus warrants of JDL through a private placement at a cost of $0.31 per share and warrant for a total consideration of $1,000,000. The warrants have an exercise price of $0.465 per share and expire in five years after the closing date of the transaction. The Company’s total investment in JDL represented 3.2% of JDL’s total outstanding shares.

**Exploration Properties**
The Company was, until June 30, 2016, an exploration stage company engaged in the acquisition and exploration of mineral property interests in Canada and China. The Company has been primarily focused on the advancement of the Tagish Lake Gold Property and the RZY Project, as detailed below. The Company intends treat the Tagish Lake Gold Property and the RZY Project as investments in its investment portfolio in accordance with the Company’s investment objectives and strategies. 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.

**Tagish Lake Gold Property, Yukon Territory, Canada**
The Tagish Lake Gold Property is located 80 kilometres by road south of Whitehorse, Yukon Territory, Canada. Within the property, three geographically distinct projects have been identified: the Mount Skukum, Skukum Creek, and Goddell projects (collectively the“**Tagish Lake Gold Property**”). The Company acquired 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.

On September 14, 2012, the Company filed an updated National Instrument 43-101 (“**NI 43-101**”) report for the Tagish Lake Gold Property.

Beginning in September 2012, the Company worked with the governmental regulatory authorities in the Yukon to finalize the determination and amount of security for reclamation in respect of the exploration permit for the Tagish Lake Gold Property. As of the date hereof, there has been no resolution on this matter. As a result of the lack of resolution on this matter and summer floods of 2014 destroying road access to the Tagish Lake Gold Property, the Company’s management ceased all operations at the Tagish Lake Gold Property in 2014. The Tagish Lake Gold Property is currently in care and maintenance status.

During the year ended June 30, 2016, there were no strategic or operational changes for the Tagish Lake Gold Property therefore expenditures incurred during the year in the amount of $32,466 were expensed.

As of June 30, 2016, a total of $10,663,814 exploration expenditures have been incurred on the Tagish Lake Gold Property since its acquisition by the Company. The Company has not yet determined whether its mineral property interests contain economically recoverable mineral reserves. The underlying value for mineral property interests are entirely dependent upon the existence of economically recoverable mineral reserves, the ability of the Company to obtain the necessary strategic partner to complete the exploration and development of the mineral property interests, and future profitable production, or proceeds from the disposition of the mineral property interests.

**RZY Silver-Lead-Zinc Project, Qinghai Province, China**
In December 2012, the Company signed a binding letter of agreement (the “**Acquisition Agreement**”) with Fortune Mining Limited (“**Fortune**”), a wholly-owned subsidiary of Silvercorp Metals Inc.

("**Silvercorp**"), to acquire all of the issued and outstanding shares of Silvercorp's wholly-owned subsidiary FMI.

Pursuant to the terms of the Acquisition Agreement, in March 2013, the Company's indirect wholly-owned subsidiary Glory Metal Investment Corp. Ltd. ("**Glory**") paid a cash purchase price of approximately US$3.5 million (the "**Initial Payment**") to acquire 80% of FMI's interest in the RZY silver-lead-zinc project in Qinghai Province, China (the "**RZY Project**"), through the purchase of all of the issued and outstanding shares of FMI, and granted Fortune the remaining 20% participating interest in FMI's interest in the RZY Project. The RZY Project is held through FMI's 82% owned subsidiary, Qinghai Found Mining Co. Ltd. ("**QFM**"). QFM has a 67% interest in the RZY Project.

Pursuant to the terms of the Acquisition Agreement, the Company, through its wholly-owned subsidiary Fortress Mining Inc. ("**FMI**"), had the option to acquire the remaining 20% participating interest in FMI's interest in the RZY Project held by Fortune by making, before March 28, 2015, a cash payment of US$5 million, together with the aggregate amount of costs, if any, with respect to the RZY Project funded by Fortune since March 28, 2013. The Company did not exercise this option and Fortune continues to hold a 20% interest in the RZY Project. The TSX approved the Acquisition Agreement on December 17, 2013. **[**

As of June 30, 2016, a total of $5,171,504 of exploration expenditures have been incurred on the RZY Project since its acquisition by the Company. 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 Company's RZY project. Despite the moratorium, the Company successfully renewed the exploration permit with Qinghai Provincial Government and will apply to renew the exploration permit upon its expiration in November 2016. During the year ended June 30, 2016, the Company performed a strategic review of its RZY Project due to the prolonged inactivity and an impairment expense of $3,850,343 was recognized against the carrying amounts of the project's mineral property interest. The Company has not yet determined whether its mineral property interests in the RZY Project contain economically recoverable mineral reserves. The underlying value for mineral property interests are uncertain and entirely dependent upon the existence of economically recoverable mineral reserves, the ability of the Company to find a partner to complete the exploration and development of the mineral property interests and future profitable production, or alternatively, proceeds from the disposition of the mineral property interests to another party.

### Normal Course Issuer Bid

On June 25, 2012, the Company announced a normal course issuer bid ("**NCIB**") which allows it to acquire up to 5 million of its own common shares. As at June 30, 2015, the Company had purchased 540,974 common shares for a total consideration of $331,986, allocating $457,195 to share capital and $125,209 to deficit. Transaction costs related to the common share acquisitions were $2,705. As at June 30, 2016, all common shares repurchased under the NCIB have been cancelled and returned to treasury.

### 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 has received conditional approval to list its common shares on the TSX-V. The shares commenced trading on the TSX-V on July 4, 2016, under the symbol "NUX".

## 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

### Mining Issuer

Until June 30, 2016 the Company was in the business of acquiring and conducting exploration activities on mineral properties in Canada and China.

***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***

The Company competes with other mining companies, some of which have greater financial resources and technical facilities, for the acquisition of mineral property interests, as well as for the recruitment and retention of qualified employees.

***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, 2015 were not material.

***Employees***

As at June 30, 2016, the Company had one employee.

### Investment Issuer

Commencing July 1, 2016 the Company changed its business to become an Investment Issuer engaged in investing in privately held and publicly traded corporations.

***Investment Objectives***

The investment objectives for the Company are: to seek a high return on investment opportunities, primarily in the natural resource, industrial, or technology sectors; and to preserve capital and limit downside risk while achieving a reasonable rate of return by focusing on opportunities with attractive risk to reward profiles. The nature and timing of the Company’s investments will depend, in part, on available capital at any particular time and the investment opportunities identified and available to the Company. Subject to the availability of capital, the Company intends to create a diversified portfolio of investments. The composition of its investment portfolio will vary over time depending on its assessment of a number of factors including the performance of financial markets and credit risk. Currently, the Company does not have any individually material investments.

***Investment Strategy***

In light of the numerous investment opportunities across the entire minerals sector, the Company wishes to adopt a fairly unrestricted approach to investment targets without placing unnecessary limits on potential returns on its investment. This approach is demonstrated in the proposed investment strategy set out below.

- ***Investment Sector*****:** Natural resource, industrial, or technology industries.

- ***Investment Types*****:** Equity, debt, royalties, income and commodity streams, derivatives and any other investment structures or instruments that could be acquired or created.

- ***Jurisdictions:*** Preference will be given to developed countries but investment in all countries is permissible depending on the risk assessment made by the Company's board of directors and management at the time the investment is made and the risk-reward relationship associated with each investment in a particular jurisdiction.

- ***Investment Size*****:** Unlimited, which may result in the Companies holding a control position in a target corporation or possibly requiring future equity or debt financings to raise money for specific investments.

- ***Investment Timeline*****:** Not limited.

- ***Investment Targets*****:** Direct project investments either through direct equity in a project, or through a derivative interest such as a royalty, stream or other derivative facility. Investments in public or private corporations, partnership or other legal entities that own, or propose to own, natural resource, industrial, or technology assets or their respective derivatives. Distressed situations where a change of management or other restructuring is required to realize the value of the asset. Activist investing where shareholder value is being adversely affected by a corporation's current board and management.

- ***Investment Review:*** Will seek to maintain the ability to actively review and revisit all of the investments on an ongoing basis.

- ***Liquidity:*** Will evaluate the liquidity of investments and seek to realize value from same in a prudent and orderly fashion.

## 4.2 Risk Factors

### Investment Issuer Risks

The Company's business as an Investment Issuer will be subject to a number of significant risk factors, and an investment in the Resulting Issuer will involve a high degree of risk. Investors should carefully consider each of such risks and all of the information in this Annual Information Form before investing in the Investment Issuer. The success of the Investment Issuer will depend entirely on the expertise, ability, judgment, discretion, integrity and good faith of its management. The risks consist of:

***No Operating History as an Investment Issuer***

The Company does not have any record of operating as an Investment Issuer. As such the Company will be subject to all of the business risks and uncertainties associated with any new business enterprise, including the risk that the Company will not achieve its financial objectives as estimated by Management. Furthermore, past successes of the Management or the Board in other ventures do not guarantee future success.

***Risks of Competition***

The Company will face competition from other capital providers, all of which compete with it for investment opportunities. These competitors may limit the Company's opportunities to acquire interests in investments that are attractive to the Company. The Company may be required to invest otherwise than in accordance with its Investment Objectives and **S**trategy in order to meet its investment objectives. If the Company is required to invest other than in accordance with its Investment Policy and strategy, its ability to achieve its desired rates of return on its investments may be adversely affected.

***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 makes or wishes to make may not reveal all relevant facts in connection with an investment. Before making investments, the Company will conduct due diligence investigations that it deems reasonable and appropriate based on the facts and circumstances applicable to each investment. When conducting due diligence investigations, the Company may be required to evaluate important and complex business, financial, tax, accounting, environmental and legal issues. Outside consultants, legal advisors, accountants and investment banks may be involved in the due diligence process in varying degrees depending on the type of investment. Nevertheless, when conducting due diligence investigations and making an assessment regarding an investment, the Company will rely on resources available, including information provided by the target of the investment and, in some circumstances, third party investigations. The due diligence investigations that are carried out with respect to any investment opportunity may not reveal or highlight all relevant facts that may be necessary or helpful in evaluating such investment opportunity. Moreover, such an investigation will not necessarily result 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.

***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 Risk***

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

***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.

***Currency Risk***

Some of the Company's assets may be invested in foreign securities. Consequently, the Canadian dollar equivalent of the Company's net denominated assets and dividends would be adversely affected by reductions in the value of the applicable foreign currencies relative to the Canadian dollar and would be positively affected by increases in the value of the applicable foreign currencies relative to the Canadian dollar.

***Commodity Risk***

The Company may invest in sectors that are very sensitive to the fluctuations of commodity prices.

***Foreign Investment Risks***

Foreign investments made by the Company in specific sectors such as natural resource, industrial or technology may be subject to political risks, risks associated with changes in foreign exchange rates, foreign exchange control risks and other similar risks.

***Risk of Lack of Diversification of Investments***

Investments concentrated in specific sectors such as natural resource, industrial or technology are generally more volatile than the overall market. Investing in only one specific sector of the stock market, such as the energy 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, Industrial, or Technology Sector Risks***

Investing in natural resource, industrial or technology 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, industrial or technology corporations industries are subject to risks associated with the world prices of various natural resource, industrial, or technology sectors respectively, 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.

***Ability to Develop and Operate Key Projects***

The ability to explore natural resource, industrial, or technology projects is subject to many risks and uncertainties. These include: the ability to define mineral resources and conceptual estimates of tonnes and grade of a mineral deposit into mineral reserves; completion of feasibility studies, obtaining and maintaining various permits and approvals from governmental authorities; construction risk; securing required surface and other land rights; potential resistance from stakeholders and other interested parties; political and social risk; and obtaining adequate financing.

***Equity Market Risk***

The price of the equity securities in which the Company may invest 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, industrial or technology 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, industrial or technology 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.

***Dependence Upon Key Management***
The Company will depend on the business and technical expertise of its management and key personnel. There is little possibility that this dependence will decrease in the near term. As the Company's operations expand, additional general management resources will be required. The Company may not be able to attract and retain additional qualified personnel and this would have a negative effect on the Company's operations.

***Conflicts of Interest***
Conflicts of interest may arise as a result of the directors, officers and promoters of the Company also holding positions as directors and/or officers of other companies. Some of those persons who are directors and officers of the Company have and will continue to be engaged in the identification and evaluation of assets and businesses and companies on their own behalf and on behalf of other companies; accordingly, situations may arise where the directors and officers may be in direct competition with the Company. Conflicts, if any, will be subject to the procedures and remedies under the *Business Corporations Act* (British Columbia).

**Mining Business**

Until June 30, 2016, the Company was in the business of acquiring and conducting exploration activities on mineral properties in Canada and China, and was 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 currently have a material impact on, or constitute risk factors in respect of, the Company's future financial performance as a result of its holding the Tagish Lake Gold Property and RZY Property as investments.

***Environmental Risks***
The Company's past exploration activities in both Canada and China were subject to extensive laws and regulations governing environmental protection and employee health and safety. Environmental laws and regulations are complex and have tended to become more stringent over time. Failure to have complied with applicable environmental health and safety laws may result in injunctions, damages, suspension or revocation of permits, and imposition of penalties. There can be no assurance that the Company has been, or will be, at all times in complete compliance with current and future environmental and health and safety laws and that compliance with environmental permits and regulations will not materially adversely affect the Company's business, results of operations or financial condition.

***Title to Property***
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 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.

***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.

***Competition***

The mining industry is intensely competitive in all phases of its activities, and such competition could adversely affect the Company's ability to acquire suitable resource properties in the future or dispose of its properties.

## ITEM 5: MINERAL PROPERTY

As the Company is no longer a mining issuer, and is no longer pursuing the exploration or development of any of its mineral properties, none of these properties are viewed to be material as of June 30, 2016.

The name and book values of the Company's sole material mineral property as of June 30, 2015 are set out as follows:

| Property Name | Location | Ownership Interest* | Book Value (June 30, 2015) |
|---|---|---|---|
| Tagish Lake | Yukon Territory | 100% | $nil |

* These reflect option rights to earn these percentage interests and option rights granted on these percentage interests on the terms set out above.

As at June 30, 2016, the Tagish Lake Gold Property was carried on the Company's balance sheet as assets 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, 2016, 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 $4.4 million.

## 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 as it anticipates that all available funds will be invested. Payment of dividends of 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 66,938,229 common shares were issued and outstanding as fully paid and non-assessable as of June 30, 2016. A further 2,405,000 common shares have been reserved and allotted for issuance upon the due and proper exercise of certain incentive options outstanding as of June 30, 2016. 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.

Under its stock option plan, the Company may grant options to purchase up to 10,000,000 common shares to directors, officers, employees and consultants. As of June 30, 2016, the Company has stock options outstanding to purchase 2,405,000 common shares at exercise prices from $0.57 to $0.62 per share with original terms of 5 years, with the last options expiring on September 23, 2018.

As at June 30, 2016, the Company has no warrants outstanding. There are no constraints imposed on ownership on the Company's securities.

## ITEM 8: MARKET FOR SECURITIES

Until July 1, 2016 Company's shares traded on the TSX under the symbol "NUX". The following table provides the high, low, close prices, and average daily volume for the Company's shares for the period indicated:

| | High | Low | Close | Volume (#) |
|---|---|---|---|---|
| **2015** | | | | |
| June | $0.19 | $0.16 | $0.16 | 8,538 |
| July | $0.18 | $0.15 | $0.16 | 6,532 |
| August | $0.17 | $0.14 | $0.14 | 1,982 |
| September | $0.16 | $0.14 | $0.14 | 1,400 |
| October | $0.19 | $0.14 | $0.19 | 9,452 |
| November | $0.21 | $0.19 | $0.20 | 9,739 |
| December | $0.30 | $0.18 | $0.23 | 2,188 |
| **2016** | | | | |
| January | $0.23 | $0.18 | $0.18 | 934 |
| February | $0.24 | $0.18 | $0.24 | 3,068 |
| March | $0.28 | $0.24 | $0.28 | 6,290 |
| April | $0.35 | $0.28 | $0.35 | 7,179 |
| May | $0.35 | $0.33 | $0.34 | 2,562 |
| June | $0.40 | $0.34 | $0.39 | 3,445 |

## ITEM 9: ESCROWED SECURITIES

The Company has no securities currently held in escrow.

## ITEM 10: DIRECTORS & 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/Officer** | **Shares Beneficially Owned or Controlled**[1] |
|---|---|---|---|
| Dr. Rui Feng<br>CEO and Director<br>Beijing<br>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 | 4,867,400 |
| The Honourable<br>Jack Austin<br>Chairman and Director [2][3][4]<br>British Columbia<br>Canada | Advisor to Stern Partners Inc. and Silvercorp Metals Inc.; Honorary Professor and Senior Fellow at the Institute of Asian Research at the University of British Columbia | May 13, 2008 | 215,000 |
| David Kong<br>Director<br>[2] [3][4]<br>British Columbia<br>Canada | Partner of Ernst & Young LLP from 2005 to 2010. Since then Mr. Kong has been a director for a number of public companies and is currently a director of Silvercorp Metals Inc., Uranium Energy Corp., and Brazil Resources Inc. | November 29, 2010 | 238,500 |
| Greg Hawkins<br>Director<br>[2] [3][4]<br>British Columbia<br>Canada | Founding director and consultant of seven public and private exploration development ventures (Brohm Mining Inc., Dayton Mining Inc., Nevsun Resources Ltd., Banro Resource Corp., Tagish Lake Gold Corp., African Gold Group Inc. and Yellowhead Mining Inc.). He has been Managing Director of CME and Co. since 1993. | November 29, 2010 | 698,700 |
| Fengzhen Yan<br>Director<br>Beijing<br>China | Mr Yan is Vice Chairman of the China Gold Association and Vice President of the Geological Society of China. | April 8, 2013 | nil |
| Jalen Yuan<br>CFO and Corporate Secretary.<br>British Columbia<br>Canada | Controller of Silvercorp Metals Inc. | February 7, 2015 | 5,000 |
| Hongen Ma<br>President<br>Ontario<br>Canada | Geologist at Silvercorp Metals Inc. | February 12, 2014 | 210,700 |

(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 nominees.
(2) Denotes member of the Audit Committee.
(3) Denotes member of the Compensation Committee.
(4) Denotes member of the Corporate Governance and Nominating Committee.

As of the date hereof, all of the directors and officers of the Company, as a group, beneficially own, directly or indirectly, or exercise control over 6,235,300 common shares representing 9.3% of the Company's 66,938,229 common shares issued and outstanding as of the date hereof.

## 10.2 Cease Trade Orders, Bankruptcies, Penalties or Sanctions

No director or executive officer of the Company is, or within the 10 years prior to the date of this AIF, has been, a director, chief executive officer or chief financial officer of any company that while that person was acting in that capacity:

(a) 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 an event that resulted, after the proposed director ceased to be a director, chief executive officer or chief financial officer, in the company being the subject of a cease trade or an order that denied the relevant company access to any exemption under securities legislation, for more than 30 consecutive days.

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 is, or within the 10 years prior to the date of this AIF, has been, a director or executive officer of any 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, or 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 resources 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 current members of the Audit Committee are Jack Austin, David Kong, and Greg Hawkins; all 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 2016 annual general meeting.

### 11.3 Relevant Education and Experience

The Company has an audit committee (the "**Audit Committee**") which consists of David Kong, (Chairman), 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 each David Kong, Jack Austin, and Greg Hawkins is 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 him that are greater than those imposed on members of the Board of Directors 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 other 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 of Ellis Foster Chartered Accountants and a partner at Ernst & Young LLP from 2005 to 2010. Currently, Mr. Kong is a director of Silvercorp Metals Inc., Uranium Energy Corp., and Brazil Resources Inc. Mr. Kong is a certified director (ICD.C) of the Institute of Corporate Directors.

*Jack Austin, Director*

The Honourable Jack Austin, P.C., 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 Accountants to the Company to ensure auditor 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, 2016 | Year Ended June 30, 2015 |
|---|---|---|
| Audit Fees(1) | $59,000 | $59,000 |
| Audit-Related Fees(2) | $5,000 | NIL |
| Tax- Fees(3) | NIL | $20,650 |
| All Other Fees(4) | NIL | NIL |
| Total | $64,000 | $79,650 |

(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, 2015:

| | Year ended June 30, | |
|---|---|---|
| **Transactions with related parties** | **2016** | 2015 |
| Silvercorp Metals Inc.(1) | **$ 253,799** | $ 306,397 |

Related party transactions are entered into based on normal market conditions at the amounts agreed on by the parties. As at June 30, 2016, the balances with related parties, which are unsecured, non-interest bearing, and due on demand, are as follows:

| **Due to related parties** | **June 30, 2016** | **June 30, 2015** |
|---|---|---|
| Silvercorp Metals Inc.(1) | **$ 6,112** | $ 69,633 |

(1) Silvercorp has two common directors and officers with the Company, being Rui Feng and David Kong and shares office space and provides various general and administrative services to the Company. During the year ended June 30, 2016, the Company recorded total expenses of $253,799 (year ended June 30, 2015 - $306,397) 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, 2016, 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. 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 in Canada.

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.

## ITEM 18: ADDITIONAL INFORMATION

Additional information on the Company may be found on the Company's website at www.newpacificholdings.ca or 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.

## ITEM 19: SCHEDULE "A"

## CHARTER FOR THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS (the "Board") OF NEW PACIFIC HOLDINGS 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.