



NEVADA COPPER CORP.

Condensed Consolidated Interim Financial Statements
For the three months ended March 31, 2014 and 2013

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, “Continuous Disclosure Obligations”, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements of the Corporation have been prepared by management and approved by the Audit Committee and the Board of Directors of the Corporation.

The Corporation’s independent auditors have not performed a review of these consolidated financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity’s auditors.

NEVADA COPPER CORP.

Consolidated Statements of Financial Position

(Expressed in thousands of United States dollars)

(Unaudited – Prepared by Management)

	March 31, 2014	December 31, 2013
Assets		
Current assets:		
Cash and cash equivalents	\$32,140	\$46,070
Restricted cash	2,280	200
Amounts receivable	45	119
Prepaid expenses	212	231
Marketable securities (note 4)	4,161	4,109
	<u>38,838</u>	<u>50,729</u>
Deposits	1,738	931
Deferred financing fees (note 6)	4,859	4,859
Mineral properties, plant, and equipment (note 5)	140,273	126,024
	<u>185,708</u>	<u>182,543</u>
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	9,604	7,913
Long term debt (note 6)	52,678	51,660
Asset retirement obligation	727	727
	<u>63,009</u>	<u>60,300</u>
Shareholders' equity:		
Share capital (note 8)	155,840	155,840
Other equity reserve	24,412	24,331
Accumulated other comprehensive loss	(1,123)	(3,630)
Deficit	(56,430)	(54,298)
	<u>122,699</u>	<u>122,243</u>
	<u>\$185,708</u>	<u>\$182,543</u>

Nature of operations (note 1)

Commitments (notes 5 and 9)

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Approved on behalf of the Board on May 13, 2014:

(Signed) “Victor Bradley”, Director

(Signed) “Giulio Bonifacio”, Director

NEVADA COPPER CORP.

Consolidated Statements of Operations and Comprehensive Loss

(Expressed in thousands of United States dollars)

(Unaudited – Prepared by Management)

Three month period ended March 31, 2014 and March 31, 2013

	March 31, 2014	March 31, 2013
Expenses:		
Public company expenses	513	259
Consulting and remuneration	179	122
Professional fees	119	29
Office expenses	108	56
Business development	243	185
Depreciation expense	31	1
Stock-based compensation (note 8)	48	27
	1,241	679
Other income (expense):		
Interest	82	94
Other income	285	-
Foreign exchange loss	(1,258)	145
	(891)	239
Loss for the period	(2,132)	(440)
Other comprehensive income (loss)		
Unrealised loss on available-for-sale securities	-	(5,659)
Foreign currency translation	2,507	(1,211)
Comprehensive income (loss)	\$375	\$(7,310)
Loss per common share:		
Basic and diluted	\$ (0.03)	\$ (0.01)
Weighted average number of shares outstanding	80,501,458	80,496,458

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

NEVADA COPPER CORP.

Consolidated Statements of Changes in Equity
 (Expressed in thousands of United States dollars, except share amounts)
 (Unaudited – Prepared by Management)

	Share Capital		Other Equity Reserve	Accumulated Other Comprehensive Loss	Deficit	Total
	Number of Shares	Amount				
Balances, December 31, 2012	80,496,458	\$155,838	\$23,782	\$(2,095)	\$(32,095)	\$145,430
Exercise of options	-	-	-	-	-	-
Shares issued	-	-	-	-	-	-
Stock based compensation	-	-	67	-	-	67
Comprehensive income (loss)	-	-	-	(6,870)	(440)	(7,310)
Balances, March 31, 2013	80,496,458	\$155,838	\$23,849	\$(8,965)	\$(32,535)	\$138,187

	Share Capital		Other Equity Reserve	Accumulated Other Comprehensive Loss	Deficit	Total
	Number of Shares	Amount				
Balances, December 31, 2013	80,501,458	\$155,840	\$24,331	\$(3,630)	\$(54,298)	\$122,243
Exercise of options	-	-	-	-	-	-
Shares issued	-	-	-	-	-	-
Stock based compensation	-	-	81	-	-	81
Comprehensive income (loss)	-	-	-	2,507	(2,132)	375
Balances, March 31, 2014	80,501,458	\$155,840	\$24,412	\$(1,123)	\$(56,430)	\$122,699

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

NEVADA COPPER CORP.

Consolidated Statements of Cash Flows
 (Expressed in thousands of United States dollars)
 (Unaudited – Prepared by Management)

Three month period ended March 31, 2014 and March 31, 2013

	March 31, 2014	March 31, 2013
Cash provided by (used in):		
Operations:		
Loss for the period	\$(2,132)	\$(440)
Items not affecting cash:		
Gain on marketable securities	(208)	-
Depreciation and accretion	31	-
Gain on embedded derivatives	(77)	-
Interest income received	82	-
Stock-based compensation	246	28
	(2,058)	(412)
Changes in non-cash working capital items:		
Amounts receivable	74	239
Prepaid expenses	19	(3)
Accounts payable and accrued liabilities	(97)	60
Interest received	(82)	-
	(2,144)	(116)
Investments:		
Plant and equipment purchases	(118)	-
Deposits for development costs	(807)	-
Development costs	(11,444)	(6,973)
	(12,369)	(6,973)
Financing:		
Debt financing	-	36,000
Transaction costs for debt financing	-	(6,213)
Surety bond	(2,080)	506
Trust account for surety bond	-	(200)
	(2,080)	30,093
Effects of exchange rate changes on cash held in foreign currencies	2,663	(741)
Increase (decrease) in cash and cash equivalents	(13,930)	22,263
Cash and cash equivalents, beginning of the period	46,070	39,679
Cash and cash equivalents, end of the period	\$32,140	\$61,942
Supplementary information:		
Depreciation capitalized in mineral properties, plant, and equipment	31	17
Stock-based compensation included in mineral properties	33	40
Change in Mineral properties, plant, and equipment in accounts payable and accrued liabilities	1,590	1,588

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

NEVADA COPPER CORP.

Notes to Consolidated Financial Statements

(Expressed in thousands of United States dollars, except share amounts)

(Unaudited – Prepared by Management)

For the three month period ended March 31, 2014 and the six month period ended December 31, 2013

1. Nature of operations:

Nevada Copper Corp. (the “Corporation” or “Nevada Copper”), is a development stage mining company engaged in the development of the Pumpkin Hollow Copper Project based in Nevada. The recoverability of amounts capitalized is dependent upon maintaining the lease and titles to the properties, obtaining the necessary financing and permits to complete the development of these properties and the attainment of future profitable production. The amounts capitalized as development costs represent costs to date, and do not necessarily represent present or future values.

Nevada Copper was incorporated on June 16, 1999 under the Business Corporations Act of the Yukon as African Venture Corporation and changed its name to Astron Resources Corporation on July 26, 1999, and subsequently to Nevada Copper Corp. on November 16, 2006. The Corporation’s common shares are listed on the Toronto Stock Exchange (“TSX”) under the NCU symbol. The Corporation’s head office is located at Suite 1238, 200 Granville Street, Vancouver BC, Canada, V6C 1S4 and its registered and records office is located at Suite 3350, 1055 Dunsmuir Street, Vancouver, BC, Canada, V7X 1L2.

These condensed consolidated interim financial statements have been prepared on a going concern basis. The Corporation will be required to complete additional funding in order to meet its long-term business objectives.

2. Basis of presentation and significant accounting policies:

These condensed consolidated interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standards (“IAS”) 34, Interim Financial Reporting using accounting policies consistent with IFRS issued by the International Accounting Standards Board (“IASB”) and interpretations of the IFRS Interpretations Committee (“IFRIC”). These condensed consolidated interim financial statements have been prepared on the basis of accounting policies and methods of computation consistent with those applied in and should be read in conjunction with the Corporation’s December 31, 2013 consolidated financial statements.

All financial information in these condensed consolidated interim financial statements is presented in United States dollars (“USD”), unless otherwise stated. References to CAD are to Canadian dollars (“CAD”).

These condensed consolidated interim financial statements were approved for issue by the Board of Directors on May 13, 2014.

3. Recent accounting pronouncements:

The following standards and amendments to existing standards have been published and are mandatory for the Corporation’s annual accounting periods beginning January 1, 2014, or later periods:

IAS 36 ‘Impairment of Assets’ – In May 2013, the IASB published a revised version of this standard to reverse the unintended requirement in IFRS 13 ‘Fair Value Measurements’ to disclose the recoverable amount of every cash-generating unit to which significant goodwill or indefinite-lived intangible assets have been allocated. Under the amendments, recoverable amount is required to be disclosed only when an impairment loss has been recognized or reversed. The amendments apply retrospectively for annual periods beginning on or after January 1, 2014. The Corporation has applied IAS 36 on a prospective basis commencing January 1, 2014.

NEVADA COPPER CORP.

Notes to Consolidated Financial Statements

(Expressed in thousands of United States dollars, except share amounts)

(Unaudited – Prepared by Management)

For the three month period ended March 31, 2014 and the six month period ended December 31, 2013

3. Recent accounting pronouncements (continued):

IFRIC 21 ‘Levies’ – This interpretation of IAS 37, ‘Provisions, Contingent Liabilities and Contingent Assets’, applies to the accounting for levies imposed by governments. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (“obligating event”). IFRIC 21 clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. IFRIC 21 is effective for annual periods commencing on or after January 1, 2014. The Corporation has applied IFRIC 21 on a prospective basis commencing January 1, 2014.

In December 2011, the IASB amended IFRS 9, Financial Instruments, which is effective for periods beginning on or after January 1, 2015. These revised accounting standards have not yet been adopted by Nevada Copper, and the Corporation has not yet completed the process of assessing the impact that it will have on its financial statements, or whether to early adopt any of the new requirements.

There are no other IFRS or IFRIC interpretations that are not yet effective that could be expected to have a material impact on the Corporation.

NEVADA COPPER CORP.

Notes to Consolidated Financial Statements

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(Unaudited – Prepared by Management)

For the three month period ended March 31, 2014 and the six month period ended December 31, 2013

4. Marketable securities:

On October 9, 2012, the Corporation completed the purchase of 46,000,000 common shares of Mercator Minerals Ltd. ("Mercator"), representing, at that time, approximately 17.8% of the issued and outstanding common shares of Mercator, from Pala Investments Limited ("Pala") (note 7) in consideration for the issuance of 7,315,000 common shares of the Corporation. The value of the Mercator shares was determined to be \$23,969 (\$23,460 CAD) plus transaction costs of \$186 (\$182 CAD) at the time of purchase.

The investment in Mercator is classified as an available-for-sale financial asset. Gains and losses recognized when marking the investment to market are recognized in other comprehensive income unless there is objective evidence of impairment.

In the previous period the Corporation determined that an impairment charge was required on the marketable securities held requiring the Corporation to mark their investment at its fair-market-value. In the quarter ending March 31, 2014 the marketable securities are required to be presented at fair-market-value and the Corporation recorded a pre-tax gain of \$208 (\$230 CAD) in profit or loss for the three month period ended March 31, 2014 (March 31, 2013 – nil) as a result. The value of the Mercator shares at March 31, 2014 is \$4,600 CAD balance which is then re-valued at the period end exchange rate to \$4,161.

5. Mineral properties, plant and equipment:

	Mineral Properties			Total
	Development Costs	Exploration and Evaluation assets	Plant & Equipment	
Cost:				
As at June 30, 2013	\$102,838	\$-	\$700	\$103,538
Additions	22,528	-	310	22,838
As at December 31, 2013	125,366	-	1,010	126,376
Additions	14,193	-	118	14,311
As at March 31, 2014	139,559	-	1,128	140,659
Accumulated depreciation:				
As at June 30, 2013	-	-	270	270
Additions	-	-	82	82
As at December 31, 2013	-	-	352	352
Additions	-	-	62	62
As at March 31, 2014	-	-	414	414
Net book value:				
As at June 30, 2013	102,838	-	430	103,268
As at December 31, 2013	125,366	-	658	126,024
As at March 31, 2014	\$139,559	\$-	\$714	\$140,273

NEVADA COPPER CORP.

Notes to Consolidated Financial Statements

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(Unaudited – Prepared by Management)

For the three month period ended March 31, 2014 and the six month period ended December 31, 2013

5. Mineral properties, plant and equipment (continued):

Pumpkin Hollow Copper Development Property:

On March 1, 2005, the Corporation entered into an Option Agreement to acquire a ten-year lease for mining rights (the “Lease”), effective May 4, 2006 and expiring May 4, 2016, for the Pumpkin Hollow Copper Development Property (the “Property”) located in north-western Nevada, United States, approximately one hundred miles southeast of Reno. The Property is located within a contiguous 26 square mile land package comprised of patented and unpatented claims. During the 2006 fiscal year, the Corporation paid \$80 to the optionor in full payment of the option and obtained a 100% interest in the Property pursuant to the lease terms.

Under the terms of the Lease, the Corporation has made Lease payments totaling \$600 during the period May 4, 2007 to May 4, 2011.

Subsequent to May 4, 2011, the Corporation is required to pay advance royalty payments of \$600 annually until the first expiry date of the Lease on May 4, 2016 to a total of \$3,000. Quarterly lease payments of \$150 were due and paid commencing in April 2012. The Corporation is current with all required Lease payments and advance royalty payments. Cumulative advance royalty payments made total \$1,200 to March 31, 2014.

The Company must pay RGGGS a net production royalty on copper obtained from Fee Land and Patented Claims comprising the Property which are described in the Lease Agreement. The royalty rate is 4% on copper when the copper price is less than US\$1.00 per pound, a 5% net production royalty on copper when the copper price is between US\$1.00 and US\$2.00 per pound and a 6% net production royalty on copper when the price of copper is greater than US\$2.00 per pound. On all other minerals such as gold and silver, except iron, the royalty rate is 5%. The Corporation was obligated to make exploration and development expenditures on the Property of at least \$4,000 during the first three years of the Lease, with expenditures of at least \$500 each year, and an additional \$4,000 during the 4th through 6th years of the Lease, with expenditures of at least \$500 each year. During 2008, and in less than three years, the Corporation satisfied these obligations.

The Corporation may extend the Lease for up to three additional terms of ten years each, subject to performing continuous mining activities, payment of advance royalty payments of at least \$3,000 in the first ten-year term and payment of production royalties and minimum royalty payments of \$10,000 in each subsequent ten-year term.

NEVADA COPPER CORP.

Notes to Consolidated Financial Statements

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(Unaudited – Prepared by Management)

For the three month period ended March 31, 2014 and the six month period ended December 31, 2013

5. Mineral properties, plant and equipment (continued):

Project costs capitalized for the three months ended March 31, 2014, six months ended December 31, 2013 and for the year ended June 30, 2013 on the Property consists of the following:

	Development Costs				
	Mar. 31, 2014	Jan-Mar 2014 Expenditures	Dec. 31, 2013	July-Dec 2013 Expenditures	June 30, 2013
Property payments	\$1,961	\$-	\$1,961	\$107	\$1,854
Advance royalty payments	1,200	150	1,050	300	750
Water rights	1,163	-	1,163	142	1,021
Drilling	36,614	-	36,614	860	35,754
Geological consulting, exploration & related	7,257	126	7,131	351	6,780
Feasibility, engineering & related studies	17,571	-	17,571	1,509	16,062
Permits/ environmental	7,027	430	6,597	975	5,622
East deposit underground project Hoist, head frame, power, & related	17,148	1,708	15,440	3,313	12,127
Underground access	36,452	8,348	28,104	11,685	16,419
Surface infrastructure	491	491	-	-	-
Project administration	5,301	1,781	3,520	1,285	2,235
	132,185	13,034	119,151	20,527	98,624
Amortization	365	31	334	66	268
Capitalised interest	3,697	1,095	2,602	1,830	772
Stock-based compensation	3,312	33	3,279	105	3,174
Total	\$139,559	\$14,193	\$125,366	\$22,528	\$102,838

Pumpkin Hollow Copper Development Property – Water Rights:

Pursuant to the First Amendment to the Lease dated April 10, 2008, the Corporation agreed to acquire from the optionor of the Lease, certain water rights to consume a maximum of 724 acre feet of water for its mining operations on the Property in exchange for making 80 quarterly payments of \$47 each payable over a period of 20 years from July 1, 2008 to April 1, 2028. The First Amendment to the Lease also contains provisions allowing the Corporation to accelerate and reduce the payments required.

In August of 2009, the Corporation entered into an agreement with the City of Yerington, Nevada to reserve 2,000 acre feet of water for a term of 30 years. As consideration, the Corporation will pay to the City of Yerington annual reservation fees of \$50 which revert to user fees based on usage.

On July 25, 2011, the Corporation amended its agreement with the City of Yerington, to increase its annual reserve from 2,000 acre feet of water to 3,500 acre feet of water under the same terms of the original agreement. As consideration, the Corporation will pay to the City of Yerington additional annual reservation fees of \$38 (note 9 (iii)). The Corporation has total water rights under agreements amounting to 4,224 acre feet of water per year. The costs of the leases have been capitalized to development costs as incurred.

NEVADA COPPER CORP.

Notes to Consolidated Financial Statements

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(Unaudited – Prepared by Management)

For the three month period ended March 31, 2014 and the six month period ended December 31, 2013

5. Mineral properties, plant and equipment (continued):

Plant and equipment:

	Building	Equipment	Mobile Equipment	Computer Equipment	Total
Cost:					
As at June 30, 2013	\$474	\$80	\$65	\$81	\$700
Additions	6	13	20	271	310
As at December 31, 2013	480	93	85	352	1,010
Additions	-	3	54	61	118
As at March 31, 2014	480	96	139	413	1,128
Accumulated depreciation:					
As at June 30, 2013	114	63	54	39	270
Additions	24	5	3	50	82
As at December 31, 2013	138	68	57	89	352
Additions	13	5	18	26	62
As at March 31, 2014	151	73	75	115	414
Net book value:					
As at June 30, 2013	360	17	11	42	430
As at December 31, 2013	342	25	28	263	658
As at March 31, 2014	\$329	\$23	\$64	\$298	\$714

During the three months ended March 31, 2014, the Corporation added \$118 in plant and equipment (March 31, 2013 - nil) and had amortization of plant and equipment of \$62 (March 31, 2013 - \$17), of which \$31 (March 31, 2013 - \$17) was included in capitalized mineral property expenditures.

6. Long term debt:

On March 28, 2013, the Corporation entered into a \$200 million loan facility with MF Investment Holding Company 2 (CAYMAN) SPC, a special purposed vehicle that is jointly owned by Orion Resource Partners and RK Mine Finance, (“Red Kite”) or the “Loan”). The Loan is comprised of four tranches - Tranche A for \$36 million, which was received on March 28, 2013, Tranche B for \$15 million which was received on October 9, 2013, Tranche C for \$10 million which is subject to completion of the Yerington land transfer, and Tranche D which is subject to completion of other financing transactions whereby the Corporation will obtain sufficient proceeds necessary to achieve commencement of commercial production and certain project milestones, for \$139 million or \$149 million depending whether or not Tranche C was received.

Amounts advanced under the Loan bear interest at the greater of three-month LIBOR and 1%, plus 600 basis points. The Loan was subject to a 3% loan origination fee, which was paid on March 28, 2013.

The Loan is to be repaid by the end of the first quarter of 2019. Interest and principal shall be payable on a quarterly basis with the first interest and principal repayment due April 2015. The Loan can be repaid without penalty at any time prior to maturity.

The Loan is carried at amortised cost on the statement of financial position. The Corporation incurred \$6,522 of transaction costs, including the 3% origination fee, relating to the Loan for a net amount received of \$29,478. A pro-rata portion of the transaction costs was recognised as part of the Loan based on the amount drawn.

NEVADA COPPER CORP.

Notes to Consolidated Financial Statements

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(Unaudited – Prepared by Management)

For the three month period ended March 31, 2014 and the six month period ended December 31, 2013

6. Long term debt (continued):

The remainder of the transaction costs have been accounted for as deferred financing costs and will be netted against future tranches when drawn on a pro-rata basis. During the three month period ended March 31, 2014 \$1,095 of interest was accrued and capitalised to mineral property development costs at an effective interest rate of 8.6% (March 31, 2013 – \$32).

The Loan is fully and unconditionally guaranteed, on a joint and several basis, by the Corporation's existing and future subsidiaries and secured by all current and future assets of the Corporation. The loan is collateralized against the Corporation's assets, including the shares of the Corporation's subsidiary which holds the Nevada Copper assets.

In addition to, and related to, the Loan, the Corporation also entered into an off-take agreement with Red Kite for the sale of copper concentrates from the underground mine of the eastern deposits. The Corporation will supply Red Kite with the percentage of total copper concentrate production based on the amount advanced to the Corporation through tranches divided by the total available loan. Post Tranche B, Red Kite will be entitled to purchase 25.5% of the Corporation's annual copper concentrates production from the eastern deposits when the Corporation commences commercial production. The off-take agreement includes concentrate pricing based on market terms.

An embedded derivative liability relating to the interest rate floor has been recognised for the Loan. The embedded derivative fair value of Tranche A of the loan at December 31, 2013 was \$582. The fair value of the embedded derivative liability relating to Tranche A is \$527 at March 31, 2014. The embedded derivative fair value of Tranche B of the Loan at December 31, 2013 was \$233. The fair value of the embedded derivative liability relating to Tranche B is \$211 at March 31, 2014. The change in value was recognised in the statement of operations as other income of \$77 for the three months ended March 31, 2014.

7. Related party transactions:

On October 9, 2012, the Corporation completed the purchase of 46,000,000 common shares of Mercator, from Pala in consideration for the issuance of 7,315,000 common shares of the Corporation (note 4). Pala was a related party at the time of the purchase of the Mercator shares as Pala was a significant shareholder of the Corporation at that time. Pala holds more than 50% of Nevada Copper shares and has three executives on the Corporation's Board of Directors as at March 31, 2014. The marketable securities are valued at fair value at each period end.

The Corporation has entered into management agreements with certain senior officers. In the event that there is a change of control, the Corporation may be required to pay severance payments ranging from one to three years of salary for these senior officers. The amount of this contingent liability is \$1,674 (\$1,850 CAD).

As of March 31, 2014, accounts payable and accrued liabilities include director fees and expenses payable of \$116 (December 31, 2013 - \$110).

Related party transactions are recorded at the amount paid or received as established by contract or as agreed upon by the Corporation and the related party.

NEVADA COPPER CORP.

Notes to Consolidated Financial Statements

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(Unaudited – Prepared by Management)

For the three month period ended March 31, 2014 and the six month period ended December 31, 2013

8. Share capital:

(a) Authorized:

The Corporation is authorized to issue an unlimited number of common shares without par value.

(b) Issued:

During the year ended June 30, 2013, the Corporation issued 7,315,000 common shares for 46,000,000 shares of Mercator (Notes 4 and 7).

(c) Options:

The Corporation grants incentive stock options as permitted pursuant to the Corporation's Stock Option Plan (the "Plan"), originally approved by the shareholders on November 16, 2007 and re-approved August 27, 2010 and December 16, 2013, which complies with the rules and policies of the TSX. Under the Plan, the aggregate number of common shares which may be subject to option at any one time may not exceed 10% of the issued common shares of the Corporation as of that date including options granted prior to the adoption of the Plan. Options granted may not exceed a term of ten years, and the term will be reduced to one year following the date of death of the Optionee. If the Optionee ceases to be qualified to receive options from the Corporation those options shall immediately expire. All options vest when granted unless otherwise specified by the Board of Directors.

As of March 31, 2014, the Corporation has stock options outstanding to directors, officers, employees and consultants to acquire an aggregate of 7,220,000 common shares summarized as follows. All of these options vested upon grant except for 5,000 which vest over two years, 150,000 which vest over three years and 519,250 which vest over two years. The outstanding options have expiry periods between 5 and 10 years.

	Number of Options	Weighted average exercise price \$(CAD)
Outstanding June 30, 2013	6,610,000	\$3.54
Granted	1,100,000	2.25
Expired	(490,000)	3.51
Exercised	-	-
Outstanding December 31, 2013	7,220,000	\$3.35
Granted	-	-
Expired	-	-
Exercised	-	-
Outstanding March 31, 2014	7,220,000	\$3.35
Exercisable March 31, 2014	6,545,750	\$3.46

NEVADA COPPER CORP.

Notes to Consolidated Financial Statements

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(Unaudited – Prepared by Management)

For the three month period ended March 31, 2014 and the six month period ended December 31, 2013

8. Share capital (continued):

During the three months ended March 31, 2014, under the fair value method, \$81 (March 31, 2013 – \$67) in share-based compensation was recorded for options granted to officers and employees, of which \$48 (March 31, 2013 - \$27) was charged to operations and \$33 (March 31, 2013 – \$40) was capitalized to development costs.

In 2013 Directors were granted deferred share units (“DSUs”) which replace stock option grants as a component of Director’s compensation. The DSUs vest the day before the Corporation’s Annual General Meeting. The Corporation recognized \$197 of expense for the three months ended March 31, 2014 (March 31, 2013 – nil) in the statement of operations in relation to the vesting of these DSUs.

The Corporation uses the Black-Scholes option pricing model to value stock options, which requires management to make estimates that are subjective and may not be representative of actual results. Changes in assumptions can materially affect estimates of fair values. For purposes of the calculation, the following weighted average assumptions were used:

	3 months ended Mar. 31, 2014	3 months ended Mar. 31, 2013
Risk free interest rate	1.89%	1.90%
Expected dividend yield	0%	0%
Expected stock price volatility	66%	90%
Expected life in years	5	8
Expected forfeitures	0%	0%

The risk free rate of return is the yield on a zero-coupon Canadian Treasury Bill of a term consistent with the assumed option life. The expected volatility is based on the Corporation’s historical share prices. The expected average option term is the average expected period to exercise, based on the historical activity patterns for each individually vesting tranche. Expected forfeitures are based on historical forfeitures of the Corporation’s options.

The following table summarizes the stock options outstanding and exercisable as at March 31, 2014:

Exercise price	Outstanding		Exercisable	
	Number outstanding	Weighted average remaining life (years)	Number outstanding	Weighted average remaining life (years)
\$0.75 - \$1.00	725,000	4.36	725,000	4.36
\$1.01 - \$3.74	3,330,000	6.35	2,660,750	6.76
\$3.75 - \$5.37	3,165,000	7.29	3,160,000	7.29
	7,220,000	6.56	6,545,750	6.75

NEVADA COPPER CORP.

Notes to Consolidated Financial Statements

(Expressed in thousands of United States dollars, except share amounts)

(Unaudited – Prepared by Management)

For the three month period ended March 31, 2014 and the six month period ended December 31, 2013

9. Financial instruments:

(a) Contractual obligations:

The following table sets forth the Corporation's contractual obligations for the next five fiscal years as at March 31, 2014:

Contractual obligations	Payments due by period			
	Total	1 year	2-3 years	4-5 years
Lease obligation – payment on Pumpkin Hollow Property (i)	\$4,100	\$600	\$1,500	\$2,000
First amendment to lease – payment of water rights on property (ii)	1,952	189	378	1,385
City of Yerington – payment of advanced water service payments (iii)	438	88	175	175
Accounts payable and accrued liabilities	9,604	9,604	-	-
Long-term debt	54,182	-	27,091	27,091
Total USD obligations	\$70,276	\$10,481	\$29,144	\$30,651
	CAD	CAD	CAD	CAD
Office lease	\$1,046	\$218	\$446	\$382
Total CAD obligations	\$1,046	\$218	\$446	\$382

(i) See note 5 for renewal terms.

(ii) The commitment in the table above is the obligation if the Corporation does not renew the Pumpkin Hollow property lease. The Corporation can pay quarterly installments to the lessor if the lease is renewed. See note 5 for details of the payment schedule.

(iii) The commitment in the table above is the obligation by the Corporation to the City of Yerington for reservation fees. See note 5 for details of the payment schedule.

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Notes to Consolidated Financial Statements

(Expressed in thousands of United States dollars, except share amounts)

(Unaudited – Prepared by Management)

For the three month period ended March 31, 2014 and the six month period ended December 31, 2013

10. Management of capital:

The Corporation's objectives of capital management are intended to safeguard the Corporation's ability to support the Corporation's development and exploration of its mineral properties and support any expansionary plans.

The capital of the Corporation consists of the items included in shareholders' equity and debt obligations. The Corporation manages the capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of the Corporation's underlying assets.

To effectively manage the entity's capital requirements, the Corporation has in place a planning and budgeting process to help determine the funds required to ensure the Corporation has the appropriate liquidity to meet its objectives. The Corporation may issue new shares or seek debt or streaming financing to ensure that there is sufficient working capital to meet its short-term business requirements.

The Red Kite loan has certain financial covenants that must be adhered to when commercial production commences.

CORPORATE INFORMATION

DIRECTORS

Giulio T. Bonifacio
Vancouver, Canada

Victor Bradley
Monte Carlo, Monaco

Michael Brown
Switzerland

Jan Castro
Switzerland

Philip Clegg
Switzerland

Daniel Dumas
Toronto, Ontario

Joseph Giuffre
Vancouver, Canada

Paul Matysek
Vancouver, Canada

OFFICES

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OFFICERS

Giulio T. Bonifacio
President and Chief Executive Officer

Robert McKnight
Executive Vice President and Chief Financial Officer

Timothy Arnold
Vice President, Operations

Greg French
Vice President, Exploration and Project Development

Timothy M. Dyhr
Vice President, Environmental and External Relations

Gus McDonald
Vice President, Corporate Controller

Eugene Toffolo
*Vice President, Investor Relations and
Communications*

Catherine Tanaka
Corporate Secretary

REGISTRAR AND TRANSFER AGENT

Computershare Trust Company of Canada
Vancouver, Canada

SHARES LISTED

TSX Exchange: NCU

CAPITALIZATION

(As at March 31, 2014)
Shares Issued and Outstanding: 80,501,458

AUDITOR

KPMG, Chartered Accountants
Vancouver, Canada

LEGAL COUNSEL

Axium Law Corporation
Vancouver, Canada

WEBSITE

Additional information about the Corporation can be found at our website www.nevadacopper.com

INVESTOR RELATIONS CONTACT

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