NEVADA COPPER CORP.

Consolidated Financial Statements
For the years ended December 31, 2017 and December 31, 2016

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF NEVADA COPPER CORP.

We have audited the accompanying consolidated financial statements of Nevada Copper Corp., which comprise the consolidated statements of financial position as at December 31, 2017 and 2016 and the consolidated statements of operations and comprehensive loss, changes in equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

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

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

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

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

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Nevada Copper Corp. as at December 31, 2017 and 2016, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter
Without qualifying our opinion, we draw attention to note 1 in the consolidated financial statements, which describes matters and conditions that indicate the existence of material uncertainties that may cast significant doubt about the Corporation's ability to continue as a going concern.

Chartered Professional Accountants

Vancouver, British Columbia
March 28, 2018

NEVADA COPPER CORP.

Consolidated Statements of Financial Position
(Expressed in thousands of United States dollars)

	December 31, 2017	December 31, 2016
Assets (notes 5, 6, 7 and 8)		
Current assets:		
Cash and cash equivalents	**$385**	$4,801
Amounts receivable	**105**	24
Prepaid expenses	**1,085**	118
	1,575	4,943
Restricted cash (note 2d)	**971**	743
Deposits	**84**	93
Deferred financing fees (note 8)	**8,260**	8,205
Mineral properties, plant, and equipment (note 4)	**251,365**	230,532
	$262,255	$244,516
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities (notes 4 and 9)	**$3,907**	$372
Stock-based compensation liabilities (note 12)	**1,547**	2,136
Bridge loan (note 6)	**3,525**	-
Current portion of convertible debt (note 7)	**36,485**	-
Current portion of convertible debt - derivatives (note 7)	**11,735**	-
Current portion of long term debt (notes 8 and 16)	**18,293**	-
Total short-term liabilities	**75,492**	2,508
Convertible debt (note 7)	**-**	28,831
Convertible debt – derivatives (note 7)	**-**	12,368
Long term debt (notes 8 and 16)	**113,532**	123,443
Asset retirement obligation (note 11)	**895**	958
Total Liabilities	**189,919**	168,108
Shareholders' Equity:		
Share capital (note 12)	**161,354**	158,794
Other equity reserve (note 12)	**26,476**	26,519
Accumulated other comprehensive loss	**(3,578)**	(3,578)
Deficit	**(111,916)**	(105,327)
Total Shareholders' Equity	**72,336**	76,408
Total Liabilities and Shareholders' Equity	**$262,255**	$244,516

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

Approved on behalf of the Board on March 28, 2018:

(Signed) “Braam Jonker”, Director **(Signed) “Lucio Genovese”, Director**

NEVADA COPPER CORP.

Consolidated Statements of Operations and Comprehensive Loss
(Expressed in thousands of United States dollars)

Years ended December 31, 2017 and 2016

	December 31, 2017	December 31, 2016
Expenses:		
Consulting and remuneration (note 10)	**$531**	$447
Public company expenses	**799**	283
Office expenses	**296**	248
Professional fees	**2,190**	117
Business development	**208**	145
Depreciation expense (note 4)	**-**	3
Accretion expense (note 11)	**17**	18
Stock-based compensation (notes 10 and 12)	**211**	2,257
	(4,252)	(3,518)
Interest income	**9**	32
Off-take buy-back (note 8)	**-**	(10,000)
Interest and finance expenses (note 7)	**(5,544)**	(3,327)
Derivative fair value change (notes 7 and 8)	**3,197**	(568)
Other income	**4**	13
Debt extinguishment loss (note 5)	**-**	(11,424)
Foreign exchange loss	**(3)**	(176)
Net loss and comprehensive loss	**$(6,589)**	$(28,968)
Loss per common share:		
Basic and diluted	**$ (0.07)**	$ (0.34)
Weighted average number of common shares outstanding	**91,271,929**	84,942,460

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

NEVADA COPPER CORP.

Consolidated Statements of Changes in Equity
(Expressed in thousands of United States dollars, except share amounts)

	Share Capital		Other Equity Reserve	Accumulated Other Comprehensive Loss	Deficit	Total
	Number of Shares	Amount				
Balances, December 31, 2015	80,501,458	$155,840	$25,074	$(3,578)	$(76,359)	$100,977
Stock-based compensation	-	-	1,324	-	-	1,324
Shares issued, net of share issue costs	7,666,667	2,954	121	-	-	3,075
Net loss	-	-	-	-	(28,968)	(28,968)
Balances, December 31, 2016	**88,168,125**	**$158,794**	**$26,519**	**$(3,578)**	**$(105,327)**	**$76,408**

	Share Capital		Other Equity Reserve	Accumulated Other Comprehensive Loss	Deficit	Total
	Number of Shares	Amount				
Balances, December 31, 2016	88,168,125	$158,794	$26,519	$(3,578)	$(105,327)	$76,408
Stock-based compensation	-	43	-	-	-	43
Shares issued, net of share issue costs	3,712,121	1,807	(43)	-	-	1,764
Settlement of DSU liability	1,298,236	710	-	-	-	710
Net loss	-	-	-	-	(6,589)	(6,589)
Balances, December 31, 2017	**93,178,482**	**$161,354**	**$26,476**	**$(3,578)**	**$(111,916)**	**$72,336**

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

NEVADA COPPER CORP.

Consolidated Statements of Cash Flows
(Expressed in thousands of United States dollars)

Years ended December 31, 2017 and 2016

	December 31, 2017	December 31, 2016
Cash provided by (used in):		
Operations:		
Net loss for the year	**$(6,589)**	$(28,968)
Items not affecting cash:		
Derivatives fair value change	**(3,197)**	568
Debt extinguishment loss	**-**	11,424
Off-take buy-back	**-**	10,000
Interest and finance expenses	**4,856**	3,327
Stock-based compensation	**211**	2,257
Interest income	**(9)**	(32)
Depreciation and accretion expense	**17**	21
	(4,711)	(1,403)
Changes in non-cash working capital items:		
Amounts receivable	**(81)**	194
Prepaid expenses	**(967)**	20
Accounts payable and accrued liabilities	**3,444**	(605)
Interest received	**9**	32
	(2,306)	(1,762)
Investments:		
Trust account for surety bond	**-**	1,187
Cash moved to restricted account	**(228)**	-
Deposits for development costs	**9**	21
Development costs for mineral properties, plant and equipment	**(4,744)**	(7,193)
	(4,963)	(5,985)
Financing:		
Issuance of common shares	**1,807**	3,618
Share issue costs paid	**-**	(543)
Proceeds from convertible debt	**5,000**	5,000
Pala bridge loan	**3,500**	-
Transaction costs for debt financing	**(318)**	(744)
Interest paid	**(7,136)**	-
Proceeds from long term debt	**-**	3,000
	2,853	10,331
Increase (decrease) in cash and cash equivalents	**(4,416)**	2,584
Cash and cash equivalents, beginning of the year	**4,801**	2,217
Cash and cash equivalents, end of the year	**$385**	$4,801
Supplementary information:		
Depreciation capitalised in mineral properties, plant, and equipment	**$53**	$71
Stock-based compensation included in mineral properties	**103**	747
Asset retirement obligation change	**(80)**	(135)
Mineral properties, plant, and equipment in accounts payable and accrued liabilities change	**91**	(3,313)
Interest capitalised in mineral properties, plant and equipment	**$15,975**	$14,625

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

1. Nature of operations and going concern:

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 capitalised for mineral properties, plant and equipment 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 attaining future profitable production. The amounts capitalised 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, and registered and records office, is located at Suite 1238, 200 Granville Street, Vancouver, British Columbia, Canada, V6C 1S4.

These consolidated financial statements have been prepared on a going concern basis which assumes the Corporation will be able to operate in the foreseeable future and will be able to realise its assets and discharge its liabilities in the normal course of business. The Company has a deficit of $111,916 (2016 - $105,327) and a working capital deficiency of $62,182 (2016 – working capital of $2,435). The Corporation completed an equity financing subsequent to year-end (note 16). In addition, the convertible loan was converted into equity, and the long-term debt was partially repaid and the long term debt terms amended. The Corporation will still be required to complete additional financing in order to carry out its development activities in relation to the underground mine. However, they have adequate funds to work on the development of the mine for Q1 2018. There is significant doubt of the Corporation's ability to continue as a going concern.

Management is actively seeking additional financing and believe that they will be successful in these efforts such that development of the Pumpkin Hollow project will continue to advance the project with all interest and principal debt repayments made as required. The ability of the Corporation to continue as a going concern, to realise the carrying value of its assets, and to discharge its liabilities when due, are dependent on the successful completion of additional financing, the refinancing of existing obligations, or both. If the going concern basis were not appropriate for these consolidated financial statements, then adjustments would be necessary to the carrying values of assets and liabilities. Such adjustments could be material. See note 16 for further information on the progress of additional financing.

Basis of presentation:

These consolidated financial statements have been prepared in accordance and in compliance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

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

These consolidated financial statements were approved for issue by the Board of Directors ("BoD") on March 28, 2018.

Basis of measurement:

These consolidated financial statements have been prepared on the historical cost basis, except for certain instruments carried at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

2. Significant accounting policies:

(a) Basis of consolidation

These consolidated financial statements include the accounts of the Corporation and its wholly owned subsidiaries Lion Iron Corp. (“Lion Iron”) (inactive), 607792 British Columbia Ltd. (“607792 BC”) (inactive) and Nevada Copper, Inc. (formerly “Pumpkin Copper Inc.”) incorporated in Nevada, United States. Control is achieved when the Corporation is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. All significant inter-company transactions and balances are eliminated on consolidation.

(b) Use of estimates and judgements

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates, assumptions, and judgements that affect the application of accounting policies and the reported amounts of assets and liabilities and disclosure of contingencies at the date of the consolidated financial statements, along with reported amounts of revenues and expenses during the period. Actual results may differ from these estimates, and as such, estimates and underlying assumptions are reviewed on an ongoing basis. Changes in estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The areas that require significant estimations or where measurements are uncertain are as follows:

i) Mineral reserve estimates

The Corporation estimates its ore reserves and mineral resources based on information compiled by Qualified Persons as defined in accordance with Canadian Securities Administrators National Instrument 43-101 *Standards for Disclosure of Mineral Projects* (NI 43-101). Reserves are used in the calculation of depreciation, impairment assessment, and for forecasting the timing of payment of mine closure, reclamation, and rehabilitation costs. There are uncertainties inherent in estimating ore reserves, and assumptions that are valid at the time of estimation may change significantly when new information becomes available. Changes in the forecasted prices of commodities, exchange rates, production costs, or recovery rates could have a material impact in the future of the Corporation’s financial position and results of operations.

ii) Stock-based compensation

The Corporation uses the Black-Scholes option pricing model to determine the fair value of stock options and share purchase warrants granted. This model requires management to estimate the volatility of the Corporation’s future share price, expected lives of stock options and future dividend yields. Consequently, there is significant measurement uncertainty in the fair value of stock-based compensation expense reported.

2. Significant accounting policies (continued):

(b) Use of estimates and judgements (continued)

iii) Discount rate of loans

The loans are initially recognized at fair value, calculated as the net present value of the liability based upon discount rate issued by comparable issuers and accounted for at amortised cost using the effective interest rate method.

iv) Provision for reclamation and remediation

The Corporation assesses its provision for reclamation and remediation on an annual basis or when new material information becomes available. Mining and exploration activities are subject to various laws and regulations governing the protection of the environment.

In general, these laws and regulations are continually changing, and the Corporation has made, and intends to make in the future, expenditures to comply with such laws and regulations. Accounting for reclamation and remediation obligations requires management to make estimates of the future costs the Corporation will incur to complete the reclamation and remediation work required to comply with existing laws and regulations. Actual costs incurred may differ from those amounts estimated. Also, future changes to environmental laws and regulations could increase the extent of reclamation and remediation work required to be performed by the Corporation. Increases in future costs could materially impact the amounts charged to operations for reclamation and remediation. The provision represents management's best estimate of the present value of the future reclamation and remediation obligation. The actual future expenditures may differ from the amounts currently provided.

The areas that require significant judgment or where measurements are uncertain are as follows:

i) Mineral properties, plant, and equipment and exploration and evaluation assets

The measurement and impairment of mineral properties, plant and equipment are based on various judgments and estimates. These include the determination of technical and commercial feasibility of these properties, which incorporates various assumptions for mineral reserves and/or resources, future mineral prices and operating and capital expenditures for the properties.

ii) Impairment review

The evaluation of asset carrying values for indicators of impairment includes consideration of both external and internal sources of information, including such factors as market and economic conditions, budgets, forecasts, and life of mine estimates. The determination of fair value less costs to sell and value in use requires management to make estimates and assumptions about expected production, sales volumes, commodity prices, mineral reserves, operating costs, taxes, restoration costs, and future capital expenditure. The estimates and assumptions are subject to risk and uncertainty; hence, there is the possibility that changes in circumstances will alter these projections, which may have an impact on the estimate of recoverable amount of the assets. In such circumstances some or all the carrying value of the assets may be impaired with the impact recorded in profit or loss.

2. Significant accounting policies (continued):

(b) Use of estimates and judgements (continued)

iii) Taxation

Tax provisions are recognised to the extent that it is probable that there will be future outflow of funds to a taxation authority. Such provisions often require judgment on the treatment of certain taxation matters that may not have been reported to or assessed by the taxation authority at the date of these financial statements. Differences in judgment by the taxation authority could result in changes to actual taxes payable by the Corporation.

Deferred tax assets are recognised to the extent that certain taxable losses or deferred expenditures will be utilised by the Corporation to reduce future taxes payable. The amount of deferred tax assets recognised, if any, is based on objective evidence that the Corporation will generate sufficient future taxable income to utilise these deferred assets, as well as the expected future tax rates that will apply to these assets.

Changes to the Corporation’s ability to generate sufficient taxable income or changes to enacted tax rates could result in the recognition of deferred tax assets.

iv) Modification verses extinguishment of financial liability

Judgment is required in applying IAS 39 *Financial Instruments: Recognition and Measurement* to determine whether the amended terms of the loan agreements are a substantial modification of an existing financial liability and whether it should be accounted for as an extinguishment of the original financial liability.

v) Functional currency

The determination of the functional currency for the Corporation and each of its subsidiaries was based on management's judgment of the underlying transactions, events and conditions relevant to each entity.

vi) Going concern

The assessment of the Corporation’s ability to continue as a going concern and to raise sufficient funds to pay its ongoing operation expenditures and to meet its liabilities for the ensuring year, involves significant judgment based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

vii) Convertible debt

In accordance with the substance of the contractual arrangement, convertible debentures are compound financial instruments which are accounted for separately by their components: a financial liability and an equity instrument.

The identification of convertible debenture components is based on interpretations of the substance of the contractual arrangement and therefore requires judgment from management. The separation of the components affects the initial recognition of the convertible debenture at issuance and the subsequent recognition of interest on the liability component. The determination of the fair value of the liability is also based on a number of assumptions, including contractual future cash flows, discount factors, and the presence of any derivative financial instruments.

2. Significant accounting policies (continued):

(c) Foreign currency translation

The functional and presentation currency of the Corporation and its subsidiaries is the USD. Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the rates of exchange at the consolidated statements of financial position date. Non-monetary assets and liabilities are translated at transaction date exchange rates. Revenue and expenses are translated at the exchange rate at the date of the transaction, except depreciation, amortisation, and derivative fair value change which are translated at the rates of exchange applicable to the related assets, and stock-based compensation expense, which is translated at the rates of exchange applicable at the date of grant of the stock-based compensation. Translation gains and losses are included in operations.

(d) Cash and cash equivalents

Cash and cash equivalents consist of cash on deposit with banks or highly liquid short-term interest-bearing securities that are readily convertible to known amounts of cash and those that have maturities of three months or less or are fully redeemable without penalty when acquired.

Restricted cash is cash held in trust as collateral for a $1,487 (2016 - $1,487) surety bond and this amount is not currently available for general corporate use. A former director has advanced a claim against the corporation that has resulted in $227 in cash being restricted from general corporate use. Subsequent to year-end, a settlement agreement was reached for this claim and was retired for an amount of $201.

(e) Financial instruments

The Corporation's financial instruments consist of cash and cash equivalents, restricted cash, accounts payable and accrued liabilities, bridge loan, convertible debt, convertible debt – derivatives, and long term debt.

The Corporation classifies financial assets and liabilities as fair-value-through-profit-and-loss, available-for-sale, held-to-maturity, loans and receivables or other financial liabilities depending on their nature. Financial assets and financial liabilities are recognised at fair value on their initial recognition.

Financial assets and liabilities classified as fair-value-through-profit-and-loss are measured at fair value, with gains and losses recognised in operations. Financial assets classified as held-to-maturity, loans and receivables, and other financial liabilities are initially measured at fair value and subsequently measured at amortised cost, using the effective interest method of amortisation. Financial assets classified as available-for-sale are measured at fair value, with unrealised gains and losses being recognised in other comprehensive income until realised, or when impaired, in which case the unrealised loss is recorded in profit or loss.

The Corporation classified its cash and cash equivalents, and restricted cash as loans and receivables and its accounts payable, accrued liabilities, bridge loan, convertible debt, and long term debt excluding embedded derivatives relating to long term debt as other financial liabilities.

Derivatives are classified as financial liabilities at fair-value-through-profit-and-loss and carried at fair value with fair value changes recognised in profit or loss.

2. Significant accounting policies (continued):

(f) Asset retirement obligations and reclamation costs

The Corporation recognises and records the fair value of the liability for an asset retirement obligation in the period in which it is incurred and records a corresponding increase in the carrying value of the related asset using the present value of the estimated future cash outflows. The liability is subsequently adjusted for the passage of time, and the related asset is amortised using either the unit of production or the straight-line method commencing with commercial production. The liability is also adjusted for the changes to the current market-based discount rate, long term inflation rates, or the amount or timing of the underlying cash flows needed to settle the obligation.

The operations of the Corporation may be affected from time to time by changes in environmental regulations, including those for future rehabilitation and site restoration costs. Both the likelihood of new regulations and their overall effect upon the Corporation may vary from region to region and are not entirely predictable. The Corporation's policy is to meet standards set by relevant legislation, by application of technically proven and economically feasible measures. Environmental expenditures that relate to ongoing environmental and reclamation programs are charged against the statements of operations as incurred or capitalised and amortised depending upon their future economic benefits.

(g) Exploration and evaluation assets

Once a license to explore an area has been secured, expenditures on exploration and evaluation activities are capitalised as exploration and evaluation assets and classified as a component of mineral properties, plant and equipment. Exploration expenditure relates to the initial search for deposits with economic potential. Expenditures incurred before the Corporation has obtained legal rights to explore a specific area are expensed.

The recovery of the carrying amount of exploration and evaluation assets is dependent upon the future commercial success of the mineral properties or from proceeds of disposition. The amounts shown for exploration and evaluation assets represent costs incurred to date and are not intended to reflect present or future values.

Once an economically viable reserve has been determined for an area and the decision to proceed with development has been approved, exploration and evaluation assets attributable to that area are first tested for impairment and then reclassified to mineral property development costs within mineral properties, plant and equipment.

(h) Mineral properties, plant and equipment

Mineral properties, plant and equipment are stated at cost which includes the acquisition price and any direct costs to bring the asset into productive use at its intended location including development costs for mineral properties transferred from exploration and evaluation assets, an estimate of asset retirement costs, and capitalised borrowing costs.

Amortisation of plant and equipment is calculated using the straight-line method to write off the cost, net of any estimated residual value, over their estimated useful lives as follows:

Building	20 years
Equipment	5 years
Mobile equipment	3 years
Computer equipment	2 years

On the commencement of commercial production, depletion of each mineral property interest will be provided on a unit-of-production basis.

2. Significant accounting policies (continued):

(i) Impairment of non-financial assets

At each reporting date, the carrying amounts of the Corporation's non-financial assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use, which is the present value of future cash flows expected to be derived from the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognised in profit or loss for the period.

For the purposes of impairment testing, plant and equipment and exploration and evaluation assets are allocated to cash-generating units to which the exploration or development activity relates. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

(j) Income taxes

Income tax expense comprises current and deferred income taxes. Current and deferred income taxes are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits, and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

2. Significant accounting policies (continued):

(k) Stock-based compensation

The Corporation applies the fair value method to stock-based compensation for all awards including grants of options and direct awards of stock. The fair value is measured at grant date and each vesting tranche is recognised as a separate award. Compensation expense is recognised over the applicable vesting period with a corresponding increase in other equity reserve. When the options are exercised, the exercise price proceeds, together with the related other equity reserve amounts are credited to share capital.

Deferred share units ("DSU") may be granted to directors as part of their long-term compensation package entitling them to receive pay out in cash based on the Corporation's share price at the relevant time. A liability for DSUs is measured at fair value on the grant date and is subsequently adjusted at each consolidated statements of financial position date for changes in fair value according to the estimation made by management of the number of DSUs that will eventually vest. The liability is recognised over the vesting period, with a corresponding charge to stock-based compensation.

Deferred compensation units ("DCU") are granted to employees as part of their long-term compensation package allowing them to receive pay out in cash based on the Corporation's share price at the date of maturity. A liability for DCUs is measured at fair value on the grant date and is subsequently adjusted at each consolidated statements of financial position date for changes in fair value according to the estimation made by management of the number of DCUs that will eventually vest. The liability is recognised over the vesting period, with a corresponding charge to stock-based compensation.

(l) Provisions

Provisions are recognised when a legal or constructive obligation has been incurred as a result of past events, it is probable that an outflow of resources embodying economic benefit will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. If material, provisions are measured at the present value of the expenditures expected to be required to settle the obligation. The increase in any provision due to passage of time is recognised as accretion expense.

(m) Loss per share

Basic loss per share is calculated by dividing net loss available to the shareholders by the weighted average number of common shares outstanding during the period. Diluted earnings per share is calculated to reflect the dilutive effect of exercising outstanding stock options and warrants by application of the treasury stock method. Outstanding stock options and share purchase warrants that would potentially dilute basic loss per share have not been included in the computation of diluted loss per share because to do so would be anti-dilutive.

(n) Interest income and finance costs

Interest income comprises interest income on funds invested. Interest income is recognised as it accrues in profit or loss, using the effective interest method. Finance costs comprise interest expense on borrowings and the unwinding of the discount on provisions. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method. Deferred financing costs are initially deferred and subsequently reclassified as part of the loan on a pro-rata basis of the loan amount drawn.

(o) Segmented information

The Corporation conducts its business in a single segment, being the acquisition, exploration and development of mineral properties. All mineral properties are located in the United States.

3. Recent accounting pronouncements:

The IASB has issued several new standards and amendments to standards and interpretations that are not effective for the year ended December 31, 2017, and although early adoption is permitted, they have not been applied in preparing these consolidated financial statements. The Corporation is currently evaluating the effect, if any, the following new standards and amendments will have on its financial results.

i) Financial Instruments (IFRS 9), effective for annual periods beginning on or after January 1, 2018, replaces the requirements in IAS 39, Financial Instruments, Recognition and Measurement for classification and measurement of financial assets and liabilities. IFRS 9 introduces a single classification and measurement approach for financial instruments, which is driven by cash flow characteristics and the business model in which an asset is held. This single, principle-based approach replaces existing rule-based requirements and results in a single impairment model being applied to all financial instruments. IFRS 9 also modified the hedge accounting model to incorporate the risk management practices of an entity. Additional disclosures will also be required under the new standard.

ii) Leases (IFRS 16), effective for annual periods beginning on or after January 1, 2019, provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. It supersedes IAS 17 Leases and its associated interpretive guidance. Significant changes were made to lessee accounting with the distinction between operating and finance leases removed and assets and liabilities recognized in respect of all leases (subject to limited exceptions for short-term leases and leases of low value assets). Earlier application of IFRS 16 is permitted for companies that have also adopted IFRS 15, Revenue from Contracts with Customers.

4. Mineral properties, plant and equipment:

	Mineral Properties			
	Development Costs	**Exploration and Evaluation assets**	**Plant & Equipment**	**Total**
Cost:				
As at Dec. 31, 2015	$211,089	$-	$1,128	$212,217
Additions	19,231		-	19,231
As at Dec. 31, 2016	230,320	-	1,128	231,448
Additions	20,886	-	-	20,886
As at Dec. 31, 2017	**$251,206**	**$-**	**$1,128**	**$252,334**
Accumulated depreciation:				
As at Dec. 31, 2015	$-	$-	$842	$842
Additions	-	-	74	74
As at Dec. 31, 2016	-	-	916	916
Additions	-	-	53	53
As at Dec. 31, 2017	**$-**	**$-**	**$969**	**$969**
Net book value:				
As at Dec. 31, 2016	$230,320	$-	$212	$230,532
As at Dec. 31, 2017	**$251,206**	**$-**	**$159**	**$251,365**

Asset impairments

The Corporation reviews the carrying value of assets at each reporting period for indicators of impairment using both internal and external sources of information.

Due primarily to the market capitalisation at December 31, 2017 and 2016, indicators for impairment existed leading to a test of recoverable amount of the Pumpkin Hollow mine. The Corporation estimated the recoverable amount of the mine based on the fair value less cost to sell using a discounted cash flow model and categorised in Level 3 of the fair value hierarchy. The cash flow model is based on detailed forecasts for the mine and is prepared using life-of-mine plans with expected future production. The analysis performed has not resulted in the recognition of an impairment loss as at December 31, 2017 and 2016.

Key assumptions and sensitivity

The Corporation's key assumptions used in determining the recoverable amount of the Pumpkin Hollow mine are metal prices, operation costs, capital costs, reserves and resources, and discount rates as noted below. The carrying value of the Pumpkin Hollow mine remained above the fair value for the purposes of the impairment test.

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

Metal prices

The metal prices used to calculate recoverable amounts at December 31, 2017 are based on analysts' consensus prices and are summarised in the following table:

Metal prices	2018 average	Long term
Copper price ($/lb)	$3.20	$3.21
Gold price ($/oz)	$1,220	$1,238
Silver price ($/oz)	$17.88	$17.90

The metal prices used to calculate recoverable amounts at December 31, 2016 are based on analysts' consensus prices and are summarised in the following table:

Metal prices	2017 average	Long term
Copper price ($/lb)	$2.99	$3.00
Gold price ($/oz)	$1,300	$1,238
Silver price ($/oz)	$17.88	$17.90

Operating and capital costs

Operating costs and capital expenditures are based on life-of-mine plans and forecasts using management's best estimates from the feasibility study released in 2017. The Corporation has no future material commitments for capital expenditures as of December 31, 2017 and 2016; however, included in accounts payable and accrued liabilities is $723 (2016 - $632) of capital expenditures scheduled for payment in 2018.

Reserves and resources

Future mineral production is included in projected cash flows based on mineral reserve and resource estimates and exploration and evaluation work, undertaken by qualified persons when preparing the feasibility study released in 2017 and 2015.

Discount rate

Discount rates used to present value the life of mine cash flow are based on weighted average cost of capital for similar companies and adjusted for risk and current market information. The Corporation took into consideration the discount rate used in the feasibility study released in 2017 and 2015. The Corporation has used a range of 10%-11% discount rate for the years ended December 31, 2017 and 2016.

Sensitivity

The calculation of the recoverable amount is very sensitive to changes in the long-term price of copper, the discount rate, and changes to the operating plan. These assumptions interrelate significantly with each other and this analysis is intended to illustrate what would happen if they did move in isolation without taking into consideration how these changes would impact the Corporation's operating plans.

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.

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

Pumpkin Hollow Copper Development Property (continued):

Under the terms of the Lease, the Corporation has made Lease payments totalling $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 $3,163 to December 31, 2017.

The Corporation must pay RGGS Land & Minerals Ltd. ("RGGS") 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. Pursuant to the terms of the Lease the Corporation notified RGGS of its intention to extend the lease for the period May 5, 2016 to May 2026. This notice has been acknowledged and accepted by RGGS. On January 9, 2017 an agreement with RGGS was reached which deferred payments in 2017. In consideration for this deferral, RGGS royalty rates increased from 1% to 2% for non-ferrous metals and the royalty rate for ferrous metals increased from $0.10 per ton to $0.20 per ton.

Project costs capitalised for the years ended December 31, 2017 and 2016 on the Property consists of the following:

	Dec. 31, 2017	2017	Dec. 31, 2016	2016	Dec. 31, 2015
Property payments	**$1,961**	$-	$1,961	$-	$1,961
Advance royalty payments	**3,163**	-	3,163	913	2,250
Water rights	**2,250**	279	1,971	279	1,692
Drilling	**41,157**	-	41,157	10	41,147
Geological consulting, exploration & related	**7,923**	-	7,923	9	7,914
Feasibility, engineering & related studies	**21,362**	1,779	19,583	-	19,583
Permits/environmental	**11,644**	63	11,581	(2)	11,583
East deposit underground project					
Underground access, hoist, head frame, power & related	**78,901**	1,140	77,761	875	76,886
Eng. procurement	**10,550**	-	10,550	-	10,550
Surface infrastructure	**3,804**	-	3,804	7	3,797
Site costs	**15,344**	1,494	13,850	1,697	12,153
	198,059	4,755	193,304	3,788	189,516
Depreciation	**690**	53	637	71	566
Capitalised interest (note 8)	**47,959**	15,975	31,984	14,625	17,359
Stock-based compensation	**4,498**	103	4,395	747	3,648
Total	**$251,206**	$20,886	$230,320	$19,231	$211,089

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

Plant and equipment:

	Building	Equipment	Mobile Equipment	Computer Equipment	Total
Cost:					
As at Dec. 31, 2015	$480	$96	$139	$413	$1,128
Additions	-	-	-	-	-
As at Dec. 31, 2016	480	96	139	413	1,128
Additions	-	-	-	-	-
As at Dec. 31, 2017	**$480**	**$96**	**$139**	**$413**	**$1,128**
Accumulated depreciation:					
As at Dec. 31, 2015	$240	$85	$107	$410	$842
Additions	53	4	14	3	74
As at Dec. 31, 2016	293	89	121	413	916
Additions	44	3	6	-	53
As at Dec. 31, 2017	**$337**	**$92**	**$127**	**$413**	**$969**
Net book value:					
As at Dec. 31, 2016	$187	$7	$18	$-	$212
As at Dec. 31, 2017	**$143**	**$4**	**$12**	**$-**	**$159**

During the year ended December 31, 2017, the Corporation added $nil in plant and equipment (2016 - $nil) and had depreciation of plant and equipment of $53 (2016 - $74), of which $53 (2016 - $71) was included in capitalised mineral property expenditures.

On October 13, 2015, the Corporation completed the acquisition of 9,145 acres of land from the City of Yerington. This parcel of land surrounds the Corporation's private land. The Corporation now owns or controls privately-owned land that encompasses 100% of a proposed copper project development. The Corporation controls all surface and mineral rights on the private lands.

In May 2016, the Corporation was served with a complaint in alleging that it was in breach of an expired option agreement. This agreement was in relation to an option to acquire a conservation easement on a property ("Easement Property") located more than 20 miles from the Corporation's Pumpkin Hollow copper project. In the opinion of management, it is not anticipated that such litigation will result in a liability that would have a material adverse effect on the financial position, results of operations or cash flows of the Corporation. The Corporation considers this complaint to be without legal merit and the Corporation is vigorously defending the lawsuit. The Corporation did not accrue any amounts in its consolidated financial statements with respect to this claim. Subsequent to year end a settlement agreement was reached for this lawsuit and the claim was retired for an amount of $568.

5. Short term debt:

On August 26, 2014, the Corporation closed a $20 million bridge loan facility ("Pala Facility") with Pala Investments Limited ("Pala"). The initial term of the facility was four months, with up to two additional two-month extensions. The Pala Facility is drawn in $5 million tranches. The annual interest rate is 10% and a 4% arrangement fee was payable upon each tranche drawn. The Pala Facility is secured against the Corporation's assets and is subordinate to the security granted in connection with the $200 million senior credit facility entered into by the Corporation on December 30, 2014.

5. Short term debt (continued):

In July 2015 the loan term was extended to January 31, 2016 and the total amount available under the Pala Facility was increased to $25 million. On September 30, 2015 the loan term was extended to June 30, 2016. The effective interest rate of the loan was 12%.

Interest was accruing on a monthly basis per the revised terms of the Pala Facility. In addition, the arrangement fee for the fourth draw was accrued. Through December 31, 2015, $20 million (four tranches) had been drawn from the Pala Facility. The Pala Facility was carried at amortised cost on the consolidated statement of financial position. As at December 31, 2015, the short-term loan carrying value was $20,954.

On June 3, 2016, the Corporation changed the structure of the loan agreement with Pala. The Corporation executed the amendment of its existing subordinated loan facility into the Pala Convertible Facility ("convertible facility") (note 7). The Corporation recorded a loss relating to the extinguishment of the Pala debt of $11,424 in the consolidated financial statements for the year ended December 31, 2016 due to the amended and additional terms and costs of the amended loan (note 7).

6. Bridge Loan:

During October 2017, Pala, a related party, advanced funds to the Corporation (the "Pala Bridge Loan") as a short-term bridge loan. The Pala Bridge Loan has a maximum principal amount of $3,500, carries an interest rate of 7% and the interest is payable at maturity. The Pala Bridge Loan has a maximum term of six months and may be repaid earlier without penalty. The loan was advanced in two tranches. The first tranche of $2,500 was received in October and the second tranche, of $1,000, was received in December. Through year end, interest of $25 was due on these funds. The loan is collateralised against the Corporation's assets. Subsequent to year end the entire Pala Bridge Loan was repaid upon completion of the January 2018 equity financing (note 16).

7. Convertible debt:

On June 3, 2016, the Corporation changed the structure of the loan agreement with Pala. The Corporation executed the amendment of its existing subordinated loan facility (note 5) into the Pala Convertible Facility ("convertible facility").

Pala advanced a further $5,000, such that an aggregate principal amount of $27,090 was outstanding under the Pala Convertible Facility as at June 3, 2016. The interest rate of the convertible facility increased from 10% to 12% per annum. Interest will not be paid in cash and will accrue monthly. The Pala Convertible Facility will mature and be payable on the earliest of (1) December 31, 2017; (2) the date when outstanding amounts under the Red Kite Loan Agreement are paid in full; or (3) when a change of control occurs.

All outstanding amounts under the convertible facility may be prepaid in full by the Corporation with payment of the following early repayment fee ("Prepayment Fee") equivalent to: 25% of outstanding amounts to be prepaid, if prepayment is made prior to December 31, 2016; and 35% of outstanding amounts to be prepaid, if prepayment is made between January 1, 2017 and December 31, 2017. The Prepayment Fee will be applicable on any repayment of the convertible facility prior to December 31, 2017. In December 2016, Pala agreed an amendment to the convertible facility that amended the maturity date to January 10, 2018.

Pala may elect to convert the principal amount and any accrued and unpaid interest under the convertible facility, including the Prepayment Fee, if applicable, in full or in part, at the Conversion Price, into common shares in the capital of the Corporation at any time up to the maturity date or upon any voluntary prepayment by the Corporation. The Conversion Price is $0.69 CAD per share, which represents a 15% premium to the June 2016 public equity share offering price of $0.60 CAD per share.

7. Convertible debt (continued):

Additional terms and costs of the convertible facility include the following:

1. An arrangement fee of $200 was paid upon execution and a further $100 was paid for legal fees. These costs were paid out of the proceeds of the $5,000 advance;

2. 2,500,000 warrants issued to Pala with a three-year term, exercisable to acquire common shares of the Corporation at an exercise price of $1.20 CAD per share; and

3. Pala was granted the right, so long as it holds at least 15% of the outstanding common shares of the Corporation, to participate in future equity offerings of the Corporation.

In March 2017, the Corporation executed an amendment of its convertible facility. Pala advanced a further $5,000. The interest rate of the convertible facility remains 12% per annum. The Pala Convertible Facility will now mature and be payable on the earliest of (1) December 31, 2018; (2) the date when outstanding amounts under the Red Kite Loan Agreement are paid in full; or (3) when a change of control occurs.

Pala may elect to convert the new tranche principal amount of $5,000 and any accrued and unpaid interest under the convertible facility, including the Prepayment Fee, if applicable, in full or in part, at the Conversion Price, into common shares in the capital of the Corporation at any time up to the maturity date or upon any voluntary prepayment by the Corporation. The conversion price, for the new $5,000 tranche, was $0.90 CAD per share, which represented a 15% premium to the average 20-day volume-weighted average price closing price of the common shares on February 24, 2017, subject to potential adjustment such that the conversion price will not exceed 115% of the subscription price for any equity offering during the next six months. The conversion price for the $5,000 tranche of the Pala convertible loan was subsequently adjusted in accordance from $0.90 CAD to $0.76 CAD, which represented 115% of the subscription price for the May 23, 2017 equity private placement. The receipt of disinterested shareholders' approval is required for the conversion features of the Pala Financing.

Additional terms and costs of the new tranche of $5,000 of the convertible facility include the following:

1. An arrangement fee of $200 was paid upon execution and a further $63 was paid for legal fees. These costs were paid out of the proceeds of the $5,000 advance; and
2. 2,500,000 warrants issued to Pala with a three-year term, exercisable to acquire common shares of the Corporation at an exercise price of $0.97 CAD per share.

The convertible facility is carried at amortised cost in the consolidated financial statements and the convertible option and the warrants of the convertible facility are recorded at their respective fair values as at June 3, 2016 and the reporting date as they are classified as derivatives. Changes in the fair values of these financial instruments are recorded in profit or loss.

7. Convertible debt (continued):

	Loan facility	Deferred financing fees	Total
June 3, 2016	$27,090	($300)	$26,790
Interest accrued	1,945	-	1,945
Accretion expense	-	96	96
December 31, 2016	$29,035	($204)	$28,831
Advance	5,000	(2,372)	2,628
Interest accrued	4,197	-	4,197
Accretion expense	-	829	829
December 31, 2017	$38,232	($1,747)	$36,485

	Convertible Derivative	Warrants Derivative	Total
June 3, 2016	$10,959	$426	$11,385
Change in fair value	941	42	983
December 31, 2016	$11,900	$468	$12,368
New tranche issued	1,656	451	2,107
Change in fair value	(2,570)	(170)	(2,740)
December 31, 2017	$10,986	$749	$11,735

The change in value was recognised in the consolidated statement of operations as derivative fair value gain of $2,740 for the year ended December 31, 2017 (2016 – ($983)).

The fair value of the conversion derivative at December 31, 2017 and December 31, 2016 was measured using the Black-Scholes option pricing model with the following assumptions:

	December 31, 2017	December 31, 2016
Risk-free interest rate	1.41%	0.53%
Expected dividend yield	0	0
Expected stock price volatility	60%	85%
Expected life in years	1.0	1.0

The fair value of the warrants derivative at December 31, 2017 and December 31, 2016 was measured using the Black-Scholes option pricing model with the following assumptions:

	December 31, 2017	December 31, 2016
Risk-free interest rate	1.47%	0.51%
Expected dividend yield	0	0
Expected stock price volatility	64%	76%
Expected life in years	1.4	2.4

7. Convertible debt (continued):

The fair value of the conversion derivative, on the March 2017 advance, at December 31, 2017 and March 7, 2017 was measured using the Black-Scholes option pricing model with the following assumptions:

	Dec. 31, 2017	March 7, 2017
Risk-free interest rate	1.41%	0.73%
Expected dividend yield	0	0
Expected stock price volatility	60%	77%
Expected life in years	1.0	1.8

The fair value of the warrants derivative, on the March 2017 advance, at December 31, 2017 and March 7, 2017 was measured using the Black-Scholes option pricing model with the following assumptions:

	Dec. 31, 2017	March 7, 2017
Risk-free interest rate	1.54%	0.91%
Expected dividend yield	0	0
Expected stock price volatility	73%	71%
Expected life in years	2.2	3.0

Subsequent to year-end, the Pala convertible debt (note 16) was converted into shares at a conversion price of $0.50 CAD per share. The indebtedness to Pala at the time of conversion was $38,351 ($47,781 CAD). This resulted in the issuance of 95,561,944 shares to Pala.

8. Long term debt:

On December 30, 2014, the Corporation entered into a $200 million loan facility (the “Loan”) with EXP T1 Ltd that is an affiliate of RK Mine Finance, (“Red Kite”). The Loan is comprised of two tranches - Tranche A for $90 million, which was received on December 30, 2014, and Tranche B for the balance which is contingent upon completion of other financing transactions whereby the Corporation will obtain sufficient proceeds necessary to achieve commencement of commercial production and certain project milestones.

Amounts advanced under the Loan bear interest at the greater of three-month LIBOR and 1%, plus 10% until the commencement of commercial production where the amounts advanced under the Loan bear interest at the greater of three-month LIBOR and 1%, plus 7.5%. The Loan was subject to a 3.5% loan origination fee on the total loan facility, which was paid on December 30, 2014.

On September 30, 2015 the loan terms were amended. The Loan is to be repaid by December 31, 2021 with quarterly principal repayments commencing on September 30, 2018. An interest payment holiday has been given until January 2017. An additional financing fee of $7,000 was added to the principal of the loan in consideration of the extended timing of the loan and the interest holiday provided.

In January 2016 and further amended in May 2016, a Red Kite loan extension was granted. The May amendment waived the existing defaults under the loan agreement. The requirement to complete an alternative interim financing transaction in the minimum amount of $10,000 was waived. This agreement and subsequent amendment also reduced the minimum working capital requirement from $10,000 to $100. A further covenant is that all loan interest cash payments due in 2017 are to be paid monthly in advance in 2017. Compliance with these covenants means the Corporation has re-classified the balance of the loan as long-term debt. A $3,000 advance was made by Red Kite to the Corporation on June 3, 2016 after completion of the Pala Convertible Loan Facility agreement (note 7).

8. Long term debt (continued):

Interest, commencing on January 31, 2017, is payable on a monthly basis in advance. Two interest payments, of $4,978, have been paid through December 31, 2015. Interest payments of $14,625 were accrued during the year ended December 31, 2016. Subsequent to December 31, 2016, two payments of interest were made in advance totalling $2,319. The Loan can be repaid without penalty at any time prior to maturity.

The Loan is carried at amortised cost on the consolidated statements of financial position. The Corporation has incurred $15,018 of transaction costs, including the 3.5% origination fee, and the 3.5% amendment fee, on the total amount available under the Loan. A pro-rata portion of the transaction costs was recognised as part of the Loan based on the amount drawn.

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. Since inception through the year ended December 31, 2017, $47,959 (note 4) (2016 - $31,984) of interest was accrued and capitalised to mineral property development costs.

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 collateralised 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 underground 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. Red Kite will be entitled to up to 74.5% of production after advancing all of the funds available under the facility. In relation to the first tranche advanced, Red Kite was entitled to purchase 33.5% of the Corporation's annual

copper concentrates production from the eastern deposits when the Corporation commences commercial production. Combined with the off-take agreement relating to the March 28, 2013 loan facility these two off-take agreements would have represented in total 59% of concentrates that may be produced from the eastern deposits or an estimated 12% of the total project off-take. However, under an agreement with Red Kite in January 2016, the 33.5% portion of the off-take which included a "fixed tonnage" option was bought back for a $10,000 consideration. The current 25.5% balance of the underground offtake is held by a lender, MF Investments, under a previous 2013 loan agreement. The off-take agreement includes concentrate pricing based on market terms.

In January 2016 the Corporation purchased, through the addition of $10,000 to the loan principal, the 33.5% portion of the underground offtake held by Red Kite under the loan provisions.

8. Long term debt (continued):

The deferred financing fees increased by $55 from the December 31, 2016 value of $8,205 to the December 31, 2017 value of $8,260. The increase resulted from the Corporation incurring additional fees after completing amendments to the Loan.

	Loan facility – amortised cost	**Derivative**	**Total**
Balance at December 31, 2015	$95,295	$938	$96,233
Draws	13,000	-	13,000
Interest accrued	13,296	-	13,296
Accretion expense	1,329	-	1,329
Change in fair value	-	(415)	(415)
Balance at December 31, 2016	122,920	523	123,443
Interest accrued	14,758	-	14,758
Interest paid	(7,136)	-	(7,136)
Accretion expense	1,217	-	1,217
Change in fair value	-	(457)	(457)
Balance at December 31, 2017	131,759	66	131,825
Less current portion of long term debt	(18,293)	-	(18,293)
Long term portion of long term debt	$113,466	66	$113,532

An embedded derivative liability relating to the interest rate floor has been recognised for the Loan. The embedded derivative fair value of the loan at inception was $996. The fair value of the embedded derivative liability is $66 at December 31, 2017 (2016 - $523).

The change in value was recognised in the consolidated statement of operations as derivative fair value change of $457 for the year ended December 31, 2017 (2016 - $415).

Subsequent to year end, after completion of an equity offering (note 16) $42,169 was paid to Red Kite from proceeds of the offering. This reduced the Red Kite loan outstanding after the financing to $95,000. Subject to completion of another equity offering in 2018 another $15,000 of outstanding indebtedness will be converted into shares at a conversion price to be set based on the price per the subsequent equity offering.

The $80,000 of remaining indebtedness consists of two tranches of $40,000 each. Tranche one has a seven-year term, interest at LIBOR +8%, a two year grace period on cash interest and 20 quarterly sculpted repayments. Tranche two has a nine-year term, interest at LIBOR +8.5% and a single repayment of principal and interest at maturity. If the $15,000 is not converted into shares as described above, it will be added to tranche one.

9. Related party transactions:

A short term $25 million bridge loan facility funded by Pala was entered into on August 26, 2014. Please see notes 5-7 for additional details. This short-term facility was replaced by a convertible facility with Pala in a transaction completed June 3, 2016. Please see note 7 for additional details. The convertible loan carrying value is $48,220 (2016 – $41,199).

Pala holds 47.2% of Nevada Copper shares and has three executives out of six on the Corporation's Board of Directors as at December 31, 2017 (2016 – 45.7%).

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 three months to three years of salary for these senior officers. The amount of this contingent liability is $1,580 ($1,982 CAD) and is not recorded in the consolidated statements of financial position. This amount is reduced to $713 subsequent to December 31, 2017 following the resignation of a senior officer.

During October 2017, Pala entered into a bridge loan agreement with the Corporation (note 6). The bridge loan was provided in two tranches. The first tranche was for $2,500 and the second tranche was $1,000. Interest of $25 was accrued on the loan through December 31, 2017. Subsequent to year end the entire bridge loan was repaid (note 6).

As of December 31, 2017, accounts payable and accrued liabilities include director fees and expenses payable of $488 (2016 - $nil) and management fees of $1,785 (2016 - $nil).

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.

10. Key management personnel compensation:

The remuneration of the chief executive officer, chief financial officer, and directors, being those persons having authority and responsibility for planning, directing, and controlling activities of the Corporation, are as follows:

	2017	2016
Short-term employee benefits	**$700**	$360
Stock-based compensation	**168**	2,388
Total	**$868**	$2,748

11. Asset retirement obligation:

The asset retirement obligation has been recorded as a liability, assuming a risk-free discount rate of 2.2% and an inflation factor of 1.3%. The liability for retirement and remediation on an undiscounted basis before an inflation factor of 1.3% is estimated to be approximately $856 and as of December 31, 2017 settlement is expected to be by December 31, 2023.

	Asset retirement obligation
Balance at Dec. 31, 2015	$1,075
Decrease in estimated timing and amount of closure costs	(135)
Accretion	18
Balance at Dec. 31, 2016	958
Decrease in estimated timing and amount of closure costs	(80)
Accretion	17
Balance at Dec. 31, 2017	**$895**

12. Share capital:

(a) Authorised and issued:

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

During the year ended December 31, 2017, the Corporation issued 1,298,236 common shares at $0.75 CAD per share to settle a DSU liability with former directors of the Corporation. The fair value of the equity issued was $710 ($974 CAD).

During the year ended December 31, 2017, the Corporation issued 3,712,121 common shares at $0.66 CAD per share for gross proceeds of $1,817 ($2,500 CAD) and incurred $10 in share issuance costs.

During the year ended December 31, 2016, the Corporation issued 7,666,667 common shares at $0.60 CAD per share for gross proceeds of $3,618 ($4,600 CAD) and incurred $543 in share issuance costs. In addition, the Corporation granted 460,000 agent warrants in relation to the equity financing (note 12(e)).

(b) 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 December 31, 2017, the Corporation has stock options outstanding to directors, officers and employees to acquire an aggregate of 5,703,500 common shares summarised as follows. All of these options have vested. The outstanding options have expiry periods between one and five years.

	Number of Options	Weighted average exercise price $(CAD)
Outstanding December 31, 2015	7,400,000	$2.22
Exercisable December 31, 2015	7,350,000	2.22
Granted	5,813,500	0.69
Expired/cancelled	(5,595,000)	2.44
Outstanding December 31, 2016	7,618,500	$0.89
Exercisable December 31, 2016	7,618,500	0.89
Expired/cancelled	(1,915,000)	1.04
Outstanding December 31, 2017	**5,703,500**	**$0.84**
Exercisable December 31, 2017	**5,703,500**	**$0.84**

During the year ended December 31, 2017, under the fair value method, nil (2016 - $1,324) in stock-based compensation was recorded for options granted to officers and employees, of which nil (2016 - $959) was charged to operations and nil (2016 - $365) was capitalised to development costs.

12. Share capital (continued):

(b) Options (continued):

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:

	2017	**2016**
Risk free interest rate	n/a	0.55%
Expected dividend yield	n/a	0%
Expected stock price volatility	n/a	62.9%
Expected life in years	n/a	4.55
Expected forfeitures	n/a	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 summarises the stock options outstanding and exercisable as at December 31, 2017:

	Outstanding		Exercisable	
Exercise price	Number outstanding	Weighted average remaining life (years)	Number outstanding	Weighted average remaining life (years)
\$0.50 - \$0.74	4,633,500	3.31	4,633,500	3.31
\$0.75 - \$1.00	485,000	0.55	485,000	0.55
\$1.01 - \$1.96	585,000	1.87	585,000	1.87
	5,703,500	**2.93**	**5,703,500**	**2.93**

The following table summarises the stock options outstanding and exercisable as at December 31, 2016:

	Outstanding		Exercisable	
Exercise price	Number outstanding	Weighted average remaining life (years)	Number outstanding	Weighted average remaining life (years)
\$0.50 - \$0.74	5,813,500	4.34	5,813,500	4.34
\$0.75 - \$1.00	705,000	1.61	705,000	1.61
\$1.01 - \$1.96	1,100,000	2.70	1,100,000	2.70
	7,618,500	**3.85**	**7,618,500**	**3.85**

12. Share capital (continued):

(c) Deferred share units:

The Corporation established a deferred share unit ("DSU") plan that allows directors to receive directors' fees in the form of DSUs. Directors receive cash upon the exercise of the DSU. DSUs may only be exercised when the holder ceases to be a director. Vesting terms are established by the directors at the date of grant. Settlement of DSUs is a cash pay-out based on 5-day volume weighted average price ("VWAP") 120 days after the director ceases to be a director.

	Number of DSUs
Outstanding December 31, 2015	782,202
Granted	1,567,550
Expired	(313,688)
Outstanding December 31, 2016	2,036,064
Granted	183,270
Expired	(1,343,994)
Outstanding December 31, 2017	**875,340**

Periodically since 2013, directors have been granted DSUs, which replaced stock option grants and cash payments as a component of their compensation. All of the DSUs have vested. The current DSU payable amount is $749 (2016 - $1,167). The Corporation recognised $75 expense for the year ended December 31, 2017 (2016 – ($915)) in the consolidated statements of operations in relation to change in value of these DSUs.

(d) Deferred compensation units:

The Corporation established a deferred compensation unit ("DCU") plan that allows employees to receive compensation in the form of DCUs. The DCUs vest over a period of time ranging up to one year. Employees receive cash upon the exercise of the DCU. Vesting terms are established at the date of grant. Settlement of DCUs is a cash pay-out based on the closing price the day prior to settlement.

	Number of DCUs
Outstanding December 31, 2015	-
Granted	1,918,119
Expired	(87,650)
Outstanding December 31, 2016	1,830,469
Expired/ redeemed	(1,830,469)
Outstanding December 31, 2017	**nil**

12. Share capital (continued):

(d) Deferred compensation units (continued):

In January 2016 and May 2016 employees were granted 438,119 DCUs, which replaced stock option grants as a component of their compensation which are vesting over a period of time and will fully vest on January 1, 2017. A further 1,480,000 DCUs were granted August 10, 2016. These DCUs fully vested on March 31, 2017. The current DCU payable amount is $798 (2016 - $769). During the year ended December 31, 2017, under the fair value method, $239 (2016 - $769) in stock-based compensation was recorded for options granted to officers and employees, of which $136 (2016 - $387) was charged to operations and $103 (2016 - $382) was capitalised to development costs.

(e) Warrants:

The Corporation granted 460,000 warrants to agents through the equity offering announced on June 9, 2016. These warrants have an exercise price of $0.60 per warrant, expiring on June 9, 2018, and vest immediately. The warrants are considered a liability. The value of the warrants was determined to be $78 (2016 - $121) based on an evaluation using the Black-Scholes pricing model.

The fair value of the agents' warrants was measured using the Black-Scholes option pricing model with the following assumptions:

	2017	**2016**
Risk-free interest rate	1.16%	0.51%
Expected dividend yield	0	0
Expected stock price volatility	68%	82%
Expected life in years	0.4	1.4

In March 2017 the Corporation granted 2,500,000 (2016 – 2,500,000) warrants to Pala in relation to the Pala Convertible Facility (note 7). The Pala warrants have an exercise price of $0.97 CAD (2016 - $1.20 CAD) per warrant and an expected life of three years. The Pala warrants are considered a liability (please see note 7).

	Number of warrants
Outstanding December 31, 2015	-
Granted	2,960,000
Outstanding December 31, 2016	2,960,000
Granted	2,500,000
Outstanding December 31, 2017	**5,460,000**

13. Income taxes:

(a) Effective tax rate:

The effective income tax rates differ from Canadian statutory rates for the following reasons in the year ended December 31, 2017 and 2016:

	Dec. 31, 2017	Dec. 31, 2016
Loss before Taxes	**$(6,589)**	$(28,968)
Canadian Statutory Tax Rate	**26.00%**	26.00%
Expected tax expense / (recovery)	**(1,713)**	(7,531)
Permanent differences	**54**	2,058
Resource property additions	**43**	299
Reversal of temporary differences	**(2,675)**	(216)
Under/over provided in prior years	**704**	4,515
Changes in income tax rates and foreign tax rates	**(1,310)**	(1,254)
Expired losses and other	**-**	10
Effect of change in tax rates	**1,959**	-
Deferred tax assets not recognised	**2,938**	2,119
Income Tax Expense / (Recovery)	**$-**	$-

b) Deferred income tax assets and liabilities:

Deferred tax assets and liabilities have been recognised with respect to the following:

	Dec. 31, 2017	Dec. 31, 2016
Capitalised interest and foreign exchange	**$(1,903)**	$(2,810)
Mineral properties	**(4,830)**	(7,093)
Tax losses	**1,903**	2,810
Deferred interest	**4,830**	7,093
Net deferred income tax liabilities	**$-**	$-

Deferred tax assets and liabilities have not been recognised with respect to the following temporary differences:

	Dec. 31, 2017	Dec. 31, 2016
Unrecognised deductible temporary differences and unused tax losses		
Non-capital losses	**$43,517**	$29,813
Capital losses	**2,502**	2,502
Marketable securities	**1,387**	1,387
Plant and equipment	**886**	832
Financing costs	**5,249**	5,249
Other	**45**	28
	$53,586	$39,811

The Corporation has Canadian tax loss carry forwards of approximately $44,571 and US tax loss carry forwards of approximately $5,995 as at December 31, 2017. The non-capital losses can offset deferred income for tax purposes which expire between 2025 and 2037.

14. Financial instruments:

(a) Fair values in the consolidated statement of financial position:

The carrying amounts reported in the consolidated statements of financial position for cash and cash equivalents, restricted cash, accounts payable and accrued liabilities, approximate fair values due to the immediate or short-term maturities of these financial instruments.

The following is a classification of fair value measurements recognised in the consolidated statement of financial position using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 – Quoted prices in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3 – Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

The fair value of the convertible debt embedded derivative has been determined using Level 2. The fair value for Level 2 has been calculated using market-based inputs for risk free rate of return, volatility, and foreign exchange rates. The fair value of the long-term debt embedded derivative has been determined using Level 2. The fair value for Level 2 has been calculated using market-based inputs from Bloomberg on the risk-free rate from the USD swap curve and the credit spread of the loan.

Classification and carrying amounts of financial instruments:

Financial assets	**Dec. 31, 2017**	Dec. 31, 2016
Loans and receivables		
Cash and cash equivalents	**$385**	$4,801
Restricted cash	**971**	743
Total financial assets	**$1,356**	$5,544
Financial liabilities		
Other-financial liabilities		
Accounts payable and accrued liabilities	**$3,997**	$372
Stock-based compensation liabilities	**1,547**	2,136
Short term debt	**3,525**	-
Convertible debt	**36,485**	28,831
Long term debt	**131,759**	122,920
Fair value through profit and loss		
Embedded derivative – convertible debt	**11,735**	12,368
Embedded derivative – long term debt	**66**	523
Total financial liabilities	**$189,114**	$167,150

14. Financial instruments (continued):

(b) Contractual obligations:

The following table sets forth the Corporation's contractual obligations for the next five fiscal years as at December 31, 2017:

	Payments due by period				
Contractual obligations	Total	1 year	2-3 years	4-5 years	5 years+
Lease obligation – payment on Pumpkin Hollow Property *(i)*	$9,963	$1,463	$1,200	$1,200	$6,100
First amendment to lease – payment of water rights on property	1,612	189	378	227	818
City of Yerington –advanced water service payments	394	88	175	131	-
Accounts payable and accrued liabilities	3,907	3,907	-	-	-
DCU and DSU payable	1,547	1,547	-	-	-
Pala bridge loan	3,525	3,525	-	-	-
Convertible debt	43,077	43,077	-	-	-
Long-term debt *(ii)*	175,022	19,969	111,126	43,927	-
Total USD obligations	$239,047	$73,765	$112,879	$45,485	$6,918
	CAD	CAD	CAD	CAD	CAD
Office lease	$217	$217	-	-	-
Total CAD obligations	$217	$217	-	-	-

Lease obligations over five years for lease payments relating to water rights are $936.

(*i*) See note 4 for renewal terms.

(ii) See note 8 for contractual maturity.

(c) Financial risk factors:

The Corporation manages its exposure to financial risks, including foreign exchange risk and interest rate risk, based on a conservative framework to protect itself against adverse rate movements. All transactions undertaken are to support the Corporation's ongoing business and the Corporation does not acquire or issue derivative financial instruments for trading or speculative purposes. The Corporation's Board of Directors oversees management's risk management practices by setting trading parameters and reporting requirements.

The Corporation's activities are exposed to financial risks: market risk (including currency exchange risk and interest rate risk), credit risk and liquidity risk.

(d) Market risks:

i) Interest rate risk:

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Corporation's loan agreement with Red Kite (note 8) currently provides for interest at LIBOR plus 10% per annum, subject to a minimum interest rate of 11%. Due to the capitalisation of borrowing costs and the minimum interest rate provision, and as long as LIBOR is less than 1%, the Corporation's sensitivity to a 1% decrease or increase in market rates of interest would have an immaterial effect on the Corporation's interest expense. The Corporation's loan agreement with Pala (notes 6 and 7) currently provides for interest at 12% per annum.

14. Financial instruments (continued):

(d) Market risks (continued):

ii) Foreign currency risk:

The Corporation is exposed to currency fluctuations on its foreign currency monetary assets and liabilities. A significant change in the currency exchange rate between the U.S. dollar relative to the Canadian dollar could have an effect on the Corporation's results of operations, financial position and/or cash flows. The Corporation has not hedged its exposure to currency fluctuations.

At December 31, 2017, the Corporation held $21 CAD (2016 - $3,240 CAD) in cash and cash equivalents in a company with a functional currency of United States dollars. At December 31, 2017, the Corporation had $1,567 CAD (2016 - $348 CAD) in accounts payable in a company with a functional currency of United States dollars.

A +/- 10% change in the Canadian exchange rate would have had an impact of approximately +/- $155 on loss for the year ended December 31, 2017.

(e) Credit risk:

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Financial instruments that potentially subject the Corporation to credit risk consist of cash and cash equivalents, restricted cash, reclamation bond, and amounts receivable. The Corporation has reduced its credit risk by investing its cash and cash equivalents in high quality Canadian chartered banks. The Corporation's maximum exposure to credit risk is $1,461 as at December 31, 2017, being the carrying value of cash and cash equivalents, restricted cash and amounts receivable.

(f) Liquidity risk:

Liquidity risk is the risk that the Corporation will not be able to meet the obligations associated with its financial liabilities. During the year ended December 31, 2017, the Corporation received additional debt financing that provides the Corporation with enough funds to meet its financial liabilities and future financial liabilities under its current commitments over the next twelve months ending December 31, 2018. The Corporation pays its accounts payable within thirty days. The Corporation will be required to complete additional funding in order to meet its long-term business objectives. The Corporation handles liquidity risk through the management of its capital structure.

15. 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.

At year end the Corporation did not meet the $100 working capital covenant. No action was taken as a result of the financing transactions entered into in January 2018 (note 16).

There were no changes in the Corporation's approach to capital management during the year ended December 31, 2017.

16. Subsequent events:

The Corporation has completed the private placement of 256,410,256 special warrants of the Corporation at a price of $0.50 CAD for aggregate gross proceeds of $128,205 CDN ($102,902). The special warrants were automatically exercised and converted into the same number of common shares on March 7, 2018 after the filing of the short form prospectus dated March 1, 2018.

Net proceeds from the financing will allow for immediate resumption of the Underground Project development and construction activities, leading to first anticipated production in 2019. Concurrently, the Corporation will commence open pit resource extension drilling that will focus on the higher-grade North Deposit followed by open pit optimization of a staged open pit development focused on the North deposit.

Part of the proceeds were used to re-finance the Red Kite loan (note 8). $42,169 was paid to Red Kite from proceeds of the offering. This reduced the Red Kite loan outstanding after the financing to $95,000. Subject to completion of another equity offering in 2018 another $15,000 of outstanding indebtedness will be converted into shares at a conversion price to be set based on the price per the subsequent equity offering.

The $80,000 of remaining indebtedness consists of two tranches of $40,000 each. Tranche one has a seven-year term, interest at LIBOR +8%, a two-year grace period on cash interest and 20 quarterly sculpted repayments. Tranche two has a nine-year term, interest at LIBOR +8.5% and a single repayment of principal and interest at maturity. If the $15,000 is not converted into shares as described above, it will be added to tranche one.

Concurrent, with the equity offering and the Red Kite debt restructuring the Pala convertible debt (note 7) was converted into shares at a conversion price of $0.50 CAD per share. The indebtedness to Pala at the time of conversion was $38,351 ($47,781 CAD). This resulted in the issuance of 95,561,944 shares to Pala. Pala has been granted the continuation of certain rights it held pursuant to the Pala convertible loan, including the right to nominate up to three members of the Board, subject to Pala maintaining certain share ownership thresholds, and the right, as long as Pala holds 15% of the outstanding shares, to participate in future equity offerings on a *pro rata* basis.

The Pala bridge loan (note 6) of $3,500 plus accrued interest of $37 was repaid in full with part of the gross proceeds of the equity funding.

The Corporation, and Triple Flag have entered into a metals purchase and sale agreement dated December 21, 2017 (the "Stream Agreement") whereby Triple Flag has committed to fund a deposit of $70,000 (the "Stream Deposit") against future sale and delivery by Nevada Copper of 90% of the gold and silver production from the underground project, calculated based on a fixed ratio of 162.5 ounces of gold for each 1 million pounds of copper in concentrate produced and 3,131 ounces of silver for each 1 million pounds of copper in concentrate produced. The Corporation will receive an ongoing payment of 10% of the spot price for each ounce of gold and silver delivered to Triple Flag. The Corporation has a one-time option on March 31, 2020 to reduce the amount of gold and silver to be delivered under the Stream Agreement to 55% of the gold and silver production from the underground project (based on the fixed ratios noted above) by making a payment of $36,000 to Triple Flag, subject to certain adjustments. The Corporation and its subsidiaries have provided security for the performance of the obligations under the Stream Agreement over all of their respective assets.

Funding of the Stream Deposit is conditional on, among other things, a decision to proceed with construction of the underground project on a fully funded basis (excluding working capital) and completion of a subsequent equity offering (the "Subsequent Equity Offering"). Triple Flag also provided $10,000 of equity funding under the Subsequent Equity Offering.

The Corporation issued 1,240,000 options on February 13, 2018 that vest to 50% on the six month anniversary and the remaining 50% on the twelve month anniversary.

16. Subsequent events: (continued)

To ensure that the Corporation will be well-positioned to successfully implement the Subsequent Equity Offering at the time of its choosing and to take advantage of favourable market conditions, the Corporation has entered into certain equity backstop agreements that provide that Pala will purchase Common Shares (or securities convertible into Common Shares) for an aggregate amount of up to $60,000 (provided that, as a result of the Subsequent Equity Offering, the aggregate amount of such backstop has been reduced to approximately $50,000), which may be called by the Corporation at its option, to mitigate funding risks for the Corporation as it advances the Underground Project into construction.

In this respect, the Corporation has entered into a backstop agreement with Pala and Triple Flag dated December 21, 2017 (the "Equity Backstop") whereby Pala has agreed to backstop an amount equal to $125,000 less the combined net proceeds of the Offering and the Subsequent Equity Offering prior to June 30, 2019. In addition, the Corporation has also entered into an additional backstop agreement (the "Additional Equity Backstop", collectively with the Equity Backstop, the "Subsequent Equity Offering Backstop") with Pala where Pala has agreed to backstop an additional amount of $25,000. Should the Corporation exercise its option under the aforesaid equity backstop arrangements, the Common Shares (or securities convertible into Common Shares) that may be issued thereunder will be issued at a price that is to be agreed among the Corporation and Pala, provided such price shall not be less than the applicable market price at the time of such subscription less the maximum permitted discount under the policies of the TSX. Pala was paid 2% of their commitment amount in cash in respect of the equity backstop arrangements (the "Subsequent Equity Offering Backstop Fee"). The Subsequent Equity Offering Backstop is subject to certain conditions, including confirmation that funding of the stream deposit will occur concurrently and receipt of TSX approval.

CORPORATE INFORMATION

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Vancouver, Canada

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Executive Vice President and Chief Financial Officer

Greg French
Vice President, Exploration and Project Development

Timothy M. Dyhr
Vice President, Environmental and External Relations

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Vice President, Corporate Controller

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REGISTRAR AND TRANSFER AGENT

Computershare Trust Company of Canada
Vancouver, Canada

SHARES LISTED

TSX Exchange: NCU

CAPITALIZATION

(As at December 31, 2017)
Shares Issued and Outstanding: 93,178,482

AUDITOR

Smythe, Chartered Professional Accountants
Vancouver, Canada

LEGAL COUNSEL

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WEBSITE

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

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