NEVADA COPPER CORP.

Consolidated Financial Statements
For the six month period ended December 31, 2013 and the year ended June 30, 2013

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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, 2013 and June 30, 2013, the consolidated statements of operations and comprehensive loss, changes in equity and cash flows for the six month period ended December 31, 2013 and the year ended June 30, 2013, and notes, comprising 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 our 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, we consider 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 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 consolidated financial position of Nevada Copper Corp. as at December 31, 2013 and June 30, 2013, and its consolidated financial performance and its consolidated cash flows for the six month period ended December 31, 2013 and the year ended June 30, 2013 in accordance with International Financial Reporting Standards**.**

KPMG LLP (signed)

Chartered Accountants

March 25, 2014
Vancouver, Canada

NEVADA COPPER CORP.

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

	December 31, 2013	June 30, 2013
Assets		
Current assets:		
Cash and cash equivalents	**$46,070**	$51,865
Restricted cash	**200**	200
Amounts receivable	**119**	46
Prepaid expenses	**231**	163
Marketable securities (note 4)	**4,109**	7,872
	50,729	60,146
Deposits	**931**	-
Deferred financing fees (note 6)	**4,859**	5,372
Mineral properties, plant, and equipment (note 5)	**126,024**	103,268
	182,543	168,786
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	**7,913**	4,946
Long term debt (note 6)	**51,660**	35,483
Asset retirement obligation (note 9)	**727**	605
	60,300	41,034
Shareholders' equity:		
Share capital (note 10)	**155,840**	155,840
Other equity reserve	**24,331**	23,891
Accumulated other comprehensive loss	**(3,630)**	(3,805)
Deficit	**(54,298)**	(48,174)
	122,243	127,752
	$182,543	$168,786

Nature of operations (note 1)
Commitments (notes 5 and 12)
Subsequent events (note 14)

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

Approved on behalf of the Board on March 25, 2014:

(Signed) “Victor Bradley”, Director **(Signed) “Giulio Bonifacio”, Director**

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

Six month period ended December 31, 2013 and year ended June 30, 2013

	December 31, 2013	June 30, 2013
Expenses:		
Consulting and remuneration	**$499**	$749
Public company expenses	**280**	707
Professional fees	**218**	238
Director's fees and expenses	**217**	335
Office expenses	**176**	228
Insurance	**27**	67
Business development	**583**	419
Accretion	**9**	3
Stock-based compensation (note 10)	**335**	2,216
	2,344	4,962
Other income (expense):		
Interest and other income (note 6)	**475**	442
Loss on marketable securities (note 4)	**(3,676)**	(14,606)
Foreign exchange loss	**(579)**	(8)
	(3,780)	(14,172)
Loss for the period	**(6,124)**	(19,134)
Other comprehensive income (loss)		
Foreign currency translation	**175**	(1,894)
Comprehensive loss	**$(5,949)**	$(21,028)
Loss per common share:		
Basic and diluted	**$ (0.08)**	$ (0.24)
Weighted average number of shares outstanding	**80,501,458**	78,475,640

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					
	Number of Shares	Amount	**Other Equity Reserve**	**Accumulated Other Comprehensive Loss**	**Deficit**	**Total**
Balances, June 30, 2012	73,071,458	$131,619	$21,363	$(1,911)	$(29,040)	$122,031
Exercise of options	115,000	252	(142)	-	-	110
Shares issued	7,315,000	23,969	-	-	-	23,969
Stock based compensation	-	-	2,670	-	-	2,670
Comprehensive income (loss)	-	-	-	(1,894)	(19,134)	(21,028)
Balances, June 30, 2013	**80,501,458**	**$155,840**	**$23,891**	**$(3,805)**	**$(48,174)**	**$127,752**
Stock based compensation	-	-	440	-	-	440
Comprehensive income (loss)	-	-	-	175	(6,124)	(5,949)
Balances, December 31, 2013	**80,501,458**	**$155,840**	**$24,331**	**$(3,630)**	**$(54,298)**	**$122,243**

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)

Six month period ended December 31, 2013 and year ended June 30, 2013

	December 31, 2013	June 30, 2013
Cash provided by (used in):		
Operations:		
Loss for the period	**$(6,124)**	$(19,134)
Items not affecting cash:		
Loss on marketable securities	**3,676**	14,606
Depreciation and accretion	**25**	2
Gain on embedded derivatives	**(278)**	-
Interest income received	**197**	1,206
Stock-based compensation	**335**	2,216
	(2,169)	(1,104)
Changes in non-cash working capital items:		
Amounts receivable	**(73)**	780
Prepaid expenses	**(68)**	(85)
Accounts payable and accrued liabilities	**(127)**	273
Interest received	**(197)**	(1,206)
	(2,634)	(1,342)
Investments:		
Plant and equipment purchases	**(310)**	-
Transaction costs for purchase of shares	**-**	(186)
Reclamation bond	**-**	506
Trust account for surety bond	**-**	(200)
Deposits for development costs	**(931)**	2,706
Development costs	**(17,212)**	(33,533)
	(18,453)	(30,707)
Financing:		
Issuance of common shares, net of issue costs (note 10)	**-**	110
Debt financing	**15,000**	36,000
Transaction costs for debt financing	**-**	(6,522)
	15,000	29,588
Effects of exchange rate changes on cash held in foreign currencies	**292**	416
Increase (decrease) in cash and cash equivalents	**(5,795)**	(2,045)
Cash and cash equivalents, beginning of the period	**51,865**	53,910
Cash and cash equivalents, end of the period	**$46,070**	$51,865
Supplementary information:		
Depreciation capitalized in mineral properties, plant, and equipment	**66**	70
Stock-based compensation included in mineral properties	**105**	454
Asset retirement obligation change	**113**	184
Mineral properties, plant, and equipment in accounts payable and accrued liabilities	**3,094**	1,268
Purchase of marketable securities using shares (note 4)	**-**	23,969

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

1. Nature of operations:

Nevada Copper Corp. (the "Corporation" or "Nevada Copper") is a development stage mining company engaged in the development of the Pumpkin Hollow Copper Project based in Nevada. The recoverability of amounts capitalized 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 capitalized as development costs represent costs to date, and do not necessarily represent present or future values.

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

These consolidated financial statements have been prepared on a going concern basis. The Corporation will be required to complete additional funding in order to meet its development objectives and schedule. The Corporation is also required to commence quarterly repayment of its long term debt on April 1, 2015 (note 6). Quarterly repayments, based on amounts drawn at December 31, 2013 and estimated interest rates, would be approximately $3,700. If the Corporation draws down the total remaining undrawn amount of $149,000, which requires completion of other financing transactions and certain project milestones to be met before draw down, quarterly repayments are estimated to commence at $16,500 and decreasing to $13,100 at maturity on January 1, 2019. 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 as planned with all debt repayments made as required. Failure to obtain additional financing on a timely basis would require the Corporation to delay development activities.

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") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") effective as of December 31, 2013.

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 25, 2014.

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"), 607792 British Columbia Ltd. ("607792 BC") 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 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 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. Revisions are recognized in the period in which the estimates are revised and in any future periods affected.

Areas requiring the use of management estimates include the determination of assumptions used in valuation of mineral properties, plant, and equipment and exploration assets, the determination of the remaining useful life of property and equipment, stock-based compensation, estimating future asset retirement obligations and estimating accrued liabilities and the recoverability of deferred tax assets.

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

i) Mineral property, 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 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) Taxation

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

2. Significant accounting policies (continued):

(b) Use of estimates and judgements (continued)

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.

iii) 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.

(c) Foreign currency translation

The functional currency of the Corporation and its Canadian subsidiary 607792 BC is the CAD. The functional currency of the Corporation's foreign subsidiaries is the USD.

Monetary assets and liabilities denominated in foreign currencies are translated to the applicable functional currency at the prevailing period end exchange rate. Non-monetary assets and liabilities are translated at transaction date exchange rates. Revenue and expense items in foreign currencies are translated at the rates of exchange in effect at the time of the transactions. Translation gains and losses are included in operations.

Foreign exchange gains or losses arising from a monetary item receivable from the Corporation's foreign subsidiary, of which settlement is neither planned nor likely to occur in the foreseeable future and which in substance is considered to form part of the net investment in the foreign operation, are recognised in other comprehensive income.

On the translation from functional to presentation currency, assets and liabilities in currencies other than the USD are translated into the USD presentation currency using the prevailing period end exchange rate. Revenue and expenses in currencies other than USD are translated to the presentation currency using the rates of exchange in effect at the time of the transactions. Translation gains and losses arising on the translation to the presentation currency are included in other comprehensive income.

(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.

2. Significant accounting policies (continued):

(e) Financial instruments

The Corporation's financial instruments consist of cash and cash equivalents, restricted cash, amounts receivable, marketable securities, accounts payable and accrued liabilities, 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 recognized 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 recognized 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 amortized cost, using the effective interest method of amortization. Financial assets classified as available-for-sale are measured at fair value, with unrealized gains and losses being recognized in other comprehensive income until realized, or when impaired, in which case the unrealized loss is recorded in net earnings (loss).

The Corporation classified its cash and cash equivalents, restricted cash, and amounts receivable as loans and receivables and its accounts payable and accrued liabilities and long-term debt excluding embedded derivatives as other financial liabilities. The Corporation's marketable securities are classified as available-for-sale. Other financial liabilities are initially recorded at fair value and subsequently at amortised cost.

Derivatives embedded in other financial instruments are carried at fair value with fair value changes recognized in net earnings (loss).

2. Significant accounting policies (continued):

(f) Exploration and evaluation assets

Once a license to explore an area has been secured, expenditures on exploration and evaluation activities are capitalized 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.

(g) Asset retirement obligations and reclamation costs

The Corporation recognizes 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 amortized using either the unit of production or the straight line method. 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 capitalized and amortized depending upon their future economic benefits.

2. Significant accounting policies (continued):

(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.

Amortization of property 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	useful life
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.

(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 recognized in the 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 recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

2. Significant accounting policies (continued):

(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 recognized 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 recognized 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 recognized 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 recognized 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.

(k) Share-based payments

The Corporation applies the fair value method to share-based payments 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 recognized as a separate award. Compensation expense is recognized 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 payout in cash based on the Company's share price at the relevant time. A liability for DSU is measured at fair value on the grant date and is subsequently adjusted at each balance sheet date for changes in fair value according to the estimation made by management of the number of DSU that will eventually vest. The liability is recognized over the vesting period, with a corresponding charge to share-based compensation.

(l) Provisions

Provisions are recognized 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 recognized as accretion expense.

2. Significant accounting policies (continued):

(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.

(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 issued a number of new and revised accounting standards that are effective for annual periods beginning on or after January 1, 2013. These standards include the following:

(i) IFRS 10, Consolidated Financial Statements;
(ii) IFRS 11, Joint Arrangements;
(iii) IFRS 12, Disclosure of Interests in Other Entities;
(iv) IFRS 13, Fair Value Measurement;
(v) Amended IAS 27, Separate Financial Statements;
(vi) Amended IAS 28, Investments in Associates and Joint Ventures; and
(vii) IFRIC 20, Stripping Costs in the Production Phase of a Surface Mine.

The Corporation assessed the impact of the above standards and noted that there was no impact of IFRS 10, 11, 12 and IFRIC 20 on the Corporation's financial statements.

IFRS 13 – Fair Value Measurement ("IFRS 13") defines fair value and sets out a single framework for measuring fair value which is applicable to all IFRSs that require or permit fair value measurements or disclosures about fair value measurements. IFRS 13 requires that when using a valuation technique to measure fair value, the use of relevant observable inputs should be maximized while unobservable inputs should be minimized. The Corporation has applied IFRS 13 on a prospective basis, commencing July 1, 2013. The required disclosures are included in notes 12 and 13 of these consolidated financial statements.

3. Recent accounting pronouncements (continued):

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

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

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

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

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

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

4. Marketable securities:

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

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

The Corporation reviewed the value of its marketable securities for objective evidence of impairment based on both quantitative and qualitative criteria and determined that impairment was required. Accordingly, the Corporation recorded a pre-tax charge of $3,676 ($3,910 CAD) in profit or loss for the six month period ended December 31, 2013 (Year ended June 30, 2013 – $14,606 ($15,362 CAD)) to reflect this impairment. The value of the Mercator shares at December 31, 2013 is $4,370 CAD balance which is then re-valued at the period end exchange rate to $4,109.

5. Mineral properties, plant and equipment:

	Mineral Properties			
	Development Costs	**Exploration and Evaluation assets**	**Plant & Equipment**	**Total**
Cost:				
As at June 30, 2012	$67,330	$-	$698	$68,028
Additions	35,508	-	2	35,510
As at June 30, 2013	102,838	-	700	103,538
Additions	22,528	-	310	22,838
As at Dec. 31, 2013	**125,366**	-	**1,010**	**126,376**
Accumulated depreciation:				
As at June 30, 2012	-	-	199	199
Additions	-	-	71	71
As at June 30, 2013	-	-	**270**	**270**
Additions	-	-	82	82
As at Dec. 31, 2013	-	-	**352**	**352**
Net book value:				
As at June 30, 2012	67,330	-	499	67,829
As at June 30, 2013	102,838	-	430	103,268
As at Dec. 31, 2013	**$125,366**	$-	**$658**	**$126,024**

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

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

Pumpkin Hollow Copper Development Property:

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

Under the terms of the Lease, the Corporation was required to make the following Lease payments, all of which have been paid as of December 31, 2013:

Due date	Lease Payment
May 4, 2007	**$75**
May 4, 2008	**100**
May 4, 2009	**125**
May 4, 2010	**150**
May 4, 2011	**150**
Total	**$600**

Subsequent to May 4, 2011, the Corporation is required to pay advance royalty payments of $600 annually until the first expiry date of the Lease on May 4, 2016 to a total of $3,000. Quarterly lease payments of $150 were due and paid commencing in April 2012. The Corporation is current with all required Lease payments and advance royalty payments. Cumulative advance royalty payments made total $1,050 to December 31, 2013.

The Company must pay 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.

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

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

Project costs capitalized for the six months ended December 31, 2013 and for the year ended June 30, 2013 and for the year ended June 30, 2012 on the Property consists of the following:

	Development Costs				
	Dec. 31, 2013	July-Dec. 2013 Expenditures	June 30, 2013	2012-13 Expenditures	June 30, 2012
Property payments	**$1,961**	$107	$1,854	$214	$1,640
Advance royalty payments	**1,050**	300	750	600	150
Water rights	**1,163**	142	1,021	144	877
Drilling	**36,614**	860	35,754	2,141	33,613
Geological consulting, exploration & related	**7,131**	351	6,780	838	5,942
Feasibility, engineering & related studies	**17,571**	1,509	16,062	3,726	12,336
Permits/ environmental	**6,597**	975	5,622	2,019	3,603
East deposit underground project					
Hoist, head frame, power, & related	**15,440**	3,313	12,127	10,208	1,919
Underground access	**28,104**	11,685	16,419	13,718	2,701
Project administration	**6,122**	3,115	3,007	1,376	1,631
	121,753	22,357	99,396	34,984	64,412
Amortization	**334**	66	268	70	198
Stock-based compensation	**3,279**	105	3,174	454	2,720
Total	**$125,366**	$22,528	$102,838	$35,508	$67,330

All exploration and evaluation costs pre-April 2012 were reclassified to development costs on April 1, 2012 upon the project being assessed as economically feasible and management approving the decision to develop the Property.

Pumpkin Hollow Copper Development Property – Water Rights:

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

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

On July 25, 2011, the Corporation amended its agreement with the City of Yerington, to increase its annual reserve from 2,000 acre feet of water to 3,500 acre feet of water under the same terms of the original agreement. As consideration, the Corporation will pay to the City of Yerington additional annual reservation fees of $38 (note 12 (b) (iii)). The Corporation has total water rights under agreements amounting to 4,224 acre feet of water per year. The costs of the leases have been capitalized to development costs as incurred.

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

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

Plant and equipment:

	Building	Equipment	Mobile Equipment	Computer Equipment	Total
Cost:					
As at June 30, 2012	$472	$80	$65	$81	$698
Additions	2	-	-	-	2
As at June 30, 2013	474	80	65	81	700
Additions	6	13	20	271	310
As at Dec. 31, 2013	**480**	**93**	**85**	**352**	**1,010**
Accumulated depreciation:					
As at June 30, 2012	66	52	46	35	199
Additions	48	11	8	4	71
As at June 30, 2013	114	63	54	39	270
Additions	24	5	3	50	82
As at Dec. 31, 2013	**138**	**68**	**57**	**89**	**352**
Net book value:					
As at June 30, 2012	406	28	19	46	499
As at June 30, 2013	360	17	11	42	430
As at Dec. 31, 2013	**$342**	**$25**	**$28**	**$263**	**$658**

During the six months ended December 31, 2013, the Corporation added $310 in plant and equipment (Year ended June 30, 2013 - $2) and had amortization of plant and equipment of $82 (Year ended June 30, 2013 - $71), of which $66 (Year ended June 30, 2013 - $70) was included in capitalized mineral property expenditures.

6. Long term debt:

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

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

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

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

6. Long term debt (continued):

The remainder of the transaction costs have been accounted for as deferred financing costs and will be netted against future tranches when drawn on a pro-rata basis. During the six month period ended December 31, 2013 $1,939 of interest was accrued and capitalised to mineral property development costs at an effective interest rate of 8.6% (Year ended June 30, 2013 – $662).

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

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

An embedded derivative liability relating to the interest rate floor has been recognised for the Loan. The embedded derivative fair value of Tranche A of the loan at inception was $847. The fair value of the embedded derivative liability relating to Tranche A is $582 at December 31, 2013. The embedded derivative fair value of Tranche B of the Loan at inception was $246. The fair value of the embedded derivative liability relating to Tranche B is $233 at December 31, 2013. The change in value was recognised in the statement of operations as other income of $278 for the six months ended December 31, 2013.

7. Related party transactions:

On October 9, 2012, the Corporation completed the purchase of 46,000,000 common shares of Mercator, from Pala in consideration for the issuance of 7,315,000 common shares of the Corporation (note 4). Pala was a related party at the time of the purchase of the Mercator shares as Pala was a significant shareholder of the Corporation at that time. Pala holds more than 50% of Nevada Copper shares and has three executives on the Corporation's Board of Directors as at December 31, 2013. The marketable securities are valued at fair value at each period end.

The Corporation has entered into management agreements with certain senior officers. In the event that there is a change of control, the Corporation is committed to pay severance payments ranging from one to three years of salary for these senior officers.

As of December 31, 2013, accounts payable and accrued liabilities include director fees and expenses payable of $110 (June 30, 2013 - $55).

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.

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

8. 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:

	Six months ended Dec. 31, 2013	Year ended June 30, 2013
Short-term employee benefits	**$632**	$1,160
Stock-based compensation	**451**	1,933
Total	**$1,083**	$3,093

9. Asset retirement obligation:

The asset retirement obligation has been recorded as a liability at fair value, assuming a risk-free discount rate of 1.8% and an inflation factor of 1.6%. The liability for retirement and remediation on an undiscounted basis before an inflation factor of 1.6% is estimated to be approximately $721 and as of December 31, 2013 settlement is expected to be by December 31, 2018.

	Asset retirement obligation
Balance at June 30, 2012	**$421**
Change in estimated timing and amount of closure costs	181
Accretion	3
Balance at June 30, 2013	**605**
Change in estimated timing and amount of closure costs	113
Accretion	9
Balance at Dec. 31, 2013	**$727**

10. Share capital:

(a) Authorized:

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

(b) Issued:

During the year ended June 30, 2013, the Corporation issued 115,000 common shares for net proceeds of $110 on stock options exercised. The Corporation transferred the fair value of these options of $142 from Other equity reserve to Share capital.

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

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

10. Share capital (continued):

(c) Options:

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

In the six months ended December 31, 2013, 1,100,000 stock options (Year Ended June 30, 2013 – 895,000) were issued to various officers and directors of the Corporation with an exercise price range of CAD $2.00 to $2.35 and a weighted average expected life of 5.49 years.

As of December 31, 2013, the Corporation has stock options outstanding to directors, officers, employees and consultants to acquire an aggregate of 7,220,000 common shares summarized as follows. All of these options vested upon grant except for 5,000 which vest over two years, 150,000 which vest over three years and 519,250 which vest over two years. The outstanding options have expiry periods between 5 and 10 years.

	Number of Options	Weighted average exercise price $(CAD)
Outstanding June 30, 2012	6,330,000	$3.55
Granted	895,000	3.25
Expired	(500,000)	3.68
Exercised	(115,000)	1.00
Outstanding June 30, 2013	6,610,000	3.54
Granted	1,100,000	2.25
Expired	(490,000)	3.51
Exercised	-	-
Outstanding Dec. 31, 2013	**7,220,000**	**$3.35**
Exercisable Dec. 31, 2013	**6,545,750**	**$3.46**

During the six months ended December 31, 2013, under the fair value method, $440 (Year ended June 30, 2013 – $2,670) in share-based compensation was recorded for options granted to directors and officers, of which $335 (Year ended June 30, 2013 - $2,216) was charged to operations and $105 (Year ended June 30, 2013 – $454) was capitalized to development costs.

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

10. Share capital (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:

	Six months ended Dec. 31, 2013	Year ended June 30, 2013
Risk free interest rate	1.89%	1.60%
Expected dividend yield	0%	0%
Expected stock price volatility	66%	90%
Expected life in years	5	8
Expected forfeitures	0%	0%

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

The following table summarizes the stock options outstanding and exercisable as at December 31, 2013:

	Outstanding		Exercisable	
Exercise price	Number outstanding	Weighted average remaining life (years)	Number outstanding	Weighted average remaining life (years)
$0.75 - $1.00	725,000	4.61	725,000	4.61
$1.01 - $3.74	3,330,000	6.60	2,660,750	7.01
$3.75 - $5.37	3,165,000	7.53	3,160,000	7.53
	7,220,000	6.81	6,545,750	7.00

(d) Warrants:

As of December 31, 2013, the Corporation has nil share purchase warrants outstanding:

	Number of Warrants	Weighted average exercise price (CAD)
Outstanding June 30, 2012	301,250	$6.00
Outstanding June 30, 2013	301,250	6.00
Outstanding Dec. 31, 2013	**-**	**$-**

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

11. Income taxes:

(a) Effective tax rate:

The effective income tax rates differ from Canadian statutory rates for the following reasons in the six months ended December 31, 2013 and the year ended June 30, 2013:

	Dec. 31, 2013	June 30, 2013
Loss before Taxes	$(6,124)	$(19,134)
Canadian Statutory Tax Rate	26.00%	25.25%
Expected tax expense / (recovery)	(1,592)	(4,831)
Permanent differences	664	2,406
Items credited/charged through equity	49	(152)
Changes in income tax rates	(1)	(301)
Foreign exchange	24	175
Expired losses and other	218	142
Deferred tax assets not recognized	1,074	2,561
Income Tax Expense / (Recovery)	**$ -**	**$ -**

The Canadian statutory rate changed to 26% due to legislated changes.

(b) Deferred income tax assets and liabilities:

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

	Dec. 31, 2013	June 30, 2013
Capitalised interest and foreign exchange	$(728)	$(189)
Asset retirement obligation	(251)	(211)
Mineral properties, plant and equipment	(86)	(25)
Tax losses	750	211
Asset retirement obligation asset and other	315	214
Net deferred income tax liabilities	**$ -**	**$ -**

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

	Dec. 31, 2013	June 30, 2013
Marketable securities	$18,120	$14,614
Foreign exchange on long-term debt	815	64
Deductible temporary differences on account of capital	18,935	14,678
Tax Losses (Canada)	16,799	14,024
Financing Costs	1,714	2,499
Mineral properties, plant and equipment	388	197
Other	28	77
Deductible temporary differences on account of income	18,929	16,797
	$37,864	**$31,475**

The Corporation has Canadian tax loss carry forwards of approximately $20,380 CAD and US tax loss carry forwards of approximately $60 as at December 31, 2013. The non-capital losses can offset deferred income for tax purposes which expire between 2014 and 2033.

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

12. Financial instruments:

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

The carrying amounts reported in the consolidated statement of financial position for cash and cash equivalents, restricted cash, amounts receivable, marketable securities, and 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 recognized 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 marketable securities has been determined using Level 1. The fair value of the embedded derivatives 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, 2013**	**June 30, 2013**
Loans and receivables		
Cash and cash equivalents	$46,070	$51,865
Amounts receivable	119	46
Restricted cash	200	200
Available for Sale		
Marketable securities	4,109	7,872
Total financial assets	**$50,498**	**$59,983**

Financial liabilities		
Other-financial liabilities		
Accounts payable and accrued liabilities	$7,913	$4,946
Long term debt	50,845	34,636
Fair value through profit and loss		
Embedded derivatives	815	847
Total financial liabilities	**$59,573**	**$40,429**

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

12. 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, 2013:

	Payments due by period			
Contractual obligations	Total	1 year	2-3 years	4-5 years
Lease obligation – payment on Pumpkin Hollow Property *(i)*	$4,000	$600	$1,400	$2,000
First amendment to lease – payment of water rights on property *(ii)*	1,990	189	378	1,423
City of Yerington – payment of advanced water service payments *(iii)*	438	88	175	175
Accounts payable and accrued liabilities	7,913	7,913	-	-
Long-term debt	53,244	-	23,294	29,950
Total USD obligations	$67,585	$8,790	$25,247	$33,548
	CAD	CAD	CAD	CAD
Office lease	$1,100	$217	$444	$439
Total CAD obligations	$1,100	$217	$444	$439

(*i*) See note 5 for renewal terms.

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

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

12. Financial instruments (continued):

(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 6) provides for interest at LIBOR plus 6% per annum, subject to a minimum interest rate of 7%. Due to the capitalization 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 Company's interest expense.

(*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, 2013, the Corporation held $22,463 USD (June 30, 2013 - $24,025 USD) in cash and cash equivalents in a company with a functional currency of Canadian dollars.

A +/- 10% change in the U.S. exchange rate would have had an impact of approximately +/- $2,246 on loss and comprehensive loss for the six months ended December 31, 2013.

(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 $46,389 as at December 31, 2013, 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 six months ended December 31, 2013, 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, 2014. 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.

13. Management of capital:

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

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

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

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

CORPORATE INFORMATION

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Gus McDonald
Vice President, Corporate Controller

Catherine Tanaka
Corporate Secretary

Eugene Toffolo
Vice President, Investor Relations & Communications

REGISTRAR AND TRANSFER AGENT
Computershare Trust Company of Canada
Vancouver, Canada

SHARES LISTED
TSX Exchange: NCU

CAPITALIZATION
(As at December 31, 2013)
Shares Issued and Outstanding: 80,501,458

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Vancouver, Canada

LEGAL COUNSEL
Axium Law Corporation
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