



NEVADA COPPER CORP.

Consolidated Condensed Interim Financial Statements
For the three months ended March 31, 2017 and three months ended March 31, 2016

NEVADA COPPER CORP.

Consolidated Condensed Interim Statements of Financial Position

(Expressed in thousands of United States dollars)

(Unaudited – Prepared by Management)

	March 31, 2017	December 31, 2016
Assets		
Current assets:		
Cash and cash equivalents	\$935	\$4,801
Amounts receivable	25	24
Prepaid expenses	3,750	118
	4,710	4,943
Restricted cash	743	743
Deposits	78	93
Deferred financing fees (note 6)	8,260	8,205
Mineral properties, plant, and equipment (note 4)	235,164	230,532
	\$248,955	\$244,516
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities (notes 4 and 8)	\$484	\$372
Stock based compensation liabilities (note 9)	2,112	2,136
	2,596	2,508
Convertible debt (note 5)	32,446	28,831
Convertible debt – derivatives (note 5)	13,459	12,368
Long term debt (note 6)	123,384	123,443
Asset retirement obligation	958	958
	172,843	168,108
Shareholders' equity:		
Share capital (note 9)	158,829	158,794
Other equity reserve (note 9)	26,484	26,519
Accumulated other comprehensive loss	(3,578)	(3,578)
Deficit	(105,623)	(105,327)
	76,112	76,408
	\$248,955	\$244,516

Subsequent events (notes 9 and 12)

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

Approved on behalf of the Board on May 8, 2017:

(Signed) “Stephen Gill”, Director

(Signed) “Giulio Bonifacio”, Director

NEVADA COPPER CORP.

Consolidated Condensed Interim Statements of Operations and Comprehensive Loss
(Expressed in thousands of United States dollars)
(Unaudited – Prepared by Management)

Three month period ended March 31, 2017 and March 31, 2016

	March 31, 2017	March 31, 2016
Expenses:		
Consulting and remuneration	\$148	\$167
Professional fees	34	22
Public company expenses	121	100
Office expenses	75	61
Business development	61	54
Depreciation expense (note 4)	-	2
Stock-based compensation (note 9)	121	436
	560	842
Other income (expense):		
Interest income	5	3
Interest and finance expenses (notes 5 and 6)	(1,032)	(692)
Off-take buy-back (note 6)	-	(10,000)
Derivative fair value change (notes 5 and 6)	1,283	(944)
Other loss	1	3
Foreign exchange gain	7	(20)
	264	(11,650)
Net loss and comprehensive loss for the period	\$(296)	\$(12,492)
Loss per common share:		
Basic and diluted	\$ (0.00)	\$ (0.16)
Weighted average number of shares outstanding	88,168,125	80,501,458

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

NEVADA COPPER CORP.

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

	Share Capital		Other Equity Reserve	Accumulated Other Comprehensive Loss	Deficit	Total
	Number of Shares	Amount				
Balances, December 31, 2015	80,501,458	\$155,840	\$25,074	\$(3,578)	\$(76,359)	\$100,977
Stock-based compensation	-	-	3	-	-	3
Comprehensive loss	-	-	-	-	(12,492)	(12,492)
Balances, March 31, 2016	80,501,458	\$155,840	\$25,077	\$(3,578)	\$(88,851)	\$88,488

	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	-	35	-	-	-	35
Share issue costs	-	-	(35)	-	-	(35)
Comprehensive loss	-	-	-	-	(296)	(296)
Balances, March 31, 2017	88,168,125	\$158,829	\$26,484	\$(3,578)	\$(105,623)	\$76,112

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

NEVADA COPPER CORP.

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

Three month period ended March 31, 2017 and March 31, 2016

	March 31, 2017	March 31, 2016
Cash provided by (used in):		
Operations:		
Loss for the period	\$(296)	\$(12,492)
Items not affecting cash:		
Interest and finance expenses	(1,032)	10,641
Depreciation	-	3
Loss (gain) on embedded derivatives	1,091	944
Interest income	(5)	(3)
Stock-based compensation	156	436
	(86)	(471)
Changes in non-cash working capital items:		
Amounts receivable	(1)	191
Prepaid expenses	(3,632)	3
Accounts payable and accrued liabilities	(186)	153
Interest received	5	3
	(3,900)	(121)
Investments:		
Trust account for surety bond	-	1,187
Deposits for development costs	15	23
Development costs for mineral properties, plant and equipment	(749)	(1,814)
	(734)	(604)
Financing:		
Share issue costs	(35)	-
Proceeds from convertible debt	5,000	-
Transaction costs for debt financing	(674)	(338)
Interest paid	(3,523)	-
	768	(338)
Effects of exchange rate changes on cash held in foreign currencies	-	-
Decrease in cash and cash equivalents	(3,866)	(1,063)
Cash and cash equivalents, beginning of the period	4,801	2,217
Cash and cash equivalents, end of the period	\$935	\$1,154
Supplementary information:		
Depreciation capitalised in mineral properties, plant, and equipment	\$15	\$19
Stock-based compensation included in mineral properties	94	54
Mineral properties, plant, and equipment in accounts payable and accrued liabilities change	(59)	(677)
Interest capitalised in mineral properties, plant and equipment	\$3,730	\$3,354

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

NEVADA COPPER CORP.

Notes to Consolidated Condensed Interim Financial Statements
(Expressed in thousands of United States dollars, except share amounts)
(Unaudited – Prepared by Management)
For the three month period ended March 31, 2017 and the year ended December 31, 2016

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, BC, Canada, V6C 1S4.

These consolidated condensed interim financial statements have been prepared on a going concern basis which assumes the Corporation will be able to operate in the foreseeable future. The Corporation will be able to realise its assets and discharge its liabilities in the normal course of business. The Corporation will be required to complete additional financing in 2017 in order to pay expected operating costs in 2017. The Corporation will also be required to complete additional financing in order to carry out its development activities and to draw down the remaining undrawn amount of the RK Mine Finance (“Red Kite”) Red Kite facility, which draw down is contingent upon completion of certain project milestones to be met. There continues to be material uncertainty about whether the Corporation will be able to obtain the additional financing required to meet its obligations as they become due which may cast significant doubt about the ability of the Corporation 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.

2. Basis of presentation and significant accounting policies:

Basis of presentation:

These consolidated condensed interim 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 in compliance with International Accounting Standards (“IAS”) 34 Interim Financial Reporting.

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 condensed interim financial statements were approved for issue by the Board of Directors (“BoD”) on May 8, 2017.

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2. Basis of presentation and significant accounting policies (continued):

Basis of measurement:

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

The accounting policies and methods of computation applied by the Corporation in these consolidated condensed interim financial statements are the same as those applied in the Corporation's annual consolidated financial statements for the year ended December 31, 2016.

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").

3. Recent accounting pronouncements:

The Corporation continuously monitors the potential changes proposed by the IASB and analyses the effect that changes in the standards may have on the Corporation's consolidated financial statements.

The IASB issued IFRS 9 *Financial Instruments*, which replaces IAS 39 *Financial Instruments: Recognition and Measurement*, the current standard for accounting for financial instruments. The standard was completed in three separate phases: • Classification and measurement: This phase requires that financial assets be classified at either amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. • Impairment methodology: This phase replaces the current incurred loss model for impairment of financial assets with an expected loss model. • Hedge accounting: This phase replaces current rule-based hedge accounting requirements in IAS 39 with guidance that closely aligns the accounting with an entity's risk management activities. This standard is effective for annual periods beginning on or after January 1, 2018.

IFRS 7 *Financial Instruments: Disclosures* (effective January 1, 2018) requires new disclosures resulting from the amendments to IFRS 9.

In May 2014, the IASB issued IFRS 15 *Revenue from Contracts with Customers*. The standard replaces IAS 11 *Construction Contracts*, IAS 18 *Revenue*, IFRIC 13 *Customer Loyalty Programmes*, IFRIC 15 *Agreements for the Construction of Real Estate*, IFRIC 18 *Transfer of Assets From Customers* and SIC 31 *Revenue – Barter Transactions Involving Advertising Services*. IFRS 15 establishes principles for reporting the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity's contract with customers. This standard is effective for annual periods beginning on or after January 1, 2018, and permits early adoption.

The IASB issued IFRS 16 *Leases* in January 2016 (effective January 1, 2019) which requires a lessee to recognise a right-of-use asset representing its right to use the underlying leased asset and a corresponding lease liability representing its obligation to make lease payments for all leases. A lessee recognises the related expense as depreciation on the right-of-use asset and interest on the lease liability.

Short-term (less than 12 months) and low-value asset leases are exempt from these requirements. The standard is effective for annual reporting periods beginning on or after January 1, 2019. The impact of this standard is currently being assessed.

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4. Mineral properties, plant and equipment:

	Mineral Properties		Plant &	Total
	Development	Exploration and	Equipment	
	Costs	Evaluation assets		
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	4,646	-	-	4,646
As at Mar. 31, 2017	234,966	-	1,128	236,094
Accumulated depreciation:				
As at Dec. 31, 2015	\$-	\$-	\$842	\$842
Additions	-	-	74	74
As at Dec. 31, 2016	-	-	916	916
Additions	-	-	14	14
As at Mar. 31, 2017	\$-	\$-	\$930	\$930
Net book value:				
As at Dec. 31, 2015	\$211,089	\$-	\$286	\$211,375
As at Dec. 31, 2016	\$230,320	\$-	\$212	\$230,532
As at Mar. 31, 2017	\$234,966	\$-	\$198	\$235,164

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

Pumpkin Hollow Copper Development Property:

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

Under the terms of the Lease, the Corporation has made Lease payments totaling \$600 during the period May 4, 2007 to May 4, 2011. Subsequent to May 4, 2011, the Corporation is required to pay advance royalty payments of \$600 annually until the first expiry date of the Lease on May 4, 2016 to a total of \$3,000. Quarterly lease payments of \$150 were due and paid commencing in April 2012. The Corporation is current with all required Lease payments and advance royalty payments. Cumulative advance royalty payments made total \$3,163 to March 31, 2017.

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

The Corporation may extend the Lease for up to three additional terms of ten years each, subject to performing continuous mining activities, payment of advance royalty payments of at least \$3,000 in the first ten-year term and payment of production royalties and minimum royalty payments of \$10,000 in each subsequent ten-year term. Pursuant to the terms of the Lease the Corporation notified RGGGS of its intention to extend the lease for the period May 5, 2016 to May 2026. This notice has been acknowledged and accepted by RGGGS. On January 9, 2017 an agreement with RGGGS was reached which deferred payments in 2017. In consideration for this deferral, RGGGS 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. These royalty rate increases cover an area of interest provision extending one mile from, but excluding, the patented core project land representing the current mineable reserve leased from RGGGS pursuant to the RGGGS lease.

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

Project costs capitalised for the three months ended March 31, 2017 and the year ended December 31, 2016 on the Property consists of the following:

	Mar. 31, 2017	Q1 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	2,021	50	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	19,583	-	19,583	-	19,583
Permits/ environmental	11,634	53	11,581	(2)	11,583
East deposit underground project					
Underground access, hoist, head frame, power, & related	77,989	228	77,761	875	76,886
Eng. procurement	10,550	-	10,550	-	10,550
Surface infrastructure	3,804	-	3,804	7	3,797
Site costs	14,326	476	13,850	1,697	12,153
	194,111	807	193,304	3,788	189,516
Depreciation	652	15	637	71	566
Capitalised interest (note 6)	35,714	3,730	31,984	14,625	17,359
Stock-based compensation	4,489	94	4,395	747	3,648
Total	\$234,966	\$4,646	\$230,320	\$19,231	\$211,089

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Notes to Consolidated Condensed Interim Financial Statements
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For the three month period ended March 31, 2017 and the year ended December 31, 2016

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 Mar. 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	11	1	2	-	14
As at Mar. 31, 2017	304	90	123	413	930
Net book value:					
As at Dec. 31, 2015	\$240	\$11	\$32	\$3	\$286
As at Dec. 31, 2016	\$187	\$7	\$18	\$-	\$212
As at Mar. 31, 2017	\$176	\$6	\$16	\$-	\$198

During the period ended March 31, 2017, the Corporation had depreciation of plant and equipment of \$14 (March 31, 2016 - \$22), of which \$14 (March 31, 2016 - \$19) was included in capitalised mineral property expenditures.

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5. 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 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.

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, is \$0.90 CAD per share, which represents 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.

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5. Convertible debt (continued):

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;
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; and

The maturity of Pala's outstanding convertible loans has been extended to December 31, 2018 such that the maturity is aligned with that of the new loan tranche. In connection with the extension, Pala will be issued 2.5 million warrants with a 3-year term with an exercise price at \$0.97 CAD, being a 25% premium to the average 20-day VWAP closing market price of the common shares of the Corporation on February 24, 2017. The receipt of disinterested shareholders' approval is required for the conversion features of the Pala Financing.

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.

	Loan facility	Deferred financing fees	Total
December 31, 2016	\$29,035	\$(204)	\$28,831
Advance	5,000	(2,372)	2,628
Interest accrued	908	-	908
Accretion expense	-	79	79
March 31, 2017	\$34,943	\$(2,497)	\$32,446

	Convertible Derivative	Warrants Derivative	Total
December 31, 2016	\$11,900	\$468	\$12,368
New tranche issued	1,657	452	2,109
Change in fair value	(894)	(124)	(1,018)
March 31, 2017	\$12,663	\$796	\$13,459

The change in value was recognised in the consolidated statement of operations as derivative fair value gain of \$1,018 for the period ended March 31, 2017 (2016 - \$nil).

The fair value of the conversion derivative, on the initial June 3, 2016 advance, at March 31, 2017 and December 31, 2016 was measured using the Black-Scholes option pricing model with the following assumptions:

	March 31, 2017	December 31, 2016
Risk-free interest rate	0.73%	0.53%
Expected dividend yield	0	0
Expected stock price volatility	77%	85%
Expected life in years	1.8	1.0

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5. Convertible debt (continued):

The fair value of the warrants derivative, on the initial June 3, 2016 advance, at March 31, 2017 and December 31, 2016 was measured using the Black-Scholes option pricing model with the following assumptions:

	March 31, 2017	December 31, 2016
Risk-free interest rate	0.80%	0.51%
Expected dividend yield	0	0
Expected stock price volatility	72%	76%
Expected life in years	2.2	2.4

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

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

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

	March 31, 2017	March 7, 2017
Risk-free interest rate	0.91%	0.91%
Expected dividend yield	0	0
Expected stock price volatility	71%	71%
Expected life in years	2.9	3.0

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6. 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%.

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 6).

A March 2017 amendment was made to the Red Kite loan facility, monthly interest payments for March to June 2017, estimated at \$4,817, was prepaid from proceeds of the Pala Financing. In addition, \$100 was paid for legal fees. Interest payments for the balance of 2017 and 50% of the 2018 monthly interest will be accrued. The milestone deadlines for project construction drawdown conditions to be satisfied and the date for first loan principal repayment have both been extended to December 31, 2018.

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. Interest, commencing on January 31, 2017, was payable on a monthly basis in advance. During the period ending March 31, 2017 three payments of interest were made totalling \$3,523. In addition, interest payments for the period covering April 2017 through June 2017 were paid in advance in the amount of \$3,613. Interest payments from July 2017 to December 2017 and 50% of the 2018 monthly interest will be accrued. 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 March 31, 2017, \$35,714 (note 4) (December 31, 2016 - \$31,984) of interest was accrued and capitalised to mineral property development costs.

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6. Long term debt (continued):

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.

The deferred financing fees increased by \$55 from the December 31, 2016 value of \$8,205 to the March 31, 2017 value of \$8,260. The increase resulted from the Corporation incurring additional fees after completing an amendment 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	3,523	-	3,523
Interest paid	(3,523)	-	(3,523)
Accretion expense	206	-	206
Change in fair value	-	(265)	(265)
Balance at March 31, 2017	\$123,126	\$258	\$123,384

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 \$258 at March 31, 2017 (December 31, 2016 - \$523).

The change in value was recognised in the consolidated statement of operations as derivative fair value recovery of (\$265) for the period ended March 31, 2017 (March 31, 2016 - \$944).

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7. Related party transactions:

A short term \$25 million bridge loan facility funded by Pala was entered into on August 26, 2014. This short term facility was replaced by a convertible facility with Pala in a transaction completed June 3, 2016. Please see note 5 for additional details. The convertible loan carrying value is \$45,905 (2016 - short term debt \$21,595).

Pala holds 45.7% of Nevada Copper shares and has three executives out of six on the Corporation's Board of Directors as at March 31, 2017.

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 \$1,503 (\$1,999 CAD).

As of March 31, 2017, accounts payable and accrued liabilities include director fees and expenses payable of \$19 (December 31, 2016 - \$nil) and a DSU payable of \$1,363 (December 31, 2016 - \$1,167).

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.

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:

	Period ended	Period ended
	Mar. 31, 2017	Mar. 31, 2016
Short-term employee benefits	\$120	\$115
Stock-based compensation	78	436
Total	\$198	\$551

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9. Share capital:

(a) Authorised:

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

(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 March 31, 2017, the Corporation has stock options outstanding to directors, officers and employees to acquire an aggregate of 5,953,500 common shares summarised as follows. All of these options vested upon grant. 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	(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	(1,665,000)	1.10
Outstanding March 31, 2017	5,953,500	\$0.83
Exercisable March 31, 2017	5,953,500	\$0.83

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9. Share capital (continued):

During the period ended March 31, 2017, under the fair value method, \$nil (March 31, 2016 - \$3) in stock-based compensation was recorded for options granted to officers and employees, of which \$nil (March 31, 2016 - \$nil) was charged to operations and \$nil (March 31, 2016 - \$3) was capitalised to development costs.

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:

	Period ended	Period ended
	Mar. 31, 2017	Mar. 31, 2016
Risk free interest rate	n/a	n/a
Expected dividend yield	n/a	n/a
Expected stock price volatility	n/a	n/a
Expected life in years	n/a	n/a
Expected forfeitures	n/a	n/a

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 March 31, 2017:

Exercise price	Outstanding		Exercisable	
	Number outstanding	Weighted average remaining life (years)	Number outstanding	Weighted average remaining life (years)
\$0.50 - \$0.74	4,883,500	4.01	4,883,500	4.01
\$0.75 - \$1.00	485,000	1.31	485,000	1.31
\$1.01 - \$1.96	585,000	2.62	585,000	2.62
	5,953,500	3.65	5,953,500	3.65

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9. 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 payout 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	117,507
Expired	(1,163,966)
Outstanding March 31, 2017	989,605

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 \$1,363 (December 31, 2016 - \$1,167). The Corporation recognised a \$15 recovery for the period ended March 31, 2017 (March 31, 2016 – \$436 expense) in the consolidated condensed interim statement of operations in respect of the current DSUs and expired DSUs. This liability includes DSUs that have expired and a settlement cost assigned to them.

(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 payout 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	(25,000)
Redeemed	(425,469)
Outstanding March 31, 2017	1,380,000

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9. Share capital (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 vested on January 1, 2017. A further 1,480,000 DCUs were granted August 10, 2016. The August DCUs fully vested on March 31, 2017. The current DCU payable amount is \$749 (2016 - \$769). During the period ended March 31, 2017, under the fair value method, a charge of \$230 (2016 - nil) in stock-based compensation was recorded for DCUs granted to officers and employees, of which \$136 (2016 - nil) was charged to operations and \$94 (2016 - \$51) 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 value of the warrants was determined to be \$85 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
Risk-free interest rate	0.68%
Expected dividend yield	0
Expected stock price volatility	75%
Expected life in years	1.2

In 2016, the Corporation granted 2,500,000 warrants to Pala in relation to the Pala Convertible Facility (please see note 5 for additional details). The Pala warrants have an exercise price of \$1.20 CAD per warrant and an expected life of three years.

In 2017, the Corporation granted 2,500,000 warrants to Pala in relation to the 2017 advance on the Pala Convertible Facility (please see note 5 for additional details). These new Pala warrants have an exercise price of \$0.97 CAD per warrant and an expected life of three years. Both tranches of Pala warrants are considered a liability (please see note 5).

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

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10. Financial instruments:

Contractual obligations:

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

Contractual obligations	Payments due by period				
	Total	1 year	2-3 years	4-5 years	5 years+
Lease obligation – payment on Pumpkin Hollow Property (i)	\$9,963	\$366	\$1,847	\$1,200	\$6,550
First amendment to lease – payment of water rights on property City of Yerington –advanced water service payments	1,688	189	378	214	907
Accounts payable and accrued liabilities	438	88	175	175	-
DCU and DSU payable	484	484	-	-	-
Convertible debt	2,112	2,112	-	-	-
Long-term debt (ii)	43,076	-	43,076	-	-
Total USD obligations	173,555	1,879	88,969	82,707	-
	CAD	CAD	CAD	CAD	CAD
Office lease	\$392	\$234	\$158	-	-
Total CAD obligations	\$392	\$234	\$158	-	-

Lease obligations over five years for lease payments relating to water rights are \$907.

(i) See note 4 for renewal terms.

(ii) See note 6 for contractual maturity.

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11. 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.

12. Subsequent events:

At the annual general meeting held April 28, 2017 the shareholders of the Corporation approved the settlement of DSU liabilities through the issuance of common shares at the price of \$0.75 CAD per share.

This settlement agreement will result in the issuance of 1,298,236 shares to eight (8) former directors of the Corporation. This settlement amount is included in the DSU liability (note 9) at March 31, 2017.

CORPORATE INFORMATION

DIRECTORS

Giulio T. Bonifacio
Vancouver, Canada

Michael Brown
Switzerland

Raffaele (Lucio) Genovese
Switzerland

Stephen Gill
Switzerland

Evgenij Iorich
Switzerland

OFFICES

Corporate Office
*Suite 1238 – 200 Granville Street
Vancouver, British Columbia
Canada, V6C 1S4*

*Telephone (604) 683-8992
Fax (604) 681-0122*

Exploration Office
*61 E. Pursel Lane
P.O. Box 1640
Yerington, Nevada 89447*

*Telephone (775) 463-3510
Fax: (775) 463-4130*

OFFICERS

Giulio T. Bonifacio
President and Chief Executive Officer

Robert McKnight
Executive Vice President and Chief Financial Officer

Greg French
Vice President, Exploration and Project Development

Timothy M. Dyhr
Vice President, Environmental and External Relations

Gus McDonald
Vice President, Corporate Controller

Eugene Toffolo
*Vice President, Investor Relations and
Communications*

Catherine Tanaka
Vice President, Corporate Secretary

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

SHARES LISTED
TSX Exchange: NCU

CAPITALIZATION
(As at March 31, 2017)
Shares Issued and Outstanding: 88,168,125

AUDITOR
Smythe, Chartered Professional Accountants
Vancouver, Canada

LEGAL COUNSEL
Axiom Law Corporation
Vancouver, Canada

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

INVESTOR RELATIONS CONTACT
Eugene Toffolo
*Telephone 604-683-8992
Email info@nevadacopper.com*