



**NEVADA COPPER CORP.**

**QUARTERLY REPORT FOR THE THREE MONTHS ENDED MARCH 31, 2018**



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Management's Discussion and Analysis  
For the three months ended March 31, 2018

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## General

This Management's Discussion and Analysis ("MD&A") of Nevada Copper Corp. (the "Corporation" or "Nevada Copper") has been prepared by management as of May 10, 2018 and should be read in conjunction with the Corporation's audited consolidated financial statements and related notes for the year ended December 31, 2017, which have been prepared in accordance with International Financial Reporting Standards ("GAAP" or "IFRS" as issued by the International Accounting Standards Board ("IASB")). The information contained within this MD&A is current to May 10, 2018.

All amounts are expressed in US Dollars unless otherwise indicated. Additional information relevant to the Corporation's activities can be found on SEDAR at [www.sedar.com](http://www.sedar.com).

Robert McKnight, P.Eng, David Swisher, PE, and Greg French, PG are non-independent Qualified Persons under National Instrument 43-101 - Standards of Disclosure for Mineral Projects ("NI 43-101"), and have approved the scientific and technical information in this MD&A.

## Highlights

In Q1 2018, the Corporation was refinanced through:

- Completion an Offering raising gross proceeds of \$102.9 million through the issuance of 256,410,256 shares at a price of \$0.50 CDN per share.
- The Corporation's long-term debt was reduced to \$95 million after a \$42 million principal repayment using the proceeds from the above Offering.
- The \$3.5 million bridge loan was repaid during the quarter.
- The Corporation's convertible debt facility in the amount of \$38 million was converted into common shares through the issuance of 95,561,944 shares.

After the above refinancing, the Corporation was able to engage in the following activities in the project:

- Engineering firms have been engaged to advance critical path engineering services.
- The underground mining development contract tender process is in progress with a contractor selection anticipated to be made in the first half of 2018.
- Geotechnical drilling has commenced to advance detailed mine planning.
- Work has commenced on the optimisation and the reassessment of development options for the open pit mineral resources. This open pit study work will be incorporated into a Preliminary Economic Assessment led by Golder Associates and Sedgman Canada Limited ("Sedgman") that is targeted for completion in Q2 2018.

## Description of Business

Nevada Copper Corp. (the "Corporation" or "Nevada Copper" or "NCU") was incorporated on June 16, 1999 under the Business Corporations Act of the Yukon. The Corporation's common shares are listed on the Toronto Stock Exchange ("TSX") under the symbol "NCU". The principal asset of the Corporation is the 100%-owned Pumpkin Hollow copper project ("the Project") located in north-western Nevada, approximately ninety road miles southeast of Reno. The property consists of a contiguous 27 square mile land package comprising private lands, patented and unpatented mineral claims.

Nevada Copper is engaged in the development of the Pumpkin Hollow project. The Project is fully permitted for both an underground mine ("Underground Project"), or a combined underground/open pit, mine operation with associated copper concentrator and associated infrastructure. The Corporation filed a technical report on SEDAR on January 9, 2018 ("the Technical Report"). The Technical Report discloses the proposed development of a 5,000 tons/day underground project at a preliminary feasibility ("PFS") level. This is the primary focus of the Technical Report. This Technical Report also includes feasibility-level information on the potential development of a large 70,000 tons/day mine at Pumpkin Hollow with feed mainly from the nearby open pit deposits, which is from the same Mineral Resources as accessed in the Underground Project. This is referred to within the Technical Report as the Integrated Project (the "Integrated Project").

The Integrated Project, that was originally disclosed in a NI 43-101 2015 Feasibility Study Technical Report (“2015 IFS”) for which the scientific and technical information is materially unchanged, remained a viable development option as of the date of that report. However, the focus in 2018 is to advance the Underground Project and to assess a staged development option for a separate open pit mine development. Over time during 2018, these activities will gradually eliminate the Integrated Project as a development option for Pumpkin Hollow.

The Project is located entirely on private lands owned or controlled by Nevada Copper. No Federal permits are required for construction or operations.

## **Project Activities**

### *Underground Project Activities*

The Corporation has signed an agreement with Sedgman Limited to advance critical path engineering services and the procurement of long lead time items for the surface process plant. The signing of this contract allows for the continuation of detailed engineering and design during the negotiation and finalization of ongoing EPC contract discussions.

The Corporation has also executed a technical services contracts: a) with Mining Plus for further pre-construction mine design work and key areas of detailed engineering for the underground mine; b) with Sedgman for interim engineering services and, c) with an underground contractor for specified pre-works related to the shaft and headframe. The MiningPlus scope includes facilitation and administration of the ongoing tender process to appoint an underground mining contractor. Letters of intent have also been executed with the manufacturers for all the required underground mobile equipment.

Drilling has commenced on site, focused on select underground geotechnical targets intended to provide additional information for detailed mine planning, including the location of the secondary vent shaft, and to further de-risk the commencement of underground development and mining.

### *Open Pit Development Activities*

Concurrent with the above developments in the Underground Project, drilling commenced on high value open pit targets an initial 10,000-meter surface drilling campaign is focused on high-value targets which Nevada Copper believes have significant upside potential, including:

- Expanding areas of high-grade mineralisation primarily in the North deposit; and
- Converting waste and inferred material into proven and probable reserves.

The drilling program targets waste-to-ore conversion both within the North Pit and in the Northern Extension and Connector Zones which were previously untested due to the timing of the land transfer program that was completed in 2015.

Nevada Copper has engaged two leading global mining engineering companies, Golder Associates and Sedgman, to evaluate the opportunity to significantly enhance the economics of an open pit project development. The concept study will focus on the potential for a reduced-capital, staged-development approach focused initially on the high-grade North Pit.

By applying the same 'margin-over-tons' operating philosophy demonstrated in the re-scoped underground project in the previously announced Technical Report, Nevada Copper believes there is potential to significantly reduce open pit capital costs while retaining full optionality over a larger-scale project. As results from the ongoing drilling program are received, opportunities to further reduce stripping and increase mill feed head grades early in the mine life will also be evaluated.

## **Corporate Developments**

### *CEO Retirement*

Mr. Giulio Bonifacio has retired from the Corporation as of February 15, 2018. Mr. Bonifacio founded Nevada Copper in 2005 and, over a 12-year period, led the Corporation's efforts which included resource expansion, feasibility studies and the successful permitting of both the underground and open pit deposits at the Corporation's Pumpkin Hollow project in Nevada. Mr. Abraham (Braam) Jonker was appointed interim CEO prior to the appointment of Mr. Matthew Gili (see below). Mr. Jonker is an independent non-executive Board member of the Company.

### *CEO Appointment*

Subsequent to Q1 2018, Matthew Gili was appointed as President and Chief Executive Officer of the Corporation effective May 1, 2018. Mr. Gili has over 20 years of experience in the mining industry, having served in a variety of senior executive roles at Barrick and Rio Tinto. During his 15-year career with Rio Tinto, his appointments included Chief Operating Officer and Vice President of Resource Strategy for the Oyu Tolgoi project in Mongolia, Managing Director of Palabora Mining Company in South Africa, and Mine Manager at Greens Creek, Alaska. Prior to joining Nevada Copper, he was with Barrick for the last five years.

### *Director Appointments*

Subsequent to Q1 2018, Tom Albanese, Ernie Nutter and Justin Cochrane were appointed to the Board of Directors at the Corporation's Annual General Meeting held on May 4, 2018.

Mr. Albanese is currently a Director of Franco-Nevada Corporation. He was previously Chief Executive Officer and a Director of Vedanta Resources plc and Vedanta Limited from 2014 to 2017. Mr. Albanese was Chief Executive Officer of Rio Tinto plc from 2007 to 2013, and previously served on the Boards of Ivanhoe Mines Limited, Palabora Mining Company and Turquoise Hill Resources Limited. Mr. Albanese holds a Master of Science degree in Mining Engineering and a Bachelor of Science degree in Mineral Economics both from the University of Alaska Fairbanks.

Mr. Nutter is a highly regarded mining analyst, formerly with one of the world's largest money managers, Capital Group, from 2004 until his retirement in 2017. Prior to this, he spent over 13 years with the Royal Bank of Canada (RBC) where he was Managing Director of RBC Capital Markets, Director of RBC's Global Mining Research team and former Chairman of RBC Dominion Securities' (now RBC Capital Markets) Strategic Planning Committee. Mr. Nutter holds a Bachelor of Science degree in Geology from Dalhousie University.

Mr. Cochrane is currently President and COO of Cobalt27 with over sixteen years of royalty and stream financing, M&A and corporate finance. He previously served as Executive VP and Head of Corporate Development for Sandstorm Gold Ltd.

## **Outlook**

With the first stage of refinancing completed in Q1 2018 and a new executive team in place, the Corporation will continue the advancement of engineering and construction of the Underground Project with the focus on the following activities:

- 1.) Underground mine development:
  - complete the main shaft to its final depth and equip the shaft for haulage of materials;
  - sink a secondary shaft for ventilation and emergency egress; and
  - start lateral underground development and establishment of the initial necessary underground infrastructure and stope development to allow for sustained mining operations.
- 2.) Surface plant and infrastructure development:
  - complete detailed engineering of the process plant;
  - paste plant and tails dewatering facilities; and
  - the associated surface earthworks, electrical and other infrastructure.

3.) Determining and ordering long lead-time processing equipment and other equipment.

The expenditure program above has started in Q1 2018 and will continue throughout 2018. Most of the activities above are planned to be completed by the end of 2018. Subject to the completion of a subsequent equity offering and other financings, the Corporation anticipates that initial production from the Underground Project will be in the second half of 2019.

In addition, additional drilling and engineering optimisations of the Open Pit Project will include:

- definition and extension drilling on the North deposit; and
- engineering and scoping level economic evaluations related to a reduced-tonnage, higher grade mine design as compared with that contemplated by previous studies.

This program is expected to be completed by Q3 2018.

### **Project Review**

The following is the extracted summary section from the Technical Report prepared by the Technical Report Authors, each of whom is a “qualified person” and each of whom, other than Robert McKnight and Greg French, are “independent”, as such terms are defined in NI 43-101 – Standards of Disclosure for Mineral Projects (“NI 43-101”). Mr. Arnold is no longer an employee of Nevada Copper, but was so at the time of his authorship of a portion of the Technical Report.

The following summary does not purport to be a complete summary of the Property and is subject to all the assumptions, qualifications and procedures set out in the Technical Report and is qualified in its entirety with reference to the full text of the Technical Report. Readers should read this summary in conjunction with the Technical Report.

#### *General*

The Corporation controls approximately 17,500 acres of contiguous mineral rights near Yerington, Nevada, including approximately 10,700 acres of private land and leased patented claims (the “Pumpkin Hollow Property” or “the Property”). The Property contains two adjacent but unconnected copper gold and silver deposits separated by approximately two miles. Since the Property was acquired by NCU in 2006, these deposits have been extensively drilled and the subject of several previous engineering reports.

The eastern-most (“Eastern Area”) deposits are too deep for open pit mining and modelling by previous engineering studies has presented them as being amenable to mining by underground methods. The western-most (“Western Area”) deposits are larger and shallower, and modelling by previous engineering studies has presented them as being amenable to mining by open pit methods.

In July 2015, a technical report feasibility study was completed and filed on SEDAR, this 2015 study evaluated the development of a 70,000 stpd mine with open pit and underground mining of the both deposits, providing mill feed to single large concentrator. The technical and scientific information in the 2015 study is materially unchanged and relevant and remains as one of the viable development options (cases) for the Property.

In early 2017 Nevada Copper retained Sedgman Canada Limited (SDM) and Mining Plus Pty Ltd (MP) to complete a Prefeasibility Study (“PFS”) for a 5,000 short tons per day (stpd) that evaluates a potential underground copper mine, processing plant and associated infrastructure, accessing the Eastern Area underground deposits.

#### Case A

The primary purpose of Case A is to disclose the PFS information regarding the feasibility of advancing the Pumpkin Hollow Property through mining the Eastern Area at 5,000 stpd using underground mining techniques. This project is referred to as Case A (“Case A”).

## Case B

In 2015, TetraTech prepared a Feasibility Study (“2015 IFS”) on an integrated 70,000 stpd process plant and associated infrastructure, an average of 63,500 stpd of mill feed was from an open pit mine, with the remaining 6,500 stpd from an underground mine.

This integrated project is described in a NI 43-101 report issued on July 9, 2015. This “Integrated Project” is referred to as Case B (“Case B”).

The scientific and technical information and assumptions contained in the 2015 NI 43-101 report relating to Case B have not changed to any material degree and Case B remains a relevant and viable development option for the Property.

The Pumpkin Hollow Property encompasses both the Case A and Case B development options referred to as Projects. Both Case A and Case B projects have been fully permitted since NCU desired to retain optionality for the Pumpkin Hollow Property development.

## Mineral Resource

The Mineral Resource estimates were prepared by TetraTech based on the results of all drilling up to the end of 2013. The effective date of this Mineral Resource estimate is April 15, 2015. The Mineral Resource estimate for the Western Area deposits has been updated from estimates stated in 2013 and the Eastern Area deposits have been updated from estimates in stated 2013. The 2015 drilling has not been used to modify the current mineral resource estimate. TetraTech confirmed that there has been no material change in the current Mineral Resources estimate. In addition, there has been no change in sampling protocols. This includes drilling, sample preparation, analytical method, verification, and security measures. TetraTech has deemed that no revision to the current Mineral Resource estimate is required.

Geologic and grade models for the deposits in the Pumpkin Hollow Property area have been generated for this estimate. The Western Area contains three deposits, referred to as the North, South, and Southeast. The Eastern Area consists of the East and E2 deposits.

The Western Area has been modelled and presented as being amenable to surface mining methods, whereas the Eastern Area has been modelled and presented as being amenable to underground mining methods. For this reason, different cut-off grades have been used for each of the Western and Eastern Areas.

Table 1-1 and Table 1-2 detail Mineral Resources of the Eastern Underground Area and Western Open Pit Areas respectively. In addition to cut-off grade, Mineral Resources of the Western Area have been constrained to an optimised pit shell and Mineral Resources of the Eastern Area have been limited to the 0.5% Cu mineralised shell interpretation.

Table 1-1: Mineral Resource Underground Eastern Area

Category	Cut-off Grade %Cu	Tons (million)	Grade %Cu	Contained Cu lb (million)	Grade Au oz/st	Contained Au ozs (thousand)	Grade Ag oz/st	Contained Ag ozs (thousand)	Grade %Fe	Contained Fe Tons (million)
<b>Measured</b>	0.75	12.1	1.60	389	0.006	74	0.127	1,541	18.7	2.3
<b>Indicated</b>	0.75	41.9	1.33	1,114	0.005	217	0.112	4,716	17.6	7.4
<b>Measured + Indicated</b>	<b>0.75</b>	<b>54.1</b>	<b>1.39</b>	<b>1,503</b>	<b>0.005</b>	<b>291</b>	<b>0.116</b>	<b>6,257</b>	<b>17.8</b>	<b>9.6</b>
<b>Inferred</b>	0.75	29.2	1.09	636	0.003	87	0.064	1,875	12.8	3.7

Notes:

- Includes East and E2 deposits
- Measured and Indicated Resources are stated as inclusive of Mineral Reserves,
- Columns may not total due to rounding,
- Resources are constrained by a 0.5% Cu mineralised interpretation

Table 1-2: Mineral Resource Open Pit Western Area

Category	Cut-off Grade %Cu	Tons (million)	Grade %Cu	Contained Cu lb (million)	Grade Au oz/st	Contained Au ozs (thousand)	Grade Ag oz/st	Contained Ag ozs (thousand)	Grade %Fe	Contained Fe Tons (million)
<b>Measured</b>	0.15	271.3	0.42	2,299	0.001	394	0.048	12,932	16.1	43.6
<b>Indicated</b>	0.15	295.1	0.43	2,541	0.001	356	0.046	13,690	11.2	33.2
<b>Measured + Indicated</b>	<b>0.15</b>	<b>566.4</b>	<b>0.43</b>	<b>4,840</b>	<b>0.001</b>	<b>750</b>	<b>0.047</b>	<b>26,621</b>	<b>13.6</b>	<b>76.8</b>
<b>Inferred</b>	0.15	8.0	0.52	83	0.001	6	0.052	414	6.1	0.5

Notes:

- Includes North, South, and Southeast deposits
- Measured and Indicated Mineral Resources are stated as inclusive of those Mineral Resources that were converted to Mineral Reserves,
- Columns may not total due to rounding

### *Mineral Reserve Estimates*

#### Underground Reserves

The estimation of proven and probable mineable reserves involved the application of several modifying factors to the measured and indicated mineral resource values as provided in the Properties block models. The parameters included net smelter royalty (“NSR”) cut-off determination, stope design, external dilution and mining recovery.

#### Case A

For Case A, the Mineral Reserve base was limited to the Mineral Resources of the Eastern Area deposits. After application of the modifying factors to the Mineral Resource, the resulting estimated Proven and Probable Mineral Reserves totalled in Table 1-3 below.

An NSR cut-off value of \$US 46/st ore was used, reflecting estimated costs for mining, processing and G&A, based on a contractor-miner scenario until steady-state production is achieved, followed by an owner-miner scenario thereafter. The NSR cut-off value is not a break-even value, rather an elevated value intended to target higher grade material. Metal pricing assumptions are \$US 3.00 /lb, \$1,343/oz. and \$US 19.86/oz. for Cu, Au and Ag respectively. Mineable Shape Optimiser (“MSO”) was used to interrogate the resource block models to determine preliminary economic stope shapes with design considerations give to rock mechanics, mining method and equipment manoeuvring capabilities.

The transverse longhole stoping method has been selected as optimal for all zones (EN, ES and E2), based on safety, mining recovery and dilution, productivity and the ability to mine large spans given the ground conditions. Stopes will be extracted through a bottom up sequence, reducing lead time and requirements for upfront development in most instances. In the E2 zone, there are some narrower parts of the orebody which have been identified as being favourable for longitudinal longhole stoping methods, since this will provide maximum efficiency in operating lateral development.

Approximately 51% of the total measured and indicated mineral resource in the Eastern Area deposits were converted to a mineral reserve by the mine plan, due to the targeting of higher grade ore within the deposits. The stated proven and probable reserves estimate has been shown to be economic on the basis of reasonable cost assumptions and NSR values assigned to the resource model.

Table 1-3 Case A Mineral Reserve Estimate (Underground)

Category	Tons	Cu	Au	Ag
	(million)	%	oz/ton	oz/ton
<b>Case A. Mineral Reserves</b>				
Proven	7.4	1.85	0.007	0.144
Probable	16.5	1.47	0.006	0.138
<b>Total Mineral Reserves</b>	<b>23.9</b>	<b>1.59</b>	<b>0.006</b>	<b>0.139</b>

Dilution was estimated to be between 2.5% and 5.0% for primary stopes, and 10% for secondary stopes. An external dilution grade of 0.75% Cu was applied to primary stopes, and a range of 0.19% to 0.38% Cu dilution grade was applied to secondary stopes. These external dilution grades were assigned based on the Case A underground mining method and geologic wireframe boundaries. A mining recovery ranging from 94.9% to 95.7% was then applied to the diluted stope shapes.

### Case B

For Case B, the underground Mineral Reserve base was limited to the Mineral Resources of the East Area deposits. After application of the modifying factors to the Mineral Resource, the resulting Proven and Probable Mineral Reserves totalled 32.6 million tons grading 1.29% Cu, 0.005 oz/ton for gold and 0.113 oz/ton for silver, limited to the East deposit.

An NSR cut-off value of \$29/st ore was used, with metal pricing of \$3.00/lb, \$1,250/oz. and \$18.00/oz. for Cu, Au and Ag respectively. Stopes were digitised around the target areas with design considerations give to rock mechanics and equipment manoeuvring capabilities.

Approximately 60% of the total Measured and Indicated Mineral Resource in the East Deposit was converted to a Mineral Reserve by the mine plan. The reserves have been shown to be economic and are reasonable for the statement of Proven and Probable Mineral Reserves.

The Eastern Area deposits Mineral Reserve listed in Table 1-4 was generated from the Mineral Resource after the application of the NSR cut-off, stope design, external dilution, recovery, and other modifying factors.

Table 1-4 Case B Mineral Reserve Estimate (Underground)

Category	Tons	Cu	Au	Ag
	(million)	%	oz/ton	oz/to
<b>Case B Mineral Reserves</b>				
Proven	8.9	1.59	0.006	0.124
Probable	23.7	1.17	0.005	0.109
<b>Total Reserves</b>	<b>32.6</b>	<b>1.29</b>	<b>0.005</b>	<b>0.113</b>

Dilution was estimated to be between 1.4% and 2.4% for primary stopes, and 10.7% to 11.4% for secondary stopes. An external dilution grade of 0% Cu was used for primary and secondary stopes. These grades were assigned to the external dilution material based on the geologic wireframe boundaries. An expected mining recovery of 95% was then applied to the diluted stope shapes.

### Open-Pit Reserves

#### Case A

There is no open pit mining in Case A.

## Case B

The open pit portion of Case B includes mine plans (including open pit mine and dump design, production plans, mining equipment selection, and mine operating cost estimates) and determination of mine capital and operating cost estimates. The open pit mining operations are located on the west half of the property area and include the mine rock storage facility (“MRSF”) and two open pits - the North Pit and the South Pit.

Pit shells were determined using Whittle optimisation. A breakeven cut-off was applied to obtain pit shells, then mining costs were removed within the shells to make more material economic, given the material needs to be mined and moved as ore or waste once within the shells. Cu grade was used as the only determining revenue factor.

The North cone used a breakeven cut-off grade of 0.162% Cu, and an internal cut-off grade of 0.134% Cu. The South cone used a breakeven cut-off grade of 0.165% Cu, and an internal cut-off grade of 0.137% Cu. Both the breakeven cut-off and the internal cut-off were calculated using \$2.80 Cu price. All pit optimisation results tabulated in this report are determined on a 0.15% Cu cut-off, this is slightly more conservative than the calculated internal cut-offs and match the cut-off used in the resource reporting.

The ultimate pit proven and probable reserves are provided in Table 1-5. These reserves are based on the pit designs discussed in later sections of this study. The reserves have been shown to be economic and are reasonable for the statement of proven and probable reserves.

Table 1-5: Case B Mineral Reserve Estimate Western Area (Open Pit)

Category	Tons	Cu	Au	Ag
	(million)	%	oz/ton	oz/ton
<b>Total Reserves</b>				
Proven	265.5	0.397	0.001	0.046
Probable	273.8	0.384	0.001	0.043
<b>Total Reserves</b>	<b>539.3</b>	<b>0.390</b>	<b>0.001</b>	<b>0.044</b>

## *Mining Methods*

### Case A

The underground mine was planned as a 5,000 stpd operation.

Case A has one mining area. The Eastern Area is planned to be mined by underground methods, specifically longhole stoping, with predominantly cemented paste fill methods.

Underground mining zones included in the mine plan extend between the 1040 and 2840 Levels. Access to the mine will be via a vertical shaft. Mining will be performed using the productive mechanised transverse longhole mining method, with cemented paste fill (“CPF”) in the primary and some secondary stopes, and uncemented paste fill (“UPF”) or unconsolidated rock fill of remaining secondary stopes. While waste rock can be hoisted to the surface and disposed of on the waste rock stockpile, this is only planned during initial development, until the surface paste fill plant is commissioned. Once at steady-state production, all waste rock is planned to remain underground to be used as backfill for secondary stopes.

One production/service shaft and three ventilation / emergency egress shafts are included in the mine design. Stopes will be 100 ft high by 50 ft wide for East South and E2 zones, and 75 ft high by 50 ft wide for East North zone.

Mining will be carried out using longhole drilling and blasting, with ore and waste material mucked using LHDs, direct to ore passes or to remuck bays situated for optimum materials handling. Ore material will be transported via haul trucks and/or ore passes to the Coarse Ore Bins (“COBs”) for storage before being hoisted out of the mine. Haul trucks will be used to transport ore material from the remuck bays to the COBs, or to transport waste to the backfill levels. Primary crushing is located on the surface.

Un-crushed rock will be conveyed to skips and hoisted to the surface, then crushed and stockpiled, for either direct-feed to the processing plant or stockpiling to the low-grade stockpile.

For all stopes that will be backfilled using CPF or UPF, a bulkhead will be constructed at all access points and the stope will be filled with paste delivered by a piping network from the paste plant. The paste plant will be located on the surface and booster pumps will be used where necessary to transfer paste fill through the mine workings to the fill point.

### Case B

Case B has two separate mining areas. The Eastern Area is planned to be mined by underground methods (longhole stoping with paste backfill) and the Western Area is planned to be mined by open pit mining methods (conventional truck and shovel). During this period the underground mine will produce as much plant feed as possible and the open pit will supplement to provide an even feed rate of material into the process plant.

### Case B Underground

The underground mine was planned as a 6,500 stpd operation.

Underground mining zones included in the mine plan occur at depths ranging from approximately 800 ft to 2,800 ft. Access to the mine will be via a vertical shaft and mining will be performed using a productive mechanised transverse longhole mining method with paste fill. When available, excess waste rock will be used as backfill when paste fill is not required.

One production/service shaft and two ventilation / emergency egress shafts are included in the mine design. Stopes will be 100 ft high by 50 ft wide for East South and E2 zones, and 75 ft high by 50 ft wide for East North zone.

Mining will be carried out using longhole drilling and blasting, with ore and waste material mined by LHDs. The LHDs will then transfer the material to haul trucks at remuck bays situated for optimum haulage distance. Haul trucks will be used to transport mined material to ore passes feeding jaw crushers. The underground mining fleet will be diesel powered. Primary crushing is located underground.

Crushed rock will be conveyed to skips and hoisted to the surface and transported by haul truck to the processing plant or a waste rock dump.

Once a stope is mined out, a bulkhead will be constructed at the access point and the stope will be filled with paste delivered by a piping network. The paste plant will be located on the surface and booster pumps will be used where necessary to transfer paste fill through the mine workings to the fill point.

### Case B Open Pit

The open-pit mine was planned as a 63,500 stpd operation.

The open pit mine has been planned using diesel single pass blasthole drills, Ultra-class haul trucks and rope shovels. Production blasthole drilling for both ore and waste material will utilise Atlas PV-271 diesel drills (with the extended 65 ft mast). Primary mine production is achieved using P&H 4100 electric rope shovels along with CAT 797 haul trucks.

The open pit ore zones comprise the North and South deposits. The open pit deposits will be developed sequentially. The North open pit deposit will be developed first, starting with a pre-strip once mining equipment has arrived and been assembled at site, and when electric power is available to the shovel. Ore is mined and delivered to a primary gyratory crusher located adjacent to the pit and then conveyed to the mill. Open pit mill feed will come from the North deposit for the first 13 years when mining will transition to the South deposit.

All waste material is hauled by truck out of the pit and directly to the MRSF. The total MRSF design will contain 100% of the expected waste material planned to be generated - approximately 1.9 billion tons of material. The current MRSF design is approximately 650 ft high, located to the west of the pits.

A stockpile of the ore uncovered and removed during the initial “pre-stripping” period of waste movement from the North Pit area along with surplus low-grade ore mined during standard mining operations is planned to be placed near the Processing Area’s Feed Ore Stockpile. This pile will initially contain approximately 3.6 Mst of above cut-off ore material. At its maximum the stockpile will contain upwards of 10 Mst at times. These stockpiled tons will be used as a “surge pile” to smooth the small production “bumps” that occur during the regular production periods of the open pit mine.

#### *Recovery Methods*

##### Case A

The processing plant has been designed to process 5,000 stpd of copper ore. The plant and the unit operations therein are designed to produce a marketable concentrate targeted at 26.0% Cu or greater.

The plant will consist of a coarse ore storage facility, a semi-autogenous grinding (“SAG”) mill, a ball mill comminution (“SABC”) circuit, rougher flotation, regrind circuit, and cleaner flotation; to liberate, recover, and upgrade copper from underground ore. Flotation concentrate will be thickened, filtered, and sent to a concentrate load out stockpile for subsequent transport/shipping.

Dry stack tailings (“DST”), in conjunction with underground paste backfill, are the preferred means of final deposition having substantially less water contained than tailings discharged directly from a concentrator. DST will be produced by thickening and filtering the final flotation tailings. The underground paste backfill portion of the tailings will be thickened, classified, filtered and combined with cement before being deposited in the underground mine workings.

Thickening and filtration of tailings allows for better process water management and control. Process water will be recycled from the tailings and concentrate thickener overflows. Fresh water will generally be used only for pump gland service, mill lube cooling, SAG mill ring motor cooling, reagent preparation, and safety showers / eyewash stations.

The process plant will consist of the following unit operations and facilities:

- Coarse ore receiving and storage area from the underground mine. Ore will have already passed through primary crushing on the surface. A radial stacker can stockpile direct to the coarse ore stockpile, or slew to stack low grade for transport to the adjacent low-grade stockpile
- A coarse ore stockpile and reclaim system
- A combined SAG/ball mill grinding circuit incorporating cyclones for classification
- A SAG mill pebble crushing circuit
- A rougher flotation circuit
- A rougher concentrate regrinding circuit
- A 1st cleaner, 2nd cleaner, and cleaner-scavenger flotation circuit
- Concentrate thickening and filtration circuits, including a concentrate storage shed
- Tailings thickening and filtration circuits
- Tailings disposal at a dry-stack storage facility, and
- A paste-backfill plant to be used on a regular but intermittent basis.

##### Case B

The processing plant has been designed to process 70,000 stpd of ore; the sum of the combined output from the surface mining (approximately 63,500 stpd) operations and the underground mining (6,500 stpd) operations. The SPF and the unit operations therein are designed to produce a marketable concentrate targeted at 25.5% Cu or greater.

The SPF will consist of a coarse ore storage facility, a SAG mill/twin ball mill comminution circuit, rougher flotation, regrind circuit, and cleaner flotation; to liberate, recover, and upgrade copper from the run of mine (“ROM”) ores. Flotation concentrate will be thickened, filtered, and sent to a concentrate load out stockpile for subsequent transport/shipping.

DST, in conjunction with underground paste backfill, are the preferred means of final deposition having substantially less water contained than tailings discharged directly from a concentrator. DST will be produced by thickening and filtering the final flotation tailings. The underground paste backfill portion of the tailings will be thickened and combined with cement and fly ash before being deposited in the underground mine workings.

Thickening and filtration of tailings allows for better process water management and control. Process water will be recycled from the tailings and concentrate thickener overflows. Fresh water will generally be used only for pump gland service, mill lube cooling, SAG mill ring motor cooling, reagent preparation, and safety showers / eyewash stations.

The process plant will consist of the following unit operations and facilities:

- Coarse ore receiving and storage area from the open pit and underground mines. The surface and underground ores will have their own independent stockpile. Ore will have already been passed through primary crushing in separate crushing areas;
- A coarse ore stockpile reclaim system accommodating the surface and underground ore stockpiles. The reclaim from these stockpiles will then be blended together prior to feeding the ores into the process facility;
- A combined SAG/ball mill grinding circuit incorporating hydrocyclones for classification;
- A SAG mill pebble crushing circuit;
- A rougher flotation circuit;
- A rougher concentrate regrinding circuit;
- A 1st cleaner, 2nd cleaner, and cleaner scavenger flotation circuit;
- A concentrate thickening and filtration circuit including a concentrate stockpile and dispatch area;
- Tailings thickening and filtration circuits;
- Underground tailings paste plant; and
- Tailings disposal at a DST facility.

### *Infrastructure*

#### Case A

Infrastructure at the Property is well developed. County Road (“CR”) 827 and CR 208 provide existing paved access to the site. Access to the site is proposed via minor upgrades to E Pursel Lane from this sealed road network adjacent to the site. The City of Yerington, Nevada and Yerington Municipal Airport are both approximately eight miles from the site. The Reno-Tahoe International Airport is an 80-mile drive from the site.

Key aspects of the layout design include:

- Minimisation of movement of bulk materials (low grade ore, waste ore and tailings) to reduce Opex costs
- Minimisation of interaction between light vehicles (including delivery trucks) and heavy vehicles (moving low grade ore and/or dry stacked tailings) and minimisation of interaction between pedestrians and vehicles for improved safety

The layout was developed taking into account the location of the existing production shaft and winder house, and other existing surface facilities, existing topography and features, including the existing roads, the existing 120kV power line and the Case B footprint.

Access within the site will be via unsealed roads. The site and relevant facilities within the site will be fenced.

Proposed support facilities include:

- Administration complex
- Parking areas
- Process plant workshop and store
- Process plant dry

- Concentrate storage shed
- Truck scales
- Sewage treatment plant treating a gravity only sewerage reticulation system
- Potable water treatment plant
- Fuel facility; and
- Truck wash.

The following infrastructure currently exists on the site as is intending to be kept in-situ:

- Waste Rock Stockpile
- Mine operations office
- Mine warehouse
- Mine workshop
- Mine dry; and
- Explosive storage compound

Fresh water supply is sourced from dewatering wells. Potable water will be sourced from well WW-01 after treatment through a reverse osmosis treatment plant. A sewage treatment plant, meeting the city of Yerington standards, will dispose of treated effluent into the tailings thickener.

Several diversion channels have been proposed to divert surface water run on to minimise non-contact and potential contact water volumes to be managed. There are currently existing pipelines with three destinations for disposal of non-contact mine dewatering water, all terminating in water reuse, rapid infiltration basins or irrigation to pasture. The following is proposed to manage other non-contact water:

- Two new basins are proposed adjacent to Little Pumpkin Hollow
- An additional lined sedimentation pond will be constructed in parallel to Pond E4, to allow each to be dried offline to de-silt by excavator or loader during operations
- Two mine stormwater management basins adjacent to the processing facilities and the mine waste rock stockpile respectively.

A total of two potential contact water ponds or secondary containment ponds will be required; one pond will be located next to the processing facilities, the other adjacent to the Dry Stack Tailings (DST) pad.

The 120-kV transmission line runs from a service point on the NV Energy system to the proposed 120 kV switchyard. The Nevada Energy meter will be installed at the 120-kV switchyard. The main substation will have an incoming 120 kV source serving a 30 MVA power transformer. The voltage will be stepped down to a utilisation voltage for distribution at 4.16kV. The facility will be a fenced compound, and will include the transformer, outdoor 120 kV switchgear, neutral earthing resistor, 4.16 kV switchboard, demountable switchroom, substation services. This voltage will be fed into substations to supply the various electrical demands for surface and underground.

Concentrate will be trucked to a transload facility at Wabuska for transfer to rail to either:

- A west coast terminal (the ports of Vancouver, Oakland or Stockton were considered) for shipping to Asia or Europe; or
- A North American market.

Being a shaft accessed underground mine, two skip hoisting through the main shaft will be used to transport ore and waste material out of the mine. A loadout conveyor and skip loading system will transfer material from the COBs and place it into the skips.

Other underground infrastructure will include the following:

- Workshop
- Explosives magazine

- Mine dewatering system
- Power supply reticulation
- Compressed air supply network
- Potable water supply network
- IT and communications network
- Escape ways.

### Case B

Infrastructure at the Property is well developed. CR 827 and CR 208 provide existing paved access to the site. A new access road will be constructed to the north to connect directly to US Highway 95A, a major north-south route in central Nevada. A rail line runs approximately 13 line miles north of the site. The City of Yerington, Nevada and Yerington Municipal Airport are both approximately eight miles from the site. The Reno-Tahoe International Airport is an 80 mile drive from the site.

The following are the main surface facilities that support the mining and processing operations:

- Power Substation
- Mine Rock Pile
- Fuel Storage Tank
- Raw Water Tanks
- Covered Storage and Yard
- Paste Thickener
- Mine Rock Storage Facility (MRSF)
- Process Facility
- Pebble Crushing
- DST Facility
- Process and Mine Office Buildings
- Administration Building
- Parking Area
- Truck Shop
- Tailings Filtration Plant
- Truck Scale
- Site Entrance Security Building
- Wastewater Treatment Plant
- Potable Water Treatment Plant
- Powder Magazines; and
- Settling Basins.

Initial road surfacing will be provided by a local quarry. Once production starts, road surfacing for maintenance and future roads will use on-site materials. When possible, proposed access roads will follow topography and existing roads. Newly constructed and altered roads will be designed and constructed per Lyon County standards. Existing roads will be regraded and capped with an all-weather surface. Road capping material will come from a nearby quarry and will be supplied by a third-party contractor. Signage is required to meet the design requirements; this includes regulatory, preventative and informative signage. Speed limits will be posted on-site for safety and will be strictly enforced.

A package sewage treatment plant, meeting State of Nevada standards for publicly owned treatment works will be supplied by a qualified vendor and contractor and constructed west of the filtration area. Sewage will be collected at main working areas and package lift stations will be constructed to pump sewage water to the treatment plant. After the wastewater is treated, effluent water will be used for plant process water and will be stored until process water is needed. When process make-up water is not required from the sewage treatment plant and the effluent water storage tank is full, effluent will drain by gravity to a nearby infiltration basin.

Process make-up water will be delivered from wells on site or piped 6 miles from an existing pipeline take off point. This water pipeline, which is connected to the City of Yerington water supply, is shared with an existing user but

has been oversized to allow for Nevada Copper's future usage. From the pipeline take-off point, a new extension will be constructed to the site and water will be distributed within the mine site through the potable water pipeline or the raw water pipeline.

Electrical service will be delivered via a 120-kV overhead line that will enter the site near the northeast corner of the site. For this report this location is referenced as "Metering Point Switchyard" as this location will be where NVE installs its revenue metering. From the Metering Point Switchyard one portion of the 120-kV transmission line (with 13.8 kV underbuild) continues south to the East Shaft Substation (approximately 0.83 miles). Two 13.8 kV distribution lines (approximately 0.96 miles each), emanating from the East Shaft Substation, extend to the south to provide service to the associated above ground electrical facilities at the E2 Vent location.

Another 120-kV line (with 13.8 kV underbuild) begins at the Metering Point Switchyard and continues west to the Tailings/Filtration Substation (approximately 1.35 miles). From the Tailing/Filtration Substation, the line continues west then south to the Process Facility Substation (approximately 2.97 miles). Line switches, 120 kV and 13.8 kV, are included near the Administration Building to isolate the Process Facility line segments for maintenance purposes. From the Process Facility Substation, two parallel 13.8 kV distribution lines will extend out to the edge of the North and South Pits (approximately 0.45 miles) where they will split to continue into the pits (approximately 3.40 miles total in length).

NCU plans to transport concentrate from site to the US west coast where the concentrate will be exported to East Asia. They will be trucked approximately 20 miles to a new rail loading facility to be constructed on UP tracks. The truck route is via a new mine access road north to State Highway 95A and on to the train loading facility. Concentrates will be railed to a west coast bulk port for shipping to smelters.

Preferred options are to transport concentrate to a proposed new terminal to be constructed at a site in the eastern San Francisco Bay area or the existing bulk terminal at the Port of Vancouver, Washington. The Bay area site is about 330 miles by rail closer than the Vancouver Washington terminal, the terminal has been proposed with the operational date of 2017 to 2018.

#### *Market Studies and Contracts*

##### Case A

There are several possibilities for marketing the concentrates, including Asian, US domestic and European smelters, the latter likely under a concentrates swap arrangement. For cashflow purposes, average concentrate transportation costs are estimated at \$75 per wet metric tonne based on product moved:

- via the Port of Vancouver, Washington; and
- to North American consumers.

There is an existing offtake contract covering 25.5% of the Case A copper concentrates.

##### Case B

The most likely markets for the NCU concentrates are in Asia, specifically Japan, Korea and China. While the West Coast ports are the shipping options, future alternatives for shipping some Cu concentrates to other markets in North America by truck or rail have not been ruled out.

There is an existing offtake contract covering 25.5% of the Case B copper concentrates from the portion of the concentrates derived from the Eastern Area underground ores processed.

#### *Environmental Studies, Permitting and Social or Community Impact*

Both Case A and Case B have been fully permitted since NCU desired to retain optionality for the Pumpkin Hollow Property development. Therefore, the permit applications were structured to include:

- A stand-alone 6,500 stpd (maximum) underground mine and dedicated process facility

- A stand-alone 62,500 stpd (maximum) open pit mine with a different, dedicated process facility; or
- A combined 70,000 stpd (maximum) underground and open pit mine with a single process facility.

The location of the process facility for the 6,500 stpd or 62,500 stpd cases are the same, but the throughput is different. In any case, the permits are for the “maximum throughput”. Any configuration with a lower throughput, such as Case A, does not require a revised permit, as long as:

- The process is fundamentally the same (mine, crush, grind, float, filtered tailings, dry stack tailings disposal facility), then
- The environmental controls are the same for containment of process fluids and control of emissions from air emissions sources.

Most developments require changes during final design and Cases A and B will also require changes from the original permit. These changes are permit compliance items that require notification and submission of revised designs to the respective Nevada state agencies. Items include any changes in location, configuration and/or size of environmental control facilities to ensure that the changes meet design requirements in the permits and regulations. These design changes are considered “engineering design changes” (“EDCs”) or minor modifications to the permit and are not a new permit or “major modification” that require a new application and public notice and review.

Both Case A and Case B developments will be completed on 100% privately-owned lands because of the Yerington Land Conveyance (see Section 20.2.6 Yerington Land Conveyance). Both Case A and B developments are now under local and Nevada state oversight. There is no other nexus under federal statutes and regulations that require federal environmental permits or preparation of an environmental impact statement pursuant to the National Environmental Policy Act (“NEPA”). There are no endangered species located on or near the property, no surface waters, no jurisdictional waters of the US that require a permit, no designated wilderness near the property, no Class I air quality designations, no critical habitat areas, no sage grouse (a species of concern in Nevada), and no wildlife migration zones that cause environmental constraints.

Archaeological surveys were performed on all the private lands owned or controlled by NCU, including the Case A and B areas, in 2011-2012. There are currently three prehistoric sites and two historic sites, a total of five sites, within the federal lands that were conveyed to NCU that are either recommended for eligibility on the national register of historic places (three sites) or require further evaluation (two sites). These sites are now administered by the Nevada State Historical Preservation Office (“SHPO”) pursuant to a Memorandum of Understanding amongst the SHPO, BLM, City and NCU, and will be evaluated and mitigated (data recovery, recordation and collection and recovery of artifacts (if necessary)) prior to any disturbance. In any event, none of these are within the area of disturbance of the Property. The Property area does not affect any Native American Reservation Lands or sacred sites.

## Case A

### Social or Community Impacts

The Case A and B developments occur entirely within Lyon County, Nevada, which has historically the highest unemployment rate in the state. The site is expected to bring more than 500-600 direct and indirect jobs to the area.

A major element of the work leading up to the Case A design included approval of the Special Use Permit (“SUP”) by the Lyon County Board of Commissioners. On June 11, 2013 the Lyon County Planning Commission recommended approval for a 6,500 stpd underground mine by a unanimous vote. Subsequently, on June 20, 2013, the Lyon County Commission unanimously approved the County SUP for an underground development. Approval of the SUP was a critical milestone for obtaining the permits necessary to support Case A and is notable in that they confirm that there is strong local support for the site. An additional SUP is not required for future stages of mine development at Pumpkin Hollow since both the Case A & B developments now lay entirely within the City of Yerington boundaries as a result of annexation by the City after the Federal land acquisition in 2015.

### Approvals, Permits and Licenses

Case A will require approvals, permits and licenses for various components of the work.

### Mine Closure

The area within the Case A perimeter fence is approximately 1,200 acres. Of this area, a total of approximately 220 acres will be disturbed as part of mining operation. A portion of this area will not be reclaimed - permanent water management diversion channels and select infrastructure that will be retained for post-mining industrial use. Reclaimed areas will include the waste rock stockpile, low grade stockpile, DST facility, reclamation material stockpiles, infrastructure which will be removed at closure, and water management features which will be reclaimed at closure.

### Case B

#### Social or Community Impacts

Case B occurs entirely within Lyon County, Nevada, which had the highest unemployment rate in the state. The larger Case B development is estimated to bring more than 800-1,000 direct jobs and 2,000-3,000 indirect jobs to the area.

In addition to the local advocacy as described by the SUP above, there have been no formal objections to either the Case A and B from environmental groups or other non-governmental organisations.

#### Approvals, Permits and Licenses

Case B has received its key construction and operating permits but will require routine approvals, permits and licenses of lesser importance for other components of the work.

### Mine Closure

The area within the Case B perimeter fence is approximately 6,700 acres. Of this area, a total of approximately 4,500 acres will be disturbed as part of mining operation. A portion of this area will not be reclaimed, including the north and south pits, permanent water management diversion channels, and select infrastructure that will be retained for post-mining industrial use. A total area of approximately 3,300 acres will be reclaimed, including the mine rock storage facilities, DST facility, reclamation material stockpiles, infrastructure which will be removed at closure, and water management features which will be reclaimed at closure.

### Capital and Operating Costs

#### Case A

##### Initial Capital Costs

The capital cost estimate (“CAPEX”) consists of direct costs, indirect costs (including Owner costs) and contingency. The Initial CAPEX for the Case A Project development option of the Pumpkin Hollow Property is approximately \$182.4 million, subject to qualifications, assumptions, and exclusions. The initial capex estimate is at a Pre-Feasibility level with an accuracy of +/-25%.

The Initial Capital Costs Summary and distribution are shown in Table 1-6.

Table 1-6: Initial Capital Costs Summary

Item	US\$ millions
<b>Direct Costs</b>	
Underground mining	42.3
Process Plant (including Concentrate Handling)	59.9
Infrastructure and Tailings	49.9
<b>Indirect Costs</b>	
Infrastructure - EPCM Costs	7.0
Sales & Tax Use Tax on Purchased Equipment	Included in Directs
Construction Indirects	4.6
Owner's Costs	8.8
Spares and First Fills	0.6
Commissioning and Start up	0.4
<b>Total Indirect Costs</b>	<b>21.7</b>
<b>Total Direct and Indirect Costs</b>	<b>173.4</b>
<b>Contingency</b>	<b>9.0</b>
<b>Total Initial Capital</b>	<b>182.4</b>

### Sustaining Capital

Sustaining capital over mine life totals \$110.6 million and includes: replacement of, and additions to, underground mobile equipment; lease costs for the initial mining fleet; reclamation costs; and expenditures on the tailings storage facility. Table 1-7 shows the breakdown of the sustaining capital costs. The sustaining capex estimate is at a Pre-Feasibility level with an accuracy of +/-25%.

Table 1-7: Life of Mine (“LOM”) Total Sustaining Capital Expenditures

Area	US\$ millions
Underground Mine Development	67.7
Process Plant, Infrastructure and Tailings	32.3
Deferred Capital	3.5
Contingency	7.1
<b>Total Sustaining Capital</b>	<b>110.6</b>

### Operating Costs

The LOM operating costs average \$44.52 per ton milled. The first 1.5 years of costs are higher with use of a mining contractor. LOM site unit operating cash costs are as summarised in Table 1-8.

Table 1-8: LOM Unit Operating Cost Summary

Area	LOM operating cost US\$/ton-ore milled (Contractor Miner)	LOM Operating Cost US\$/ton-ore milled (Owner Miner)
<b>Mining</b>	35.33	27.20
<b>Processing</b>	12.65	12.65
<b>General and Administrative</b>	4.57	3.98
<b>Total</b>	<b>52.55</b>	<b>43.83</b>

## Case B

### Initial Capital Costs

The CAPEX consists of four main parts: direct costs, indirect costs, contingency, and Owner's costs, as described below. The CAPEX estimate for the Case B development option for the Pumpkin Hollow Property is approximately \$1,041m, subject to qualifications, assumptions, and exclusions. The capital cost summary and distribution are shown in Table 1-9. The initial capex estimate is at a Feasibility level with an accuracy of +/-15%.

Table 1-9: Initial Capital Costs (\$000s)

Cost Category	Initial (\$000s)
<b>Direct Costs</b>	
100 Open Pit Mine	\$262,709
200 Underground Mine	\$80,611
300 Ore Handling	\$12,169
400 Process Facility	\$267,910
500 DST Facility	\$69,229
600 Infrastructure	\$88,171
700 Water Management	\$17,815
800 Environmental and Reclamation	\$12,418
<b>Total Directs</b>	<b>\$811,032</b>
<b>Indirect Costs</b>	
911 Construction Indirects	\$65,595
912 Spares and Warehouse Inventory	\$9,825
913 Initial Fills	\$4,500
914 Freight and Logistics	\$14,947
915 Commissioning and Start-Up	\$2,354
916 EPCM	\$57,910
917 Vendor and Consulting Assistance	\$798
<b>Total Indirects</b>	<b>\$155,929</b>
<b>Subtotal</b>	<b>\$966,961</b>
Contingency	\$67,066
Owner Costs	\$6,699
<b>Total Capital</b>	<b>\$1,040,727</b>

### Sustaining Capital

Sustaining capital over mine life totals approximately \$634m. The sustaining capex estimate is at a Feasibility level with an accuracy of +/-15%.

Open pit mine, underground mine, process facility, and DST facility all utilise leased mobile equipment. Leases are capitalised during the pre-production period, then reported in the operating costs during the production.

Table 1-10: Sustaining Capital Costs (\$000s)

Cost Category	Sustaining (\$000s)
<b>Direct Costs</b>	
100 Open Pit Mine	\$222,143
200 Underground Mine	\$157,597
300 Ore Handling	\$2,434
400 Process Facility	\$52,325
500 DST Facility	\$78,694
600 Infrastructure	\$0
700 Water Management	\$1,582
800 Environmental and Reclamation	\$41,293
<b>Total Directs</b>	<b>\$556,068</b>
<b>Indirect Costs</b>	
911 Construction Indirects	\$35,280
912 Spares and Warehouse Inventory	\$2,358
913 Initial Fills	\$0
914 Freight and Logistics	\$1,487
915 Commissioning and Start-Up	\$0
916 EPCM	\$0
917 Vendor and Consulting Assistance	\$0
<b>Total Indirects</b>	<b>\$39,125</b>
<b>Subtotal</b>	<b>\$595,193</b>
Contingency	\$38,938
Owner Costs	\$0
<b>Total Capital</b>	<b>\$634,130</b>

*Operating Costs*

LOM operating costs are summarised in Table 1-11. Further details are available in Section 24. The operating cost estimate is at a Feasibility level of accuracy.

Table 1-11: LOM Operating Costs

Cost Category	Unit Cost (\$/st-ore)	Unit Cost (\$/st-waste)	Unit Cost (\$/st-milled)
Open Pit Mining-Ore	\$1.575	-	-
Open Pit Mining-Waste	-	\$1.165	-
Underground Mining	\$24.059	-	-
Underground Haul	\$1.250	-	-
Process Facility	-	-	\$4.732
Tailings Management	-	-	\$0.171
Water Management	-	-	\$0.003
Environmental and Reclamation	-	-	\$0.014
GandA	-	-	\$0.400
<b>Subtotal</b>	<b>-</b>	<b>-</b>	<b>\$11.796</b>
OP Equipment Lease	\$0.162	\$0.160	-
UG Equipment Lease	\$0.349	-	\$0.020
Process Equipment Lease	-	-	\$0.0002
Tailings Equipment Lease	-	-	\$0.010
<b>Subtotal</b>	<b>-</b>	<b>-</b>	<b>\$12.520</b>
Nevada State Minerals Tax	-	-	\$0.284
<b>Total Operating Costs</b>	<b>-</b>	<b>-</b>	<b>\$12.805</b>

Refining charges, transportation, and royalties are not included in the operating cost estimate.

*Economic Analysis*

Case A

**Base Case**

Base case metal prices employed the mean of analyst's consensus prices for copper gold and silver from 2017 to 2021, thereafter the prices were held constant. These base case metals prices are shown in the table below:

Table 1-12: Base Case Metal Prices

		2017	2018	2019	2020	2021	2022+
<b>Consensus Copper Prices</b>	\$/lb	\$2.62	\$2.66	\$2.83	\$3.05	\$3.14	\$3.20
<b>Consensus Gold Prices</b>	\$/oz	\$1,254	\$1,268	\$1,276	\$1,285	\$1,284	\$1,325
<b>Consensus Silver Prices</b>	\$/oz	\$17.31	\$18.21	\$18.77	\$19.40	\$19.53	\$20.01
<i>Source: Consensus Economics Inc. - August 2017</i>							

In addition to the base case prices, the economics were also examined with alternate metals price scenarios with copper prices lower and higher than current spot prices as shown below. Gold and silver prices were held constant at the levels show due to their low importance relative to copper. All prices were held constant.

Table 1-13: Alternate Metal Price Scenarios

		Low	High
<b>Copper</b>	\$/lb	\$2.60	\$3.50
<b>Gold</b>	\$/oz	\$1,300	\$1,300
<b>Silver</b>	\$/oz	\$17.00	\$17.00

The economic analysis of the Case A development at a copper price of \$3.00/lb, results in an after tax Net Present Value as a discount rate of 5% (NPV5%) of \$247 million; an Internal Rate of Return of 22.9% and a capital payback period of 4.9 years. The life of the mine is 13.1 years. Other metal price sensitivity cases are summarized below.

Table 1-14: Comparison of economic analysis

		Low Case	Base Case	High Case
Copper Price	\$/lb	\$2.60	Consensus**	\$3.50
Gold Price	\$/oz	\$1,300	Consensus**	\$1,300
Silver Price	\$/oz	\$17	Consensus**	\$17
		<b>US\$M</b>	<b>US\$M</b>	<b>US\$M</b>
Net Smelter Revenue*, after royalty	LOM	\$1,582	\$1,941	\$2,150
Operating Margin	LOM	\$518	\$876	\$1,085
Operating Margin	Avg/Yr	\$40	\$67	\$83
Undiscounted Net Cashflow	Pre-tax	\$224	\$582	\$791
NPV 0%	After-tax	\$212	\$496	\$658
NPV 5%	Pre-tax	\$108	\$356	\$510
NPV 5%	After-tax	\$100	\$301	\$421
IRR	Pre-tax	13.4%	27.2%	36.8%
IRR	After-tax	12.8%	25.2%	33.6%
Payback - years	After-tax	6.50	4.75	4.00

\* Note: Net revenues less smelter charges, concentrate transport and site operating costs.

\*\* Consensus prices as shown on Table 1-12

Case B

The Case B development option is at a Feasibility level of study and the cost estimates and economics are prepared on a quarterly basis for the calendar years for production years 1 -4 and annually thereafter. Based upon design criteria presented in this report, the level of accuracy of the estimate is considered  $\pm 15\%$ .

Case B economics are summarised below based upon the inputs disclosed:

		Low Case	Base Case	High Case
<b>Copper Price</b>	\$/lb	\$2.85	<b>\$3.15</b>	\$3.75
<b>Gold Price</b>	\$/oz	\$1,200	<b>\$1,200</b>	\$1,200
<b>Silver Price</b>	\$/oz	\$18	<b>\$18</b>	\$18
<b>(In Millions of US Dollars)</b>				
<b>Net Smelter Revenue, after royalty</b>		\$10,768	<b>\$11,990</b>	\$14,434
<b>Net Cash Flow</b>	Pre-tax	\$1,831	<b>\$2,992</b>	\$5,315
<b>Net Cash Flow</b>	After-tax	\$1,584	<b>\$2,514</b>	\$4,249
<b>Annual Net Cash Flow</b>	Yr. 1-5 avg.	\$204	<b>\$262</b>	\$366
<b>Pre-tax Operating Margin*</b>	Yr. 1-5 avg.	\$300	<b>\$380</b>	\$540
<b>NPV 5%</b>	Pre-tax	\$659	<b>\$1,362</b>	\$2,768
<b>NPV 5%</b>	After-tax	\$534	<b>\$1,100</b>	\$2,155
<b>IRR</b>	Pre-tax	11.30%	<b>17.50%</b>	28.80%
<b>IRR</b>	After-tax	10.40%	<b>15.60%</b>	24.60%
<b>Payback - years</b>	Pre-tax	7.9	<b>4.2</b>	2.8
<b>Payback - years</b>	After-tax	8.2	<b>4.7</b>	3.2

Mine Life is 23 years with cash costs (excluding equipment leases and Nevada State Minerals tax) of \$1.67/lb-Cu, \$1.49/lb-Cu net of by-product credits; and initial capital of \$1.04 billion, sustaining capital of \$634 million, and total capital of \$1.67 billion.

All costs and economic results are presented in Q2 2015 US dollars. Quantities and values are presented using US Customary units unless otherwise specified. No escalation has been applied to capital or operating costs. No gearing apart from equipment leasing is assumed in the analysis.

Technical economic tables and figures presented in this appendix require subsequent calculations to derive subtotals, totals, and weighted averages. Such calculations inherently involve a degree of rounding. Where these occur, they are not considered to be material.

## Financial Results

(in thousands of US dollars except per share amounts)

	March 31, 2018	March 31, 2017
<b>Expenses</b>		
Consulting and remuneration	<b>\$1,088</b>	\$148
Public company expenses	<b>417</b>	121
Office expenses	<b>131</b>	75
Professional fees	<b>239</b>	34
Business development	<b>42</b>	61
Stock-based compensation	<b>27</b>	121
	<b>(1,944)</b>	(560)
Interest income	<b>141</b>	5
Interest and finance expenses	<b>(28)</b>	(1,032)
Derivative fair value change	<b>(2,159)</b>	1,283
Other income	<b>(549)</b>	1
Debt extinguishment loss, net	<b>(7,737)</b>	-
Foreign exchange loss	<b>(325)</b>	7
<b>Net loss and comprehensive loss</b>	<b>\$ (12,601)</b>	\$ (296)
<b>Loss per common share</b>		
Basic and diluted	<b>\$ (0.05)</b>	\$ (0.00)

For the three months ended March 31, 2018. The corporation reported a net loss of \$12.6 million (or \$0.05 basic and diluted loss per common share) compared to a net loss of \$0.3 million for the corresponding period in 2017 (or \$0.00 basic and diluted loss per common share).

The \$12.3 million increase in net loss period to period is driven by the Corporation's refinancing and restructuring initiatives in Q1 2018:

- \$7.7 million was recorded as a debt extinguishment loss as a result of the refinancing of the Red Kite long term debt (2017 - \$Nil);
- \$2.2 million was recorded as a derivative fair value loss (2017 gain of \$1.3 million) as a result of recognizing a new embedded derivative liability in the refinanced Red Kite long-term loan that had a fair value of \$1.2 million as at March 31, 2018 and \$1 million was recorded as a derivative fair value loss on the convertible derivative option in the Corporation's Convertible Debt Facility prior to its conversion to common shares.
- \$1 million increase in consulting and remuneration from \$0.1 million in Q1 2017 to \$1.1 million in Q1 2018 due to the payment of benefits under an the employment contract of a certain senior officer during the period;
- \$0.5 million increase in other expenses resulting from a settlement of a claim related to an expired option agreement, and
- \$0.6 increase in public company, office and professional fee expenses related to Corporation's restructuring initiatives.

#### *Pumpkin Hollow Project Expenditures*

Project costs capitalised for the three months ended March 31, 2018 on the Pumpkin Hollow Copper Development Property consists of the following:

(in thousands of US dollars)	<b>Mar. 31, 2018</b>	<b>2018 Expenditure s</b>	Dec. 31, 2017	<b>Mar. 31, 2017</b>	2017 Expenditures	Dec. 31, 2016
Property payments	<b>\$1,961</b>	\$-	\$1,961	<b>\$1,961</b>	\$-	\$1,961
Advance royalty payments	<b>3,529</b>	366	3,163	<b>3,163</b>	-	3,163
Water rights	<b>2,297</b>	47	2,250	<b>2,021</b>	50	1,971
Drilling	<b>41,832</b>	675	41,157	<b>41,157</b>	-	41,157
Geological consulting, exploration & related	<b>8,459</b>	536	7,923	<b>7,923</b>	-	7,923
Feasibility, engineering & related studies	<b>22,585</b>	1,223	21,362	<b>19,583</b>	-	19,583
Permits/ environmental	<b>11,707</b>	63	11,644	<b>11,634</b>	53	11,581
East deposit underground project Underground access, hoist, head frame, power, & related	<b>79,247</b>	346	78,901	<b>77,989</b>	228	77,761
Engineering procurement	<b>10,550</b>	-	10,550	<b>10,550</b>	-	10,550
Surface infrastructure	<b>3,804</b>	-	3,804	<b>3,804</b>	-	3,804
Site costs	<b>16,012</b>	668	15,344	<b>14,326</b>	476	13,850
	<b>201,983</b>	3,924	198,059	<b>194,111</b>	807	193,304
Depreciation	<b>703</b>	13	690	<b>652</b>	15	637
Capitalised interest	<b>51,317</b>	3,358	47,959	<b>35,714</b>	3,730	31,984
Stock-based compensation	<b>4,498</b>	-	4,498	<b>4,489</b>	94	4,395
<b>Total Development Costs</b>	<b>\$258,501</b>	7,295	\$251,206	<b>\$234,966</b>	\$4,646	\$230,320

For the period ended March 31, 2018, the Corporation incurred \$7.3 million of project expenditures compared to \$4.6 for the same period in 2017. The \$2.1 million increase reflects the resumption of the advance royalty payments which was deferred in 2017, commencement of drilling activities and engineering design work. The focus during the comparative period ended March 31, 2017 was care and maintenance activities only.

Capitalised interest costs were \$3.4 million for the quarter ended March 31, 2018 compared to the capitalised interest costs for the year ended March 31, 2017 of 3.7 million.

## Summary of Quarterly Results

Selected consolidated financial information for the most recent eight financial quarters is as follows:

(In thousands of US dollars except amounts per share)	2018	2017	2017	2017	2017	2016	2016	2016
	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30
Working capital	41,923	(73,917)	(2,717)	(1,032)	2,114	2,435	4,566	6,572
Total assets	307,827	262,255	255,544	250,936	248,955	244,516	240,719	239,382
Development property	258,501	251,206	245,740	240,642	234,966	230,320	225,067	220,120
Total noncurrent liabilities	98,524	114,427	171,702	164,968	170,247	165,600	158,587	154,677
Shareholders' equity	206,205	72,336	80,784	83,906	76,112	76,408	80,324	81,286
Net profit (loss)	(12,601)	(8,448)	(3,122)	5,277	(296)	(4,842)	(1,356)	(10,278)
Net profit (loss) per share	(0.05)	(0.09)	(0.03)	0.06	(0.01)	(0.05)	(0.02)	(0.11)

## Liquidity and Capital Resources

As of March 31, 2018, the Corporation had a cash balance of \$44.7 million, excluding restricted cash. The Corporation's working capital as at Mar 31, 2018, was \$41.9 million compared with working capital deficit of \$73.9 million as at December 31, 2017.

The increase in the Corporation's working capital during the period ended March 31, 2018 is due to Equity Offering completed in January 2018 which gross proceeds of \$102.9 million through the issuance of 256,410,256 common shares at a price of \$0.50 CDN per share.

Concurrent with completion of the Offering above, \$42 million was repaid to Red Kite from proceeds of the Offering. The refinancing reduced the Red Kite long-term debt outstanding to \$95 million (the "Refinanced Loan"). \$80 million of the Refinanced Loan balance consists of two tranches of \$40 million each. Subject to completion of another equity offering in 2018 another \$15 million of outstanding Refinanced Loan will be converted into shares at a conversion price to be set based on the price per the subsequent equity offering.

During the period, the Corporation also repaid the entire Pala Bridge Loan balance of \$3.5 million including interest upon completion of the above Offering. In addition, the Pala Convertible debt Facility was converted into shares at a conversion price of \$0.50 CAD per share. The Facility balance at the time of conversion was \$38.5 million (\$47.8 million CAD). This resulted in the issuance of 95,561,944 shares to Pala.

The Corporation will need to raise additional funds to support its development operations and administration expenses in the future. Future sources of liquidity may include debt financing, equity financing, convertible debt, exercise of options, or other means. The continued operations of the Corporation are dependent on its ability to obtain additional financing or to generate future cash flows.

The Corporation, and Triple Flag Mining Finance Bermuda Ltd. ("Triple Flag") have entered into a metals purchase and sale agreement dated December 21, 2017 (the "Stream Agreement") whereby Triple Flag has committed to fund a deposit of \$70 million (the "Stream Deposit") against future sale and delivery by Nevada Copper of 90% of the gold and silver production from the underground of the Corporation's Project, calculated based on a fixed ratio of 162.5 ounces of gold for each 1 million pounds of copper in concentrate produced and 3,131 ounces of silver for each 1 million pounds of copper in concentrate produced. The Corporation will receive an ongoing payment of 10% of the spot price for each ounce of gold and silver delivered to Triple Flag. The Corporation has a one-time option on March 31, 2020 to reduce the amount of gold and silver to be delivered under the Stream Agreement to 55% of the gold and silver production from the underground project (based on the fixed ratios noted above) by making a payment of \$36 million to Triple Flag, subject to certain adjustments. The Corporation and its subsidiaries have provided security for the performance of the obligations under the Stream Agreement over all of their respective assets. To date no monies have been received under this arrangement. Funding of the Stream Deposit is conditional on, among other things, a decision to proceed with construction of the underground project on a fully funded basis (excluding working capital).

In addition to the above Stream Agreement, the Corporation intends to complete a further subsequent equity offering for aggregate proceeds together with the Offering of at least \$150 million (net of applicable fees and expenses) on terms to be determined in the context of the market, in compliance with the policies of the TSX.

To ensure that the Corporation will be well-positioned to successfully implement the subsequent equity offering at the time of its choosing and to take advantage of favourable market conditions, the Corporation has entered into equity backstop agreement with Pala in which Pala will purchase common shares offered during a subsequent offering (or securities convertible into common shares) for an aggregate amount of up to \$60 million which may be called by the Corporation, at its option. Pala was paid \$1.2 million which represents 2% of the Pala's backstop commitment.

### Transactions with Related Parties

Pala is a related party because it is a Corporation that currently holds 53.5% of Nevada Copper shares. Additionally, two Pala executives, Evgenij Iorich, and Stephen Gill, are on the Corporation's Board of Directors as at March 31, 2018. During the period, the following transactions were entered into with Pala:

- Offering subscription in the amount of \$39.5 million (\$49.2 CAD);
- Repayment of the Pala Bridge Loan in the amount of \$3.5 million;
- Conversion of the Pala convertible debt into shares at a conversion price of \$0.50 CAD per share. The Facility balance at the time of conversion was \$38.5 million (\$47.8 million1 CAD). This resulted in the issuance of 95,561,944 shares to Pala;
- Back stop fees of \$1.8 million;
- Repayment of accounts payable of \$2.1 million; and
- Interest paid or accrued \$1.2 million.

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 eighteen months of salary for these senior officers. The amount of this contingent liability is \$0.7 million (2017 - \$1.6 million) and is not recorded in the consolidated statements of financial position. Pala exercising their conversion rights under the convertible debt triggered the change in control clauses. During the period, \$1 million was paid to a senior officer pertaining to this management agreement.

During the quarter, \$0.3 million (2017-\$Nil) was paid in director fees. As of March 31, 2018, accounts payable and accrued liabilities include director fees payable of \$0.1 million (2017- \$nil).

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

### Contractual Obligations

The following table sets forth the Corporation's known contractual obligations as at March 31, 2018:

(in thousands of USD)	Payments due by period				
Contractual obligations	Total	1 year	2-3 years	4-5 years	5 years+
Accounts payable and accrued liabilities	\$2,642	\$2,642	\$-	\$-	\$-
DCU and DSU payable	477	477	-	-	-
Long-term debt (ii)	141,066	-	14,441	25,945	100,680
<b>Total USD obligations</b>	<b>\$144,185</b>	<b>\$3,119</b>	<b>\$14,441</b>	<b>\$25,945</b>	<b>\$100,680</b>
	CAD	CAD	CAD	CAD	CAD
Office lease	\$158	\$158	-	-	-
<b>Total CAD obligations</b>	<b>\$158</b>	<b>\$158</b>	<b>-</b>	<b>-</b>	<b>-</b>

(i) 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 instalments to the lessor if the lease is renewed.

(ii) These values reflect accrued interest through loan maturity.

Previously, the Corporation had entered into certain construction and engineering contracts relating to the construction of the underground shaft. Work incurred on these contracts were billed monthly and therefore are not listed as commitments. There are currently no material construction or engineering contracts in force.

### **Off-Balance Sheet Arrangements**

The Corporation has no Off-Balance Sheet arrangements that are not disclosed in the Commitment section above.

### **Disclosure Controls and Procedures and Internal Controls over Financial Reporting**

Management is responsible for establishing and maintaining adequate ICFR. Any system of ICFR, no matter how well designed, has inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. There were no material changes in the Company's ICFR during the three months March 31, 2018.

### **New Accounting Pronouncements**

Certain recent accounting pronouncements have been included under Note 2c in the corporation's March 31, 2018 unaudited interim consolidated financial statements.

The Corporation adopted the new IFRS 9 accounting standard that became effective as of January 1, 2018. Modifications to financial liabilities are treated differently under IFRS 9 as compared to IAS 39. The Corporation's Red Kite long-term debt with had been modified 4 times since inception. Under IAS 39, the Company did not recognise a gain or loss at the date of modification of the loan as these prior modifications were not considered significant enough to constitute an extinguishment. Under IFRS 9, a gain or loss at the date of a modification would be recognized in profit or loss regardless of whether the change in terms are considered significant.

The Corporation has re-calculated the cash flows under each of the four prior amendments upon adoption of IFRS 9. This analysis resulted in a \$4.9 million increase in the carrying value of the loan and a corresponding charge to accumulated deficit as at January 1, 2018.

The Corporation has not identified any other implications of the transition to IFRS 9.

### **Critical Accounting Estimates**

The preparation of the consolidated financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingencies at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting periods. Although these estimates are based on management's expectations for the likely outcome, timing and amounts of events or transactions, actual results could differ from those estimates. Areas requiring the use of management estimates include the determination assumptions used in valuing stock-based compensation, valuation of and the determination of the remaining life of mineral property, plant and equipment, estimating future asset retirement obligations, estimating convertible debt, and estimating accrued liabilities.

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

- i. Mineral property assets. The measurement and impairment of mineral properties are based on various judgments and estimates. These include the determination of 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 recognised to the extent that it is probable that there will be future outflow of funds to a taxation authority. Such provisions often require judgment on the treatment of certain taxation

matters that may not have been reported to or assessed by the taxation authority at the date of these financial statements. Differences in judgment by the taxation authority could result in changes to actual taxes payable by the Corporation.

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

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

- 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 stock-based compensation expense reported.
- iv. Discount rate of loans. The loans are initially recognised at fair value, calculated as the net present value of the liability based upon discount rate issued by comparable issuers and accounting for at amortised cost using the effective interest rate method.

## **Risk Factors**

The Corporation and its future business, operations and financial condition are subject to various risks and uncertainties due to the nature of its business and the present stage of development of its mineral properties. Certain of these risks and uncertainties are under the heading "Risk Factors" under the Corporation's Annual Information Form dated March 28, 2018 which is available on SEDAR at [www.sedar.com](http://www.sedar.com).

## **Share Data**

Capital Structure as of May 10, 2018:

Common shares issued and outstanding:	445,150,682
Total stock options outstanding:	6,693,500
Total warrants outstanding:	5,460,000

## **Forward-Looking Statements**

Certain of the statements made and information contained herein may contain forward-looking information within the meaning of applicable Canadian securities laws. Such forward-looking statements and forward-looking information include, but are not limited to, statements concerning: the Corporation's ability to secure a strategic partner or other project financing arrangement, plans at the Pumpkin Hollow Project; the assumptions in the financial analysis prepared in connection with the Technical Report on the Pumpkin Hollow Project; the timing of granting of any future permits, estimated metal production and the timing thereof; the possibility of future iron magnetite revenues; the possibility of any solar development at the project; any metal pricing, capital and operating and cash flow estimates contained in the FS; and the access to financing and appropriate equipment and sufficient labour. Forward-looking statements or information include statements regarding the expectations and beliefs of management. Often, but not always, forward-looking statements and forward-looking information can be identified by the use of words such as "plans", "expects", "is expected", "anticipated", "is targeted", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", or "believes" or the negatives thereof or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Forward-looking statements or information include, but are not limited to, statements or information with respect to known or unknown risks, uncertainties and other factors which may cause the actual industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or information.

Forward-looking statements or information are subject to a variety of risks and uncertainties which could cause actual events or results to differ from those reflected in the forward-looking statements or information, including,

without limitation, risks and uncertainties relating to: history of losses; requirements for additional capital; dilution; loss of its material properties; interest rates increase; global economy; no history of production; future metals price fluctuations, speculative nature of exploration activities; periodic interruptions to exploration, development and mining activities; environmental hazards and liability; industrial accidents; failure of processing and mining equipment to perform as expected; labour disputes; supply problems; uncertainty of production and cost estimates; the interpretation of drill results and the estimation of mineral resources and reserves; legal and regulatory proceedings and community actions; title matters; regulatory restrictions; permitting and licensing; volatility of the market price of Common Shares; insurance; competition; hedging activities; currency fluctuations; loss of key employees; as well as those factors discussed in the section entitled “Risk Factors” in this MD&A and the Corporation’s Annual Information Form dated March 28, 2018. Should one or more of these risks and uncertainties materialise, or should underlying assumptions prove incorrect, actual results may vary materially from those described in forward-looking statements or information. Accordingly, readers are advised not to place undue reliance on forward-looking statements or information. The Corporation disclaims any intent or obligation to update forward-looking statements or information except as required by law, and you are referred to the full discussion of the Corporation’s business contained in the Corporation’s reports filed with the securities regulatory authorities in Canada.



**NEVADA COPPER CORP.**

Condensed Consolidated Interim Financial Statements  
For the three months ended March 31, 2018

# NEVADA COPPER CORP.

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

	March 31, 2018	December 31, 2017
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$44,689	\$385
Amounts receivable	151	105
Prepaid expenses	181	1,085
	<u>45,021</u>	<u>1,575</u>
<b>Restricted cash</b>	<b>453</b>	<b>971</b>
<b>Deferred share issuance costs (note 4 b and 7b)</b>	<b>3,617</b>	<b>-</b>
<b>Deferred financing fees (note 4c)</b>	<b>-</b>	<b>8,260</b>
<b>Mineral properties, plant, and equipment (note 3)</b>	<b>258,736</b>	<b>251,449</b>
	<u>\$307,827</u>	<u>\$262,255</u>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$2,165	\$3,907
Stock-based compensation liabilities (note 7d)	476	1,547
Current portion of long term debt (note 4)	457	70,038
	<u>3,098</u>	<u>75,492</u>
<b>Long term debt (note 4)</b>	<b>97,629</b>	<b>113,532</b>
<b>Asset retirement obligation</b>	<b>895</b>	<b>895</b>
	<u>101,622</u>	<u>189,919</u>
<b>Shareholders' Equity</b>		
Share capital (note 7)	312,717	161,354
Other equity reserve (note 7)	26,468	26,476
Accumulated other comprehensive loss	(3,578)	(3,578)
<b>Deficit</b>	<b>(129,402)</b>	<b>(111,916)</b>
	<u>206,205</u>	<u>72,336</u>
	<u>\$307,827</u>	<u>\$262,255</u>

Contractual Obligations (note 8)

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

Approved on behalf of the Board on May 10, 2018:

(Signed) "Braam Jonker", Director

(Signed) "Lucio Genovese", Director

# NEVADA COPPER CORP.

## Condensed Consolidated Interim Statements of Operations and Comprehensive Loss

(Expressed in thousands of United States dollars except per share amounts which are in United States dollars)

(Unaudited – Prepared by Management)

Three-month periods ended

	<b>March 31, 2018</b>	March 31, 2017
<b>Expenses</b>		
Consulting and remuneration	<b>\$1,088</b>	\$148
Public company expenses	<b>417</b>	121
Office expenses	<b>131</b>	75
Professional fees	<b>239</b>	34
Business development	<b>42</b>	61
Stock-based compensation (note 7c)	<b>27</b>	121
	<b>(1,944)</b>	(560)
Interest income	<b>141</b>	5
Interest and finance expenses	<b>(28)</b>	(1,032)
Derivative fair value change (note 4b and ciii)	<b>(2,159)</b>	1,283
Other income (expense)	<b>(549)</b>	1
Debt extinguishment loss, net (note 4c)	<b>(7,737)</b>	-
Foreign exchange (loss) gain	<b>(325)</b>	7
<b>Net loss and comprehensive loss</b>	<b>\$(12,601)</b>	\$(296)
<b>Loss per common share</b>		
Basic and diluted	<b>\$ (0.05)</b>	\$ (0.00)
<b>Weighted average number of common shares outstanding</b>	<b>240,853,108</b>	88,168,125

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

# NEVADA COPPER CORP.

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

Three month periods ended March 31, 2018 and March 31, 2017

	Share Capital		Other Equity Reserve	Accumulated Other Comprehensive Loss	Deficit	Total
	Number of Shares	Amount				
Balances, December 31, 2016	88,168,125	\$155,794	\$25,519	\$(3,578)	\$(105,327)	\$76,408
Stock-based compensation	-	35	-	-	-	35
Share issue costs	-	-	(35)	-	-	(35)
Net loss	-	-	-	-	(296)	(296)
<b>Balances, March 31, 2017</b>	<b>88,168,125</b>	<b>\$158,829</b>	<b>\$26,484</b>	<b>\$(3,578)</b>	<b>\$(105,623)</b>	<b>\$76,112</b>

	Share Capital		Other Equity Reserve	Accumulated Other Comprehensive Loss	Deficit	Total
	Number of Shares	Amount				
Balances, December 31, 2017	93,178,482	\$161,354	\$26,476	\$(3,578)	\$(111,916)	\$72,336
IFRS 9 adjustment (note 4cii)	-	-	-	-	(4,885)	(4,885)
Warrant revaluation	-	-	(35)	-	-	(35)
Stock-based compensation	-	-	27	-	-	27
Shares issued, (note 7b)	256,410,256	102,902	-	-	-	102,902
Share issue costs (note 7b)	-	(4,196)	-	-	-	(4,196)
Convertible debt conversion (note 4b)	95,561,944	52,657	-	-	-	52,657
Net loss	-	-	-	-	(12,601)	(12,601)
<b>Balances, March 31, 2018</b>	<b>445,150,682</b>	<b>\$312,717</b>	<b>\$26,468</b>	<b>\$(3,578)</b>	<b>\$(129,402)</b>	<b>\$206,205</b>

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

# NEVADA COPPER CORP.

Condensed Consolidated Interim Statements of Cash Flows

(Expressed in thousands of United States dollars)

(Unaudited – Prepared by Management)

Three month periods ended

	March 31, 2018	March 31, 2017
<b>Cash flows used in operating activities</b>		
Net loss for the period	\$(12,601)	\$(296)
Adjustments for:		
Derivatives fair value change (note 4b and ciii)	2,159	1,091
Debt extinguishment loss (note4c)	7,737	-
Interest and finance expenses	-	(1,032)
Stock-based compensation	27	156
Unrealized foreign exchange loss (gain)	375	-
Interest income	(141)	(5)
Depreciation and accretion expense	13	-
	<b>(2,431)</b>	<b>(86)</b>
Changes in non-cash working capital items:		
Amounts receivable	(46)	(1)
Prepaid expenses	904	(3,632)
Accounts payable and accrued liabilities	(2,816)	(186)
<b>Net cash used in operating activities</b>	<b>(4,389)</b>	<b>(3,905)</b>
<b>Cash flows used in investing activities</b>		
Interest received	141	5
Cash moved from (to) restricted cash	518	-
Deposits for development costs		
Development costs for mineral properties, plant and equipment	(4,599)	(734)
<b>Net cash used in investing activities</b>	<b>(3,940)</b>	<b>(729)</b>
<b>Cash flows from financing activities</b>		
Issuance of common shares	102,500	-
Long-term debt repayment (note 4ciii)	(42,035)	-
Pala bridge loan repayment (note4a)	(3,500)	-
Share issuance costs incurred	(2,585)	(35)
Proceeds (repayment) from convertible debt (note4b)	-	5,000
Deferred share issuance costs (note7b)	(1,200)	-
Transaction costs for debt refinancing (note 4ciii)	(135)	(674)
Interest paid	(37)	(3,523)
<b>Net cash provided by financing activities</b>	<b>53,008</b>	<b>768</b>
<b>Effect of exchange rate changes on cash and equivalents</b>	<b>(375)</b>	<b>-</b>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>44,304</b>	<b>(3,866)</b>
<b>Cash and cash equivalents, beginning of the period</b>	<b>385</b>	<b>4,801</b>
<b>Cash and cash equivalents, end of the period</b>	<b>\$44,689</b>	<b>\$935</b>
Supplementary information:		
Convertible debt conversion (note 4b)	\$52,657	\$-
Non-cash share issuance costs – shares issued	402	-
Stock-based compensation included in mineral properties	-	94
Mineral properties, plant, and equipment in accounts payable and accrued liabilities change	-	(59)
Interest capitalised in mineral properties, plant and equipment	\$2,696	\$3,730

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

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

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## 1. General Information and Nature of Operations:

Nevada Copper Corp. (the “Corporation” or “Nevada Copper”) was incorporated on June 16, 1999 under the Business Corporations Act of the Yukon. The Corporation is an exploration and development stage mining company engaged in the identification, acquisition, exploration and development of copper and other mineral properties located in the United States and elsewhere. Its’s primary focus is the development and construction of the mining project at their Pumpkin Hollow Property (the “Property”) in Western Nevada, USA.

## 2. Significant Accounting Policies:

### a.) Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting and follow the same accounting policies and methods of application as the Company’s most recent annual financial statements (except for the adoption of IFRS 9 – note 2ci) . These condensed consolidated interim financial statements do not include all of the information required for full consolidated annual financial statements and should be read in conjunction with the consolidated financial statements of the Company as at and for the year ended December 31, 2017, prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

These condensed consolidated interim financial statements are presented in United States dollars (“USD”), which is the Corporation’s functional currency. Transactions in currencies other than the functional currency are recorded at the rate of exchange prevailing on the date of the transaction. Monetary assets and liabilities that are denominated in foreign currencies are translated at the rate prevailing at each reporting date. Non-monetary items that are measured at historical cost in a foreign currency are translated at the exchange rate on the date of the transaction. Foreign currency translation differences are recognized in operations.

These interim consolidated financial statements were approved for issue by the Board of Directors on May 10, 2018.

### b.) Use of judgments and estimates

In preparing these condensed consolidated interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgments made by management in applying the Corporation’s accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements as at the year ended December 31, 2017.

### c.) Recent accounting pronouncements:

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

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The Corporation adopted IFRS 9 effective January 1, 2018. There was a change to the carrying value of the Red Kite long-term debt (note 4c) as a result of this new accounting standard. The Corporation has taken an exemption not to restate comparative information for prior periods with respect to the classification and measurement requirements of IFRS 9. Accordingly, the comparative information for 2017 is presented under IAS 3 with modified retrospective application during the period and the effects of the adoption are disclosed in Note 4cii.

The adoption of IFRS 9 has not had a significant effect on the Corporation's accounting policies related to financial liabilities and derivative financial instruments. The impact of IFRS 9 on the classification and measurement of financial assets is set out below.

Under IFRS 9, on initial recognition, a financial asset is classified as measured at: amortized cost; Fair Value through Other Comprehensive Income (FVOCI); or Fair Value from Profit or Loss (FVPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Corporation may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVPL. This includes all derivative financial assets. On initial recognition, the Corporation may irrevocably designate a financial asset as FVPL if doing so significantly reduces an accounting mismatch that would otherwise arise.

The following accounting policies apply to the subsequent measurement of financial assets.

1. Financial assets at FVPL - These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.
  2. Financial assets at amortized cost - These assets are subsequently measured at amortized cost using the effective interest method, and reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
  3. Equity investments at FVOCI - These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.
- ii) Leases (IFRS 16), effective for annual periods beginning on or after January 1, 2019, provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. It supersedes IAS 17 Leases and its associated interpretive guidance. Significant changes were made to lessee accounting with the distinction between operating and finance leases removed and assets and liabilities recognized in respect of all leases (subject to limited exceptions for short-term leases and leases of low value assets). The

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Corporation is evaluating the impact of the adoption on IFRS 16 but has yet to make and final conclusions.

### 3. Mineral Properties, Plant and Equipment

	Mineral Properties Development Costs	Plant & Equipment	Deposits	Total
<b>Cost:</b>				
As at Dec. 31, 2017	\$251,206	\$1,128	\$84	\$252,418
Additions	7,295	-	5	7,300
<b>As at Mar. 31, 2018</b>	<b>\$258,501</b>	<b>\$1,128</b>	<b>\$89</b>	<b>\$259,718</b>
<b>Accumulated depreciation:</b>				
As at Dec. 31, 2017	\$-	\$969	-	\$969
Additions	-	13	-	13
<b>As at Mar. 31, 2018</b>	<b>\$-</b>	<b>\$982</b>	<b>-</b>	<b>\$982</b>
<b>Net book value:</b>				
As at Dec. 31, 2017	\$251,206	\$159	84	\$251,449
<b>As at Mar. 31, 2018</b>	<b>\$258,501</b>	<b>\$146</b>	<b>\$89</b>	<b>\$258,736</b>

#### *Pumpkin Hollow Copper Development Property (the “Property”):*

The Corporation has a 100% interest in the Property situated near Yerington, Nevada. The Property is comprised of private land owned directly by the Corporation and leased patented claims.

The Corporation entered into the Lease Agreement (“Lease”) for the leased patented claims with RGGGS Land & Minerals Ltd. (“RGGGS”) in May 2006. The term of the initial Lease was for ten years, renewable for up to three more additional ten-year terms for a total of 40 years. The Corporation’s Lease obligations in the first ten-year term have been fully met and the Lease has extended to its second ten-year term expiring May 2026.

Under the terms of the Lease, the Corporation is required to pay advance royalty payments of \$600 annually until the second expiry date of the Lease on May 2026. Following the completion of the second ten-year term the lease can be extended for to two further ten-year terms subject to performing continuous mining activities, and payment of production royalties and minimum royalty payments of \$10,000 in each of these subsequent ten-year terms.

The Corporation must also pay RGGGS a net production royalty on copper obtained from leased patented claims. 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 per pound 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%. These royalties will be offset by earlier advance royalty payments subject to the annual minimums.

During 2017, an agreement was reached with RGGGS to defer the advance royalty payments in 2017 to 2018. At December 31, 2017, the deferred amount was \$863 which was accrued in the Corporation’s accounts. 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.

Three months prior to commencing mining operations, the Corporation must provide RGGGS with a standing irrevocable letter of credit in favour of RGGGS. If RGGGS withdraws any amounts from the letter of credit, the Corporation must replace the funds withdrawn within ten days of receiving notice from RGGGS

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that funds have been withdrawn. The letter of credit remains in effect until all obligations of the Corporation under the Lease Agreement have been performed, and RGS has the right to request a revision upward in the required amount of the letter of credit based upon past and projected production royalties from the Property.

The Corporation is current with all required Lease payments and advance royalty payments. Quarterly lease payments of \$150 and \$216 of 2017 deferred lease payment were due and paid during the period. Cumulative advance royalty payments made total \$3,528 to March 31, 2018.

Project costs capitalised for the three months ended March 31, 2018 on the Property consists of the following:

	Mar. 31, 2018	Q1 2018 Addition	Dec. 31, 2017	2017 Additions	Dec. 31, 2016
Property payments	\$1,961	\$-	\$1,961	\$-	\$1,961
Advance royalty payments	3,529	366	3,163	-	3,163
Water rights	2,297	47	2,250	279	1,971
Drilling	41,832	675	41,157	-	41,157
Geological consulting, exploration & related	8,459	536	7,923	-	7,923
Feasibility, engineering & related studies	22,585	1,223	21,362	1,779	19,583
Permits/environmental	11,707	63	11,644	63	11,581
East deposit underground project					
Underground access, hoist, head frame, power & related	79,247	346	78,901	1,140	77,761
Eng. procurement	10,550	-	10,550	-	10,550
Surface infrastructure	3,804	-	3,804	-	3,804
Site costs	16,012	668	15,344	1,494	13,850
	201,983	3,924	198,059	4,755	193,304
Depreciation	703	13	690	53	637
Capitalised interest	51,317	3,358	47,959	15,975	31,984
Stock-based compensation	4,498	-	4,498	103	4,395
<b>Total</b>	<b>\$258,501</b>	<b>\$7,295</b>	<b>\$251,206</b>	<b>\$20,886</b>	<b>\$230,320</b>

## 4. Debt

	March 31, 2018	December 31, 2017
Current portion of long term-debt:		
Bridge loan (a)	\$-	\$3,525
Current portion of convertible debt (b)	-	36,485
Current portion of convertible debt - derivatives (b)	457	11,735
Current portion of long term debt (c)	-	18,293
Total Current portion of long term-debt	457	70,038
Long term debt (c)	97,629	113,532
Total Long-Term debt	\$98,086	\$183,570

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## a.) Bridge loan:

During October 2017, Pala Investments Limited (“Pala”), a related party (note 5), advanced funds to the Corporation (the “Pala Bridge Loan”) as a short-term bridge loan. The Pala Bridge Loan had a maximum principal amount of \$3,500, carried an interest rate of 7% and the interest was payable at maturity. The Pala Bridge Loan had a maximum term of six months and could be repaid early without penalty. The loan was advanced in two tranches. The first tranche of \$2,500 was received in October and the second tranche, of \$1,000, was received in December. The loan was collateralised against the Corporation’s assets. During the period ended March 31, 2018, the Corporation repaid the entire Pala Bridge Loan balance, including interest of \$37, upon completion of the Offering (note 7b).

## b.) Convertible debt:

	<b>Loan facility</b>	<b>Deferred financing fees</b>	<b>Total</b>
<b>December 31, 2017</b>	\$38,232	(\$1,747)	\$36,485
Interest accrued	224	-	224
Conversion	(38,456)	1,747	(36,709)
<b>March 31, 2018</b>	\$-	\$-	\$-

  

	<b>Convertible Derivative</b>	<b>Warrants Derivative</b>	<b>Total</b>
<b>December 31, 2017</b>	\$10,986	\$749	\$11,735
Change in fair value	4,961	(292)	4,669
Conversion	(15,947)	-	(15,947)
<b>March 31, 2018</b>	\$-	\$457	\$457

On June 3, 2016, the Corporation and Pala entered into Convertible Facility (“Facility”). The Facility had an initial balance of \$20,200 (“Tranche 1”) and subsequent additional funding of \$5,000 in each of the 2016 (“Tranche 2”) and 2017 (“Tranche 3”) fiscal years aggregating to a total principal balance of \$30,200 at an interest of 12% per annum. The Facility was collateralised against the Corporation’s assets and was payable on the earliest of (1) December 31, 2018; (2) the date when outstanding amounts under the Red Kite Loan Agreement were paid in full; or (3) if a change of control occurred.

Pala could elect to convert the principal amount and any accrued and unpaid interest under the Facility, 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 was \$0.69 CAD per share for Tranche 1 and 2 and \$0.76 CAD for Tranche 3.

In addition, 2,500,000 warrants (note 7e) were 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 in relation to Tranche 2. A further 2,500,000 warrants (note 7e) were 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 in relation to Tranche 3.

The Facility also granted Pala the right, so long as it holds at least 15% of the outstanding common shares of the Corporation, to nominate up to three members to the Board and to participate in future equity offerings of the Corporation on a pro rata basis.

The Facility was carried at amortised cost and the convertible option and the warrants of the Facility were recorded at their respective fair values at inception and each subsequent measurement date as they were

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classified as derivatives. Changes in the fair values of these financial instruments are recorded in the statements of operations and comprehensive loss.

On December 21, 2017, the Facility was amended. The Conversion Price was revised to be the lower of: \$0.50 CAD, the price per common share paid in connection with any equity subscription closed in connection with the senior loan refinancing transactions, and the original terms of \$0.69 CAD and \$0.76 CAD per share.

On January 18, 2018 (“Conversion Date”), the Facility was converted into shares at a conversion price of \$0.50 CAD per share. The Facility balance at the time of conversion was \$38,456 (\$47,781 CAD). This resulted in the issuance of 95,561,944 shares to Pala.

The Facility of \$38,456, the deferred financing fees of \$1,747 and the fair value of the convertible derivative obligation of \$15,948 at the Conversion Date were all reclassified to share capital resulting in an increase in share capital of \$52,657.

The warrants relating to the convertible debt remain outstanding. The value related to the change in Conversion Price has been treated as part of the deferred financing cost of Pala agreeing to backstop certain financings (note 7b).

Pala has also been granted the continuation of certain rights it held pursuant to the Facility, including the right to nominate up to three members of the Board, subject to Pala maintaining certain share ownership thresholds, and the right, as long as Pala holds 15% of the outstanding shares, to participate in future equity offerings on a pro rata basis.

## c.) Long term debt:

	Loan facility – amortised cost	Deferred financing fee	Derivative	Total
Balance at December 31, 2017*	\$131,759	\$-	\$66	\$131,825
IFRS 9 adjustments (ii)	4,885	-	-	4,885
Balance at January 1, 2018	136,644	-	66	136,710
Interest, accretion and other adjustments to refinancing	391	-	(66)	325
Refinancing (iii)	(42,035)	(135)	914	(41,256)
Balance after refinancing	95,000	(135)	914	95,779
Interest and accretion expense	1,612	-	-	1,612
Change in fair value	-	-	238	238
<b>Balance at March 31, 2018</b>	<b>\$96,612</b>	<b>\$(135)</b>	<b>\$1,152</b>	<b>\$97,629</b>

\* short term and long term portion

## i.) Original terms

On December 30, 2014 and amended September 2015, January 2016, April 2016, May 2016, and March 2017, the Corporation entered into a loan agreement with EXP T1 Ltd that is an affiliate of RK Mine Finance (“Red Kite”) pursuant to which Red Kite agreed to make a \$200,000 senior secured loan facility (the “Loan”) available to the Corporation. The Corporation borrowed a total of \$110,000. The balance of the Loan, or new additional loan amounts, may be drawn down by the Corporation, subject to the Corporation achieving certain milestones relating to the development of the Project.

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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 Property.

Under the original terms of the Loan Agreement, the Loan is to be repaid by December 31, 2020 with quarterly principal repayments commencing on September 30, 2017. The Loan can be repaid without penalty at any time prior to maturity. 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%.

Since inception through the period ended March 31, 2018, \$51,317 (note 4) (2017 - \$47,959) of interest was accrued and capitalised to mineral property development costs.

The Loan is carried at amortised cost on the consolidated statements of financial position. The Corporation has incurred \$15,018 of transaction costs, 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 in the amount of \$8,260, which was written off during the period as part of the January 2018 refinancing.

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. The remaining 25.5% balance of the underground offtake is held by prior lender, MF Investments, under a previous loan agreement. The off-take agreement includes concentrate pricing based on market terms.

## **ii.) Subsequent amendments and IFRS 9 adjustment**

As mentioned above, the Loan agreement had amendments (the "Amendments") in September 2015, January 2016, April 2016, May 2016, and March 2017. Under IAS 39, when an entity made such Amendments, it must decide whether this modification was significant enough to constitute an extinguishment (either qualitatively or where the change in present value of cash flows exceeded 10% in accordance with the entity's accounting policy). If the modification was considered an extinguishment of the initial debt, the new modified debt was recorded at fair value and a gain/loss recognized in income for the difference between the carrying amount of the old debt and the new debt. This extinguishment accounting remains the same under IFRS 9.

However, accounting under the newly adopted IFRS 9 differs where the change was not significant enough to be an extinguishment. Under IAS 39 modifications would not lead to an immediate income charge because the entity would typically discount the cash flows of the modified debt at a revised effective interest rate. However, under IFRS 9, the cash flows under the modified debt should be rediscounted at the original effective interest rate. This leads to an immediate income charge on the date of modification.

Since the Corporation determined that the above Amendments were not significant enough to be extinguishments under IAS 39, the cash flows under each Amendment had to be rediscounted at the original effective interest rate upon adoption of IFRS 9 on January 1, 2018. This analysis resulted in a \$4,885 increase

in the carrying value of the Loan and a corresponding charge to deficit as at January 1, 2018 under a modified retrospective basis without adjustment to comparatives.

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### iii.) January 2018 refinancing

Concurrent with completion of the Offering (note 7b) in January 19, 2018, \$42,035 was repaid to Red Kite from proceeds of the Offering. The refinancing reduced the Loan outstanding after the financing to \$95,000 (the “Refinanced Loan”). \$80,000 of the Refinanced Loan balance consists of two tranches (“Tranche 1” and Tranche 2”) of \$40,000 each. Subject to completion of another equity offering in 2018, Red Kite has agreed to convert into shares a further \$15,000 of outstanding Refinanced Loan at a conversion price to be set based on the share price per the subsequent equity offering.

Tranche 1 has a seven-year term maturing on January 19, 2025; bearing interest greater of three-month LIBOR and 1%, plus 8% payable quarterly. If the \$15,000 is not converted into shares as described above, it will be added to Tranche 1. A two-year grace period has been obtained on cash interest payments wherein interest shall be capitalized to the loans. After the grace period, interest shall be paid quarterly together with the 20 quarterly principal repayments over a 5-year amortization period. The quarterly repayments shall be 1% of the outstanding balance for quarters 1 to 5; 5.25% from quarters 6 to 7 and 6.50% from quarters 8 – 20.

Tranche 2 has a nine-year term maturing on January 19, 2027, bearing interest greater of three-month LIBOR and 1% plus 8.5% and a single repayment of principal and interest at maturity.

The Refinanced Loan has the same security terms as the original agreement and contains certain financial and non-financial affirmative and restrictive covenants similar to those found in a traditional bank financing. The Corporation is in compliant with these covenants as at March 31, 2018.

The Corporation may prepay the outstanding balance of Tranche 2. Tranche 1 could be repaid at any time following the repayment in full of Tranche 2. The prepayment option is available without premium or penalty, at any time prior to maturity. Each prepayment shall be in a principal amount at least equal to the lesser of \$5,000 or the outstanding principal balance of the Refinanced Loan.

An embedded derivative liability relating to the interest rate floor and the prepayment option has been recognised. The embedded derivative fair value at inception was \$914. The fair value of the embedded derivative liability is \$1,152 at March 31, 2018. The change in value was recognised in the consolidated statement of operations as derivative fair value change of \$238 for the period ended March 31, 2018.

In accordance with IFRS 9, the Corporation concluded that the Refinanced Loan terms constituted an extinguishment of the initial Loan. Accordingly, the new Refinanced Loan was recorded at fair value and a \$7,737 loss recognized in income for the difference between the carrying amount of the initial Loan and the Refinanced Loan.

### d.) Stream agreement

The Corporation, and Triple Flag Mining Finance Bermuda Ltd. (“Triple Flag”) have entered into a metals purchase and sale agreement dated December 21, 2017 (the “Stream Agreement”) whereby Triple Flag has committed to fund a deposit of \$70,000 (the “Stream Deposit”) against future sale and delivery by Nevada Copper of 90% of the gold and silver production from the underground of the Corporation’s Project. The gold and silver production is to be calculated based on a fixed ratio of 162.5 ounces of gold and 3,131 ounces of silver for each 1 million pounds of copper in concentrate produced. The Corporation will receive an ongoing payment of 10% of the spot price for each ounce of gold and silver delivered to Triple Flag. The Corporation has a one-time option on March 31, 2020 to reduce the amount of gold and silver to be delivered under the Stream Agreement to 55% of the gold and silver production from the underground portion of the Project (based on the fixed ratios noted above) by making a payment of \$36,000 to Triple Flag, subject to certain adjustments. The Corporation and its subsidiaries have provided security for the performance of the obligations under the Stream Agreement over all of their respective assets. To date no

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monies have been received under this arrangement. Funding of the Stream Deposit is conditional on, among other things, a decision to proceed with construction of the underground portion of the Project on a fully funded basis (excluding working capital).

## 5. Related Party Transactions:

Pala owns 53.5% (2017 – 45.7%) of the Corporation's common shares and has three executives out of six on the Corporation's Board of Directors as at March 31, 2018. During the period, the following transactions were entered into with Pala:

- Offering subscription (note 7b)
- Repayment of the Pala Bridge Loan (note 4a)
- Conversion of the Pala convertible debt (note 4b)
- Back stop fees of \$1,800 (note 7b)
- Repayment of accounts payable outstanding at December 31, 2017 in amount of \$2,067
- Interest paid or accrued \$1,194

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 eighteen months of salary for these senior officers. The amount of this contingent liability is \$700 (2017 -\$1,580) and has not been accrued in the consolidated statements of financial position. Pala exercising their conversion rights under the convertible debt triggered the change in control clauses. During the period, \$981 was paid to a senior officer (note 6) pertaining to this management agreement.

During the quarter, \$277 (2017-\$Nil) was paid in director fees. As of March 31, 2018, accounts payable and accrued liabilities include director fees payable of \$96 (2017- \$nil).

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

## 6. 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:

	March 31, 2018	March 31, 2017
Change of control benefits (Note 5)	\$ 981	\$-
Short-term employee benefits	524	\$120
Stock-based compensation	70	78
Total	\$1,575	\$198

## 7. Share Capital:

- a) Authorised and issued:

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

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## b) Offering

On January 19, 2018, the Corporation completed an Offering (“the Offering”) raising gross proceeds of \$102,902 (\$128,205 CAD) through the issuance of 256,410,256 Special Warrants at a price of \$0.50 CAN per Special Warrant. Within the Offering, an aggregate of 98,450,896 Special Warrants (the “Pala Special Warrants”) were issued to Pala on the closing date, for total subscription proceeds from Pala of \$39,510 (\$49,225 CAD). On the closing date, the Corporation paid Pala a backstop fee of \$600 in respect of a backstop arrangement under which Pala agreed to backstop up to \$30,000 in respect of the Offering, which backstop arrangement was not exercised by the Corporation.

Within the Offering, an aggregate of 88,200,000 Special Warrants were issued to Castllake LP (“Castllake”) , for total subscription proceeds from Castllake of \$35,396 (\$44,100 CAD), which will result in Castllake holding approximately 19.8% of the outstanding Common Shares on the exercise, or the deemed exercise, of Castllake’s Special Warrants into Common Shares. The Corporation also entered into an investor rights agreement with Castllake dated January 19, 2018, which provides Castllake with certain rights, including the right to nominate one member of the Board and the right to participate in further equity offerings of the Corporation, in each case subject to Castllake maintaining certain minimum percentage share ownership thresholds.

The Special Warrants were converted to the Corporation’s common shares effective March 7, 2018 once the Corporation filed a short form prospectus. Part of the proceeds from the Offering was used to repay the Pala Bridge Loan (note 4a) and a portion of the Red Kite long term debt (Note 4c).

Share issuance costs of \$2,986 were incurred in relation to the Offering, Included in these costs was the backstop fee of \$600 charged by Pala

The Corporation has entered into equity backstop agreement with Pala dated December 31, 2017 in which Pala has agreed to purchase common shares offered during a subsequent offering (or securities convertible into common shares) for an aggregate amount of up to \$60,000, which may be called by the Corporation, at its option. Pala was paid a fee of \$1,200, which represents 2% of the Pala’s backstop commitment.

## c) Options:

	Number of Options	Weighted average exercise price \$(CAD)
Outstanding December 31, 2017	5,703,500	\$0.84
Granted	1,240,000	0.80
Expired/cancelled	(250,000)	0.69
<b>Outstanding March 31, 2018</b>	<b>6,693,500</b>	<b>\$0.84</b>
<b>Exercisable March 31, 2018</b>	<b>5,453,500</b>	<b>\$0.85</b>

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.

During the period ended March 31, 2018, \$27 (2017 - \$nil) in stock-based compensation was recorded for options granted to officers and employees, of which \$27 (2017 - \$ nil) was charged to operations. The \$121 in stock-based compensation recorded in March 31, 2017 pertained to the Corporation’s Deferred

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Notes to Condensed Consolidated Interim Financial Statements  
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Compensation Units which fully vested during that period. 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:

	March 31, 2018	March 31, 2017
Risk free interest rate	1.51%	n/a
Expected dividend yield	0%	n/a
Expected stock price volatility	69.1%	n/a
Expected life in years	3	n/a
Expected forfeitures	0%	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, 2018:

Exercise price	Outstanding		Exercisable	
	Number outstanding	Weighted average remaining life (years)	Number outstanding	Weighted average remaining life (years)
\$0.50 - \$0.74	4,383,500	3.26	4,383,500	3.26
\$0.75 - \$1.00	1,725,000	2.15	485,000	0.31
\$1.01 - \$1.96	585,000	1.62	585,000	1.62
	<b>6,693,500</b>	<b>2.83</b>	<b>5,453,500</b>	<b>2.82</b>

d) Deferred share units:

	Number of DSUs
Outstanding December 31, 2017	875,340
Granted	-
Expired/cancelled	-
<b>Outstanding March 31, 2018</b>	<b>875,340</b>

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

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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 \$476 (2017 - \$749).

e) Warrants:

	Number of warrants
Outstanding December 31, 2017	5,460,000
Granted	-
Expired/cancelled	-
<b>Outstanding March 31, 2018</b>	<b>5,460,000</b>

As part of the June 2016 equity offering, the Corporation issued 460,000 agent warrants. These warrants have an exercise price of \$0.60 per warrant, expiring on June 9, 2018. The warrants are considered a liability as their strike price is in Canadian dollars while the Corporation's functional currency is USD. The value of the warrants was determined to be \$43 at March 31, 2018 (2017 - \$78) 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:

	March 31, 2018	March 31, 2017
Risk-free interest rate	1.13%	0.68%
Expected dividend yield	0	0
Expected stock price volatility	50%	75%
Expected life in years	0.2	1.2

In October 2017, the Corporation issued 5,000,000 warrants to Pala in relation to the Pala Convertible Facility (note 4b). The change in value of the warrants derivative was recognised in the consolidated statement of operations as derivative fair value gain of \$292 for the period ended March 31, 2018 (2017 – \$124). The fair value of the warrants derivative at March 31, 2018 and March 31, 2017 was measured using the Black-Scholes option pricing model with the following assumptions:

	March 31, 2018	March 31, 2017
Risk-free interest rate	1.72%	0.86%
Expected dividend yield	0	0
Expected stock price volatility	60%	72%
Expected life in years	1.6	2.5

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## 8. Contractual Obligations:

The following table sets forth the Corporation's contractual obligations for the next five fiscal years as at March 31, 2018:

Contractual obligations	Payments due by period				
	Total	1 year	2-3 years	4-5 years	5 years+
Accounts payable and accrued liabilities	\$2,642	\$2,642	\$-	\$-	\$-
DCU and DSU payable	477	477	-	-	-
Long-term debt	141,066	-	14,441	25,945	100,680
Total USD obligations	\$144,185	\$3,119	\$14,441	\$25,945	\$100,680
	CAD	CAD	CAD	CAD	CAD
Office lease	\$158	\$158	-	-	-
Total CAD obligations	\$158	\$158	-	-	-

## 9. Financial Instruments

### (a) Fair value measurements:

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

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

- Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.
- Level 2 – Quoted prices in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability.
- Level 3 – Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

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

### (b) 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.

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(c) 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 4c) currently provides for interest at LIBOR plus 8%-8.5% per annum, subject to a minimum interest rate of 9%-9.5%. Due to the capitalisation of borrowing costs and the minimum interest rate provision, and as long as LIBOR is less than 1%, the Corporation's sensitivity to a 1% decrease or increase in market rates of interest would have an immaterial effect on the Corporation's interest expense.

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 March 31, 2018, the Corporation held \$10,220 CAD (2017 - \$21 CAD) in cash and cash equivalents in a company with a functional currency of United States dollars. At December 31, 2017, the Corporation had \$1,047 CAD (2017 - \$1,567 CAD) in accounts payable in a company with a functional currency of United States dollars.

A +/- 10% change in the Canadian exchange rate would have had an impact of approximately +/- \$33 on loss for the period ended March 31, 2018.

(d) 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 \$45,293 as at March 31, 2018, being the carrying value of cash and cash equivalents, restricted cash and amounts receivable.

(e) 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 period ended March 31, 2018, the Corporation received additional equity financing and debt refinancing 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 March 31, 2019. 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.

## **CORPORATE INFORMATION**

### **DIRECTORS**

Tom Albanese  
*USA*

Michael Brown  
*South Africa*

Justin Cochrane  
*Toronto, Canada*

Raffaele (Lucio) Genovese  
*Switzerland*

Stephen Gill  
*Switzerland*

Evgenij Iorich  
*Switzerland*

Abraham (Braam) Jonker  
*Vancouver, Canada*

G. Ernest (Ernie) Nutter  
*Toronto, Canada*

### **OFFICES**

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*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**

Matthew Gili  
*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*

Catherine Cox  
*Vice President, Corporate Secretary*

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

**SHARES LISTED**  
TSX Exchange: NCU

**CAPITALIZATION**  
(As at May 9, 2018)  
Shares Issued and Outstanding: 445,150,682

**AUDITOR**  
PricewaterhouseCoopers, Chartered Professional  
Accountants  
*Vancouver, Canada*

**LEGAL COUNSEL**  
Maxis Law Corporation  
*Vancouver, Canada*

**WEBSITE**  
Additional information about the Corporation can be  
found at our website [www.nevadacopper.com](http://www.nevadacopper.com)

**INVESTOR RELATIONS CONTACT**  
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