NEVADA COPPER CORP.

QUARTERLY REPORT FOR THE THREE MONTHS ENDED MARCH 31, 2017

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 8, 2017 and should be read in conjunction with the Corporation's audited consolidated financial statements and related notes for the year ended December 31, 2016, 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 8, 2017.

Unless otherwise noted, comparative financial information contained in this MD&A has been prepared in accordance with IFRS. All amounts are expressed in thousands of US Dollars unless otherwise indicated. Additional information relevant to the Corporation's activities can be found on SEDAR at www.sedar.com.

Description of Business

Nevada Copper Corp. (the "Corporation" or "Nevada Copper") was incorporated on June 16, 1999 under the Business Corporations Act of the Yukon as "African Venture Corporation" and changed its name to "Astron Resources Corporation" on July 26, 1999, and subsequently to Nevada Copper Corp. on November 16, 2006. The Corporation's common shares are listed on the Toronto Stock Exchange ("TSX") under the 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, or a combined underground/open pit, mine operation with associated copper concentrator and associated infrastructure. The Corporation is considering a development consisting of a single large 70,000 tpd concentrator with dual ore feeds ("Integrated Project"), primarily with ore from the North and South open pits, but with supplemental high grade ore from the underground East and E2 deposits. This Integrated Project development was described in a 2015 Integrated Feasibility Study ("IFS") completed July 9, 2015 and is also fully permitted under State of Nevada regulations. The Company is also evaluating alternate development plans focussed on lesser production rates, lower capital costs, and mining of higher grade areas of both the current open pit and underground deposits.

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

Highlights of 2017

In February 2017, Nevada Copper Corp. announced that its long-term cornerstone shareholder, Pala Investments Limited ("Pala"), agreed to make a further investment of $5 million in the Corporation ("Pala Financing"). Additionally, Nevada Copper also successfully secured extensions to the loan maturities under its existing senior term loan facility with EXP T1 Ltd, an affiliate of Red Kite Mine Finance ("Red Kite") and its loan facility with Pala.

The Pala Financing and the amendments to the Red Kite loan facility will provide the additional time required as the Corporation progresses its key initiatives and evaluation of various project development options at Pumpkin Hollow in a rising copper price environment.

These initiatives may include in part or in whole: drilling to extend and better define the higher grade North deposit extension, complete an updated mineral resource followed by evaluating an optimised higher-grade Integrated open pit/underground development plan; and advancing feasibility and technical studies for the construction of a smaller-scale, lower capital cost and higher grade underground project.

In connection with these initiatives, Pala will support Nevada Copper with technical assistance as required to support its management team in the evaluation and advancements of these projects.

Nevada Copper's board of directors has decreased in size to five members with the retirement of Victor Bradley, Joe Giuffre and Paul Matysek. Mr. Bill Myckatyn, who did not stand for election at the annual general meeting held on April 28, 2017, has left the Board. With Mr. Bradley's retirement, the Corporation announced that Evgenij Iorich has been appointed Non-Executive Chairman.

<u>2017 Pala Financing</u>

New Pala Financing was made available in the form of a convertible loan subordinated to the existing Red Kite loan facility, on terms described below, and adjusted conversion prices for the new $5 million loan tranche as follows:

- interest rate of 12% per annum;
- maturity date of December 31, 2018;
- arrangement fee of $200,000 payable out of the loan proceeds; and
- conversion price of CAD$0.90 in respect of the new US$5 million loan tranche, and interest and fees thereon, being the 15% premium to the average 20-day volume-weighted average price ("VWAP") closing price of the common shares on February 24, 2017, subject to potential adjustment such that the conversion price will not exceed 115% of the subscription price for any equity offering during the next six months. The principal loan amount plus accrued and unpaid interest may be converted at such conversion price into common shares of the Corporation at any time up to December 31, 2018 or prior to any voluntary prepayment.

Pala has been granted 2.5 million warrants with a 3-year term with an exercise price at CAD$0.97, being a 25% premium to the average 20-day VWAP closing market price of the common shares of the Corporation on February 24, 2017.

The maturity of Pala's outstanding convertible loans has been extended to December 31, 2018 such that the maturity is aligned with that of the new loan tranche.

The Corporation held an annual and special shareholder meeting on April 28, 2017, at which it sought and received disinterested shareholder approval of the new tranche of the Pala Convertible Loan Facility.

<u>March 2017 Red Kite Loan Amendment</u>

Under a March 2017 amendment to the Red Kite loan facility, monthly interest payments for March 2017 to June 2017, of $4,817, were prepaid from proceeds of the Pala Financing. Interest payments for the balance of 2017 and 50% of the 2018 monthly interest will be accrued. The milestone deadlines for project construction drawdown conditions to be satisfied and the date for first loan principal repayment have both been extended to December 31, 2018.

<u>2016 Highlights</u>

During 2016, management maintained the Project's "construction ready" status. In addition, the Corporation continued discussions with potential strategic partners in order to position the project for future development. Financing discussions are ongoing and may end up taking the form of a joint venture partnership; refinancing of existing debt; additional project debt with, or without, associated offtake; Engineering, procurement, and construction management ("EPCM") contracts with offtake provisions that bring associated low-cost Export Credit Agency ("ECA") financing; or combinations of the foregoing. These discussions are continuing and, as a fully-permitted large copper project in Nevada, the Corporation also has interest from the corporate mining sector.

In June 2016, Nevada Copper closed its previously-announced equity offering of common shares at CAD$0.60 per common share (the "Offering"). The Offering, which was qualified by prospectus, was fully subscribed, including the full exercise of the 15% over-allotment option, resulting in total gross proceeds to the Corporation of CAD$4.6 million. The final prospectus for the Offering was filed on June 3, 2016. At closing, Nevada Copper issued 7,666,667 common shares in the Offering, bringing the post-closing number of issued and outstanding common shares to 88,168,125.

A syndicate of agents, co-led by GMP Securities L.P. and Dundee Securities Ltd. (the "Co-Lead Agents") and including Haywood Securities Inc. (collectively with the Co-Lead Agents, the "Agents"), acted as agents in respect of the Offering. A total of 460,000 warrants, with an exercise price of CAD$0.60 expiring on June 9, 2018, were issued to the Agents as a result of the closing of this equity offering.

The net proceeds from the Offering are to be used by the Corporation at its fully-permitted Pumpkin Hollow project in Nevada for engineering, ongoing property maintenance, and for working capital and general corporate purposes.

On June 3, 2016 the Corporation announced that its senior secured lender, EXP T1 Ltd., an affiliate of Red Kite Mine Finance has agreed to certain amendments to the senior loan agreement between the Corporation and Red Kite which waive all existing defaults under the senior loan facility, on the following basis:

1. Red Kite waived the existing defaults under its loan facility with the Corporation and lifted the forbearance under which the Corporation had been operating;
2. the requirement for the Corporation to complete a minimum US$10 million financing was waived;
3. Red Kite advanced to the Corporation an additional US$3 million draw under the current loan facility; and
4. The working capital covenant under the loan facility was amended such that the Corporation will be required to maintain minimum working capital of US$100,000.

The continuance of the foregoing waivers and the completion of the drawdown and amendments were subject to the receipt by the Corporation, on or before June 7, 2016, of the US$5,000,000 additional drawdown under the Corporation's subordinated convertible loan agreement with Pala Investments Ltd. The Pala convertible debt was approved by a vote of disinterested shareholders at the Annual and Special Meeting of the shareholders of the Corporation held May 27, 2016. The Pala funds of US$5,000,000 were then advanced on June 3, 2016.

Key milestone dates under the Red Kite loan agreement were previously amended to extend the initial project draw conditions date to December 31, 2017 and the date of first commercial production to December 31, 2018

The funds from the Offering, and the Pala and Red Kite advances will be used to maintain the Pumpkin Hollow property permits and licenses in good standing, and evaluate opportunities for enhancing project economics in a lower copper price environment.

Pala Convertible Loan Facility History

February 2017 amendment
The February 2017 loan amendment changed the terms of the Pala Convertible Loan Facility as follows:

- Pala advanced a further $5 million to the Corporation;
- Pala extended the maturity date to December 31, 2018;
- Conversion: Pala may elect to convert the principal amount and any accrued and unpaid interest under the Pala Convertible Loan Facility, including the Prepayment Fee, if applicable, in full or in part, at the Conversion Price (as defined below), 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 will be CAD$0.97 per share, which represents the minimum of:
    - a 15% premium to the 20-day volume-weighted average price ("VWAP") of the common shares of the Corporation immediately prior to signing of the definitive loan documentation, and
    - 115% of the subscription price for any equity offering made during the next six months; and
- Pala has been granted 2.5 million warrants with a 3-year term with an exercise price at CAD$0.97 , being a 25% premium to the average 20-day VWAP closing market price of the common shares of the Corporation on February 24, 2017; and
- Pala was paid an arrangement fee of $200,000 out of the loan proceeds.

December 2016 amendment
The December loan amendment further improved the terms of the Pala Convertible Loan Facility as follows:

- Pala has extended the maturity date to January 10, 2018.

May 2016 amendment
The May loan amendments further improved the terms of the Pala Convertible Loan Facility as follows:

- Pala has waived the existing defaults under its loan facility with the Corporation;
- Pala advanced to the Corporation an additional $5 million draw under the current loan facility; and
- the working capital covenant under the loan facility was amended such that the Corporation will be required to maintain minimum working capital of $100,000.

On April 22, 2016, the Corporation entered into definitive documentation regarding the amendment of its existing $21.7 million subordinated loan facility into a convertible loan facility. Under the terms of the Pala Convertible Loan Facility, and subject to certain conditions:

1. Pala Advance: Pala will advance a further $5,000,000 (the "Pala Advance"), such that an aggregate principal amount of $26.7 million will be outstanding under the Pala Convertible Facility.
2. Maturity Date: The Pala Convertible Loan Facility will mature and be payable on the earliest of:
    a. December 31, 2017;
    b. the date when outstanding amounts under the Red Kite Loan Agreement are paid in full; and
    c. a change of control event.
3. Interest Rate: 12% per annum an increase from 10% per annum previously. Interest will not be paid in cash but will accrue monthly.
4. Voluntary Prepayment and Prepayment Fee: All outstanding amounts under the Pala Convertible Loan Facility may be prepaid in full by the Corporation with payment of the following early repayment fee (the "Prepayment Fee") equivalent to:
    a. 25% of outstanding amounts to be prepaid, if prepayment is made prior to December 31, 2016; and
    b. 35% of outstanding amounts to be prepaid, if prepayment is made between January 1, 2017 and December 31, 2017.

    The Prepayment Fee will be applicable on any repayment of the Pala Convertible Loan Facility prior to December 31, 2017.
5. Conversion: Pala may elect to convert the principal amount and any accrued and unpaid interest under the Pala Convertible Loan Facility, including the Prepayment Fee, if applicable, in full or in part, at the Conversion Price (as defined below), 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 will be CAD$0.69 per share, which represents the minimum of:
    a. a 15% premium to the 20-day volume-weighted average price ("VWAP") of the common shares of the Corporation immediately prior to signing of the definitive loan documentation, and
    b. 115% of the Issue Price in the Offering which was CAD$0.60 per share.
6. Arrangement Fee: $200,000 due upon execution, payable out of the proceeds of the Pala Advance.
7. Warrants: Pala will be issued 2.5 million warrants with a 3 year term, exercisable to acquire common shares of the Corporation at an exercise price of CAD$1.20 per share.
8. Board Nomination Right: Pala will be granted rights to nominate up to three members of the Board of Directors of the Corporation, subject to Pala maintaining certain share ownership thresholds.
9. Right to Purchase: Pala will be granted the right, so long as it holds at least 15% of the outstanding common shares of the Corporation, to participate in future equity offerings of the Corporation.

The Pala Convertible Loan Facility and the Pala Advance remained subject to a number of conditions precedent, including receipt of shareholder approval. The Corporation held an annual and special shareholder meeting on May 27, 2016, at which it sought and received disinterested shareholder approval of the Pala Convertible Loan Facility.

<u>Pala Bridge Loan Agreements</u>
On August 26, 2014, the Corporation closed a $20 million bridge loan facility with Pala Investments Limited. The Pala Facility can be drawn in $5 million tranches. Through November 10, 2015 $20 million (four tranches) had been drawn from the Pala Facility. The annual interest rate was 10% and a 4% arrangement fee was due upon each draw. The Pala Facility is secured against the Corporation's assets, but is subordinate to the security granted in connection with the $200 million senior credit facility announced by the Corporation on December 30, 2014.

After a successful closing of the financing transaction contemplated by the Amended Preliminary Prospectus, and the conversion of the Pala bridge facility into the Pala Convertible Loan Facility, the maturity date of the Pala Convertible Loan Facility was extended to December 31, 2017, and the Corporation is now in compliance with the terms of the facility.

Red Kite Loan History and Amendments since December 2014

The original $200 million Red Kite Loan facility was executed on December 30, 2014 with amendments to this loan agreement announced on September 30, 2015, January 2, 2016, April 5, 2016 and May 27, 2016.

May 2016 amendment

The May loan amendments further improved the terms of the Red Kite loan agreement as follows:

- Red Kite waived the existing defaults under its loan facility with the Corporation and lifted the forbearance under which the Corporation has been operating;
- the requirement for the Corporation to complete a minimum US$10 million financing was waived and the working capital covenant under the loan facility will be amended such that the Corporation will be required to maintain minimum working capital of $100,000.
- Red Kite advanced to the Corporation an additional US$3 million draw under the current loan facility.

April 2016 amendment

The April loan amendments further improved the terms of the Red Kite loan agreement as follows:

- reducing the required funding under a 2016 Offering to $10 million from $15 million;
- extending the outside date for completion of the 2016 Offering to May 31, 2016 from April 15, 2016;
- reducing the working capital maintenance requirement to $2 million from $5 million;
- confirms December 31, 2017 as the final date for satisfaction of the initial loan drawdown conditions;
- extending the outside date of first commercial production to March 31, 2020; and,
- eliminating the requirement for 2017 loan interest to be deposited in escrow by December 31, 2016, instead requiring only that interest be paid on a monthly basis in advance starting in January 2017.

Completion of the 2016 Financing brought the Corporation into compliance with the revised working capital covenant contained in the Red Kite Loan Facility and the balance sheet loan amounts were reclassified back from a current liability to a long term liability.

January 2016 amendment

On January 2, 2016, Nevada Copper reached a further amendment to the Amended Loan Facility, pursuant to which Red Kite will not exercise its rights and remedies under the Amended Loan Facility because of the non-completion of a financing transaction. Under this January 2016 amendment, the Corporation had until April 15, 2016 to complete an alternative $15 million financing. These and other terms are set out below.

The key provisions of the January 2016 amendments were as follows:

1. Loan Agreement Extension. Red Kite has agreed to:
    a. not exercise its rights and remedies under the Amended Loan Facility as a result of the non-completion of a financing transaction by December 31, 2015 and allow until April 15, 2016 for the completion of an alternative interim financing transaction in the minimum amount of $15 million, following which the Amended Loan Facility will be in good standing;

    b. reduce the minimum working capital requirement from $10 million to $5 million; and

    c. subject to certain conditions, including depositing all loan interest cash payments due in 2017 into an escrow account by December 31, 2016, extend the project construction drawdown conditions by a further 12 months to December 31, 2017.

2. Off-take Buyback. In connection with the initial execution of the Loan Agreement, Nevada Copper entered into an offtake agreement pursuant to which Red Kite, assuming the full $200 million drawdown, would have had the right to purchase up to 74.5% of the copper concentrates produced from the underground deposits at the Pumpkin Hollow Project. Red Kite's percentage offtake right is pro-rated based on the

principal amount drawn under the Loan Agreement, and based on current drawdowns; Red Kite had the right to purchase 33.5% of copper concentrate production from the underground deposits. The Corporation has agreed to buy and Red Kite has agreed to sell its rights under the amended offtake agreement for $10 million, this amount will be funded by an additional draw under the Loan Agreement.

The offtake buy-back reduces the percentage of the offtake from the Pumpkin Hollow underground deposits allocated to third parties from 59% to 25.5%. Copper concentrates derived from the larger open pit deposits remain 100% uncommitted. The offtake buyback price will allow for lowered smelter charges and better copper price certainty on this portion of the concentrates while also providing improved financial returns upon commencement of commercial production.

September 2015 amendment
On September 30, 2015, the Loan Facility was amended to extend the maturity date from December 31, 2020 to December 31, 2021 while the dates of loan drawdown, repayment commencement and first commercial production, were all extended by 12 months. Under the Amended Loan Facility, interest payments are accrued from July 1, 2015 to December 31, 2016, with the first interest payment thereafter due on March 31, 2017. Accrued interest is capitalised to loan principal along with a 3.5% transaction fee.

The Amended Loan Facility also required that, prior to December 31, 2015 the Corporation complete an equity and/or subordinated debt financing transaction for proceeds of $20 million. These funds were to provide adequate working capital while also providing funding for further project optimisation. At December 31, 2015 the Corporation was in default of this financing provision. In addition, the Corporation was in default on the minimum working capital covenant contained in the Red Kite Loan Facility.

Project Highlights:

- All key construction and operating permits received for the large 70,000 tons/day Integrated Project;
- Completion of acquisition of Federal Government lands places the entire project development on private lands owned or controlled by Nevada Copper;
- Highlights include:
  - Completion of the East shaft to the 1,900 foot production level;
  - Completion of 640 feet of lateral development on the 1,900 foot level including three drill stations;
  - Installation of shaft dewatering stations and other underground infrastructure;
  - Completion of a new Feasibility Study that contemplates a 70,000 tons per day concentrator with dual sources of mill feed from open pit and underground;
  - Successful drilling programs in the North and South open pit deposits and the East underground deposit totalling 14,100 meters.

Project Permitting
The Project is fully permitted under State of Nevada regulations for construction and operation of a 70,000 tons per day integrated open pit and underground mine or a smaller underground mine. Proposed future access roads, power lines and water lines are located within private land owned or controlled by the Corporation. No Federal permitting is required, now or in the future, for full construction and operation of a mine. This affords Nevada Copper significant flexibility to assess and choose alternative project development pathways that recognise the current weak copper markets but still allow for later expansion to realise the full potential of the Project.

Federal Land Acquisition
On October 13, 2015, Nevada Copper received the deed of sale and completed the Federal Land Acquisition, acquiring 9,145 acres (14.3 square miles) of land from the City of Yerington ("the City"). This parcel of land surrounds the Corporation's current 1,538 acres (2.4 square miles) of private land and constitutes the majority of the 10,059 acres of Federal land acquired by the City from the Bureau of Land Management ("BLM") in August 2015. Pursuant to the Corporation's agreement with the City, deeding the land to Nevada Copper was the final step in the land acquisition process. The City retains 914 acres in the extreme northwestern area for public amenity purposes.

The Corporation now owns or controls 10,683 acres (16.7 square miles) of privately-owned land that encompasses 100% of the proposed 70,000 tons per day Pumpkin Hollow copper project development. The land is zoned "M1 Industrial" under City planning statutes, a zoning that allows for any proposed mine development. The Corporation controls all surface and mineral rights on the private lands, plus an additional 6,830 acres (10.7 square miles) of unpatented BLM mineral claims contiguous to the private land, for a total of 17,513 acres (27.4 square miles) of mineral rights.

Nevada Copper will be reviewing the additional exploration potential on the acquired private land, particularly on the northern and westerly extensions to the North open pit deposit. Federal permits for drilling are no longer required for any future exploration activity on this private land.

<u>Legal Complaint</u>
In May 2016 Nevada Copper was served with a complaint in Nevada alleging that it was in breach of an expired option agreement. This agreement was in relation to an option to acquire a conservation easement on a property ("Easement Property") located more than 20 miles from the Corporation's Pumpkin Hollow copper project. Neither the Easement Property nor the option agreement provides any benefit to the Pumpkin Hollow project. Acquisition of the easement is not necessary to proceed with any aspect of the Pumpkin Hollow project. The Corporation considers this complaint to be without legal merit, frivolous and not material.

<u>Solar Development Potential</u>
On May 23, 2016, the City of Yerington City Council unanimously approved zoning for the majority of Nevada Copper Lands ("Nevada Copper Lands") in a newly created industrial district, M-2 - Special Industrial District. This new zoning designation includes not only mining, which was previously allowed, but also explicitly allows for solar energy generation and energy storage. For our proposed copper mining operation, a solar development at Pumpkin Hollow provides substantial direct benefits in lowered or shared electrical infrastructure costs.

The Corporation has completed the previously announced study ("Solar Study") with NV Energy Inc. ("NV Energy"), a unit of Berkshire Hathaway Energy, to examine solar energy generation at Pumpkin Hollow in conjunction with our proposed Project. The study has shown that Pumpkin Hollow has immediate solar potential on the Project lands that can be further expanded in the future. The study was funded entirely by NV Energy.

As a result of the positive outcome of the Solar Study, Nevada Copper and NV Energy are discussing a strategic alliance to develop both near term development and long term expansion of solar opportunities in the future.

The potential benefits of a solar development to Nevada Copper are reduced or shared electrical infrastructure costs that would lower capital costs, plus a modest income stream from the lease of land to the solar facility.

The following are the highlights of progress on a solar development:

- The Solar Study has identified approximately 800-900 acres of land with high solar irradiation (6.5-7.0 kW-hr/square meter/day) and 100-120 mW of solar generation capacity that is immediately available and ideally suited for solar generation facilities.
- There are ideal slopes, soil, geotechnical, surface hydrology and constructability conditions for installation of solar arrays in these areas;
- The M-2 zoning designation explicitly includes both the mining uses contemplated at Pumpkin Hollow and also permits "commercial solar energy conversion systems and energy storage systems".
- There are an additional 1,000 + acres zoned M-2 that can be developed for solar energy generation in the future, that represents an additional approximately 150 mW of solar generation capacity and a long term total of approximately 250 mW.
- Upon completion of mining an additional 500-1,000 acres of mine facilities could be converted to solar generation;
- Solar generation could provide power to the grid, augment power supply to the mine and offset potential peak demand charges;
- The Corporation can co-develop electrical distribution and transmission infrastructure to lower and share capital costs between the mine and solar generation, adding value to both the mine and solar projects.

The Corporation continues to have discussions with a number of companies that may be interested in a full range of solar and energy development opportunities at Pumpkin Hollow, including solar energy generation, energy storage, power management and onsite industrial uses linked to solar power generation.

Solar power generation was one of the key industrial opportunities afforded by the Corporation's acquisition of the large private land package. This is due to both the industrial zoning of the entire site and lack of any requirements for land use permits, as well as the high solar potential of the area. According to data published by the National Renewable Energy Lab ("NREL"), the Pumpkin Hollow project area, has a high level of solar irradiation, 6.5-7.0 kilowatt hours per square meter per day (kW-hr/m2/day).

Project Plans for 2017

During 2017, management will focus on maintaining the Project's "construction ready" status. In addition, subject to financing, management will consider alternate project development plans that would evaluate a smaller initial development of the open pit and/or underground deposits. These would target higher grade areas of the deposits first, followed by possible expansion at a later date. Value engineering and further project optimisation will be part of this project re-assessment process that is being considered.

With a general consensus that copper prices are expected to rise over the next three years, the Corporation will accelerate discussions with strategic partners in order to position the project for a 2020-21 production start. Financing discussions may take the form of a joint venture partnership; refinancing of existing debt; additional project debt with, or without, associated offtake; Engineering, procurement, and construction management EPCM contracts with offtake provisions that bring associated low-cost ECA financing; or combinations of the foregoing. These discussions are currently underway and, as a fully-permitted large copper project in Nevada, the Corporation also has interest from the corporate mining sector.

The Corporation has at least two development options -- both supported by feasibility studies. These two development options are both fully permitted and can be developed sequentially or in concert:

- Smaller, lower capex underground operation for which the hoist, headframe and production sized shaft are already in place; or,
- Larger integrated operation with a 70,000 tons per day concentrator with ore feed from both underground and open pit mine.

The Corporation is also evaluating development alternatives that utilise smaller, lower cost, copper concentrators, processing higher grade mill feed. These alternatives would maintain the flexibility for future expansion should copper markets make this attractive.

Nevada Copper, with the support of its major shareholder Pala and its lenders, will take the time necessary to carefully consider financing options and development alternatives that are reflective of fair value for the Pumpkin Hollow project as a fully-permitted project, in an ideal location, with abundant infrastructure.

Corporate Developments

Nevada Copper's board of directors decreased in size to five members with the retirement of Mr. Bradley, Mr. Giuffre and Mr. Matysek. Mr. Bill Myckatyn, who did not stand for election at the annual general meeting, held April 28, 2017, has left the Board. With Mr. Bradley's retirement, the Corporation announced that Mr. Iorich, a Non-Executive Director, was appointed Non-Executive Chairman.

On May 27, 2016 the Corporation announced the appointment of two new directors, Mr. Lucio Genovese and Mr. Bill Myckatyn. Messrs. Genovese and Myckatyn are both independent directors and will replace each of Mr. Daniel Dumas and Mr. James Askew, who did not stand for election at the annual general meeting.

Mr. Genovese has 24 years of experience in both the merchant and financial sector of the metals and mining Industry. Mr. Genovese is the CEO of Nage Capital Management in Baar, Switzerland. He is also Chairman of Firestone Diamonds, and member of the Boards of the Armajaro Commodity Funds and Crossbow Partners AG, Baar, Switzerland. He was previously employed at Glencore International AG where he held several senior positions including CEO of the CIS region and manager of the Moscow office. Mr. Genovese is a Chartered Accountant and has a B.Comm and B.Acc from the University of Witwatersrand, Johannesburg (South Africa).

Mr. Myckatyn is a mining engineer with over 30 years of technical and management experience in mine financing, development and operations. He was the Chairman and subsequently Vice Chairman of Quadra FNX Mining Ltd., an intermediate copper and gold producer focused in the Americas, until its takeover in 2012. Prior to founding

Quadra Mining in 2002, Mr. Myckatyn held the position of Chief Executive Officer and senior positions at other mining and metals companies over the period of a decade including Dayton Mining, Princeton Mining and Gibraltar Mines. For over ten years prior to that, he worked for various operations controlled by Placer Dome Inc. and its associated and predecessor companies, including four separate mines in Australia and the Philippines. Mr. Myckatyn also sits on the Board of Directors of OceanaGold Corporation, First Point Minerals and San Marcos Resources.

In January 2016, the Corporation announced the appointment of two new directors, Mr. Evgenij Iorich and Mr. Stephen Gill, as representatives of Pala Investments Ltd. ("Pala"). Messrs. Iorich and Gill are both Portfolio Managers at Pala and will replace each of Mr. Michael Barton and Mr. Philip Clegg, who have resigned from the Board.

Mr. Iorich has over ten years of experience in the natural resources sector. His commodity experience extends across a broad range of bulk commodities, as well as precious and base metals. Mr. Iorich has worked with a number of Pala's portfolio companies on a range of strategic initiatives, M&A opportunities, operational and financial planning and structuring. He is a director of Peninsula Energy and Asian Mineral Resources and, in addition, with his considerable experience in oil and gas, is also a director of Serinus Energy. Prior to joining Pala in 2006, Mr. Iorich was a financial manager at Mechel, the Russian metals and mining company, where his responsibilities included all aspects of budgeting and financial modeling.

Mr. Gill has been at Pala since 2008, during which time he has been involved in many of Pala's principal investments covering a range of commodities, as well mining services and consumables sectors. Mr. Gill has also supported many of Pala's investee companies in defining and implementing strategic initiatives. Prior to joining Pala, Mr. Gill was at AMEC Plc. (now AMEC Foster Wheeler), an engineering consulting firm, where he advised on a range of natural resources transactions, including the IPO of the Kazakhstan state oil company and CITIC Resources' acquisition of the Karazhanbas oilfield. Mr. Gill also acted as an advisor across a range of private equity transactions, including investments in businesses spanning mining, metals processing, and mining consumables manufacturing industries. Mr. Gill holds an MBA from the IE Business School in Madrid. He also holds an MSc from the University of North Carolina and a BSc from the University of Wales.

<u>Land Bill, Open Pit Permitting and Water Rights</u>

The Pumpkin Hollow mine development, including both open pit and underground mines, and one or two mills, are fully permitted under State of Nevada regulations. The reclamation permit, which was the final open pit permit, became effective on August 14, 2015. A revised air quality permit was issued on July 30, 2015. Proposed future access roads, power lines and water lines are also located within this private land. No federal permitting is required, now or in the future, for full construction and operations of the mine. This affords Nevada Copper significant flexibility regarding project development options and for future expansion of operations should this be indicated.

On August 20, 2015 the Corporation received notice of the completion of the Yerington Land Conveyance (the "Conveyance") of Federal land to the City. The BLM signed a deed of sale that conveyed 10,059 acres (final surveyed acres) of federal land to the City. The appraised fair market value of $1.8 million was fully funded by Nevada Copper. Of the 10,059 acres, on October 12, 2015, the City deeded to the Corporation at no additional cost, 9,040.11 acres and 105.53 acres, located in Lyon and Mineral Counties respectively. Completion of the land acquisition places the entire integrated project on private lands owned or controlled by Nevada Copper.

With regard to water rights, Nevada Copper has annual rights to 4,224 acre-feet (5.2M cubic meters), sufficient for 100% of its anticipated Pumpkin Hollow project water needs, including the large Stage 2 open pit project. Notably, the entire project area is outside of irrigated lands in Mason Valley. Detailed studies have demonstrated that groundwater in the mine project area is not hydraulically connected to the alluvial aquifers in Mason Valley and project operations will not impact that important aquifer.

<u>2015 Integrated Feasibility Study</u>

The IFS envisages a single, large 70,000 tons/day concentrator with dual sources of mill feed comprising an average of 63,500 tons/day of open pit ore blended with 6,500 tons/day of high grade ore from the Eastern underground deposits. The IFS incorporates all available current information, including approximately 32,500 feet (9,900 meters) of new drilling data from 2012 and 2013, mine plans, engineering work and updated capital and operating costs for both the open pit and underground operations associated with this development.

The previous open pit mining plans for the Stage 2 open pit demonstrated a production profile with higher than average copper grades (0.5% to 0.6%) in the early years (see 2012 Stage 2 Feasibility Study filed on SEDAR). The addition of higher grade mill feed (plus 1.75% copper) from the Eastern underground deposits will further improve mill feed grades in the important early production years. The enhanced mill copper feed grades, coupled with elimination of the capital required for the smaller 6,500 tons/day mill proposed for the standalone Stage 1 underground project, are anticipated to provide better capital efficiency and overall better project economics.

After the stand alone Stage 2 Open Pit Feasibility Study was completed in 2013, results from 32,414 feet (9,880 meters) of additional drilling on the North Deposit were received. In Q2-2014, the Corporation decided to incorporate these drill results to ascertain if the data would improve the present mine design. In particular, drill hole NC12-34 as previously disclosed in a news release dated September 13, 2012, on the southwestern edge of the North Deposit ultimate pit intersected 690 feet (210.3 meters), 625.3 feet (190.6 meters) true thickness, grading 1.17% copper, including 150 feet grading 3.8%. Another drill hole, NC13-05, disclosed in a news release dated June 17, 2013, along the western edge of the North deposit and not included in the 2013 Feasibility Study, intersected several zones including 125 feet (38.1 meters), true thickness, grading 1.45% copper. The new information resulted in an opportunity to significantly improve the grade profile and reduce mine waste rock quantities by re-evaluating the pit shell in the North Deposit. Preliminary work to date on the mineral resource calculations and production schedule has demonstrated positive results with respect to the copper grades and copper production in the early years, as well as overall life-of-mine copper grades.

Open Pit Drilling

The Corporation has successfully completed the first phase of a multi-phase Open Pit drilling program. The holes were drilled in the North and South deposits as well as the Connector zone. All holes have been successful in intersecting copper mineralisation. The program was designed to expand open mineralisation and convert material currently classified as waste, into measured or indicated categories. Twenty five holes were completed and four holes pre-collared for a total of 36,400 feet (11,100 meters).

The highlights of the drill program, which have not been included in the latest feasibility study, include:

- Drilling was successful in expanding mineralisation within the core area of the North pit where material classed as waste was converted into mineral resources. One of the holes, NC15-04 intersected multiple zones of mineralisation totaling over 300 meters (1,000 feet);
- Mineralisation was expanded and remains open along the western and eastern edges of current North pit;
- The drilling shows that the shallow high grade zones in the North pit can be expanded further. NC15-16 intersected a shallow zone grading 1.29% copper over 38.7 meters (126.8 feet), 37.6 meters true thickness;
- Mineralisation continues to expand in the Connector zone between the North and South pits with NC15-13 intersecting 63.9 meters (209.5 feet) @ 1.39% copper, true thickness;
- Shallow and down dip mineralisation in the South deposit was expanded and remains open. The drilling also converted waste to mineralised material;
- New mineralisation was found in the McConnell Canyon Formation. This is the first time that copper mineralisation has been found on the property in this older geologic unit, and this opens up additional exploration possibilities; and
- Additional drilling is warranted as mineralisation remains open along the edges of the deposits. The second phase of drilling will target the expansion of these zones.

Eastern Underground Deposits and Underground Drilling

The Corporation achieved a major milestone on February 26, 2015 at its Pumpkin Hollow project by way of reaching the 1,900 foot main haulage level at its 24-foot diameter concrete-lined production sized shaft. A concrete-lined production shaft to the level of the main workings further de-risks the Pumpkin Hollow project and was defined as a project milestone in early 2011. Approximately 664 feet of lateral development at the 1,900 foot level was completed in the nine months ended September 30, 2015 to allow for three drilling stations and a pump station.

Underground drilling of the East deposit commenced in May 2015 from drill stations at the 1,900 foot level. The underground drilling program consisted of delineation and development drilling focusing on further enhancing the high grade zones within the current mineral reserve, especially in areas planned for mining in the early years. This drilling program also provided additional data for mine development design while expanding the open mineralised areas. The first phase of underground drilling was completed from the 1,900 foot production haulage level. Several of the holes had significant intervals reporting over 2.5% copper. Ten development holes, and one shaft geotechnical hole, were drilled for a total of 2,965 meters (9,728 feet).

Early in 2012, management made a decision to forego a temporary sinking hoist arrangement and take the additional time to purchase and construct a production-sized hoist, hoist control room and erect a permanent head-frame. From 2012 to 2015 shaft related construction activities included: engineering, shaft foundation ("sub-collar"); "pre-sink" to 99 feet; installation of a production-sized hoist and control room; erection of a permanent head-frame; plus related surface facilities, shaft sinking down to the 1,900 foot level, installation of a pump station on 1900 level, and approximately 600 feet of lateral development.

The shaft is currently halted at the 1,900 foot level within the host skarn related rocks with little or no shaft water reporting to the bench. Pumps are installed on the 1,900 foot level and, along with the existing pumps at the mid-shaft, will be able to handle anticipated water inflows from the lateral development workings.

Iron Mineral Resources and Magnetite Concentrate Study

Drilling in the South open pit area for the iron metallurgical test bulk sample has been completed. In April 2015, the Corporation announced a Memorandum of Understanding ("MOU") with a large multi-national steel producer to assess opportunities to exploit Pumpkin Hollow's iron resource. The assessments would include drill sampling consisting of six holes for a total of 8,500 feet (2,600 meters). Drill results have now been received with results reported for both iron and copper dominated zones.

Measured and indicated iron mineral resources total 235 million tons grading 30.7% iron using a 20% cut-off, were disclosed in the NI 43-101 Technical Report filed on SEDAR on July 9, 2015. Note that mineral resources that are not categorised as mineral reserves have not demonstrated economic viability. The assessments would include drill sampling, mine planning, engineering studies and metallurgical work. These studies will determine if a by-product magnetite (iron oxide) stream from the copper tailings at a future Pumpkin Hollow concentrator would be suitable as feed for downstream iron ore processing for use in steelmaking. Other work would focus how mining plans could be modified to deliver additional magnetite in the copper concentrator feed while minimising loss of copper. Magnetite recovery circuits are not uncommon at copper operations which also contain magnetite in their mill feed.

Project Development

During 2015, shaft sinking and underground development work at the project site was under Cementation USA Inc.'s (“Cementation”) management. Sinking advanced to the 1,900 foot depth, the main level from which lateral development was begun to allow for establishment of drill stations and for future access to the East ore zone. Cementation’s shaft sinking and development crews have been de-mobilised from site and the Nevada Copper has hired three former Cementation hourly staff to operate and maintain the hoist, and provide for shaft access.

The pace of further developments at the Project in 2017 will be controlled by the availability of funds from:

- $0.9 million cash balance as at March 31, 2017;
- Release of the $70 million undrawn portion of the Red Kite loan facility the final draw of the loan facility is contingent on and subject to certain project and financing milestones.
- $24 million Caterpillar Financial Services Corporation (“Caterpillar”) equipment lease finance facility (see October 1, 2013 News Release) which is to be used for the purchase of mobile equipment and a portion of which is subject to certain conditions,
- Further issuances of equity, or funding from prospective joint venture or strategic partners.

Further project work in 2017 will be dependent on which project development option is advanced and the availability and timing of financing, including consideration of a project partner.

PUMPKIN HOLLOW MINERAL RESERVES AND RESOURCES

The following mineral reserve sections are summarised extracts from a feasibility study contained in a NI 43-101 Technical Report relating to an integrated underground and open pit mine. A press release dated May 28, 2015 initially reported the results of the feasibility study. The Technical Report was filed on SEDAR on July 9, 2015.

The Proven and Probable mineral reserves at Pumpkin Hollow are summarised below.

Mineral Reserves Western Open Pit Deposits								
	Ore	**Copper**	**Gold**	**Silver**	**Contained Copper**	**Contained Gold**	**Contained Silver**	**Cu Equiv.**
Classification	**000's tons**	**%**	**Oz./ton**	**Oz./ton**	**000s lbs.**	**Ozs.**	**Ozs.**	**%**
North Deposit								
Proven	122,403	0.479	0.001	0.056	1,172,749	174,708	6,861,605	0.51
Probable	178,241	0.422	0.001	0.051	1,504,814	178,241	9,096,741	0.45
Total	300,644	0.445	0.001	0.053	2,677,563	352,949	15,958,346	0.47
South Deposit								
Proven	143,117	0.328	0.001	0.038	937,826	143,117	5,374,544	0.35
Probable	95,524	0.312	0.001	0.027	595,121	95,524	2,606,314	0.33
Total	238,641	0.321	0.001	0.033	1,532,947	238,641	7,980,858	0.34
Total Western Open Pit Deposits								
Proven	265,520	0.397	0.001	0.046	2,110,575	317,825	12,236,149	0.42
Probable	273,765	0.384	0.001	0.043	2,099,935	273,765	11,703,055	0.41
Total	**539,285**	**0.390**	**0.001**	**0.044**	**4,210,510**	**591,590**	**23,939,204**	0.41

Mineral Reserves - Eastern Underground Deposits								
	Ore	**Copper**	**Gold**	**Silver**	**Contained Copper**	**Contained Gold**	**Contained Silver**	**Cu Equiv .**
Classification	**000's tons**	**%**	**Oz./ton**	**Oz./ton**	**000s lbs.**	**Ozs.**	**Ozs.**	**%**
Proven	8,923	1.587	0.006	0.124	283,224	53,131	1,109,132	1.70
Probable	23,680	1.174	0.005	0.109	555,934	115,864	2,588,637	1.20
Total	**32,603**	**1.287**	**0.005**	**0.113**	**839,158**	**168,995**	**3,697,769**	1.38

Mineral Reserves Open Pit & Eastern Underground Deposits								
	Ore	**Copper**	**Gold**	**Silver**	**Contained Copper**	**Contained Gold**	**Contained Silver**	**Cu Equiv.**
Classification	**000's tons**	**%**	**Oz./ton**	**Oz./ton**	**000s lbs.**	**Ozs.**	**Ozs.**	**%**
Proven	274,443	0.436	0.001	0.049	2,393,799	370,956	13,345,281	0.46
Probable	297,445	0.446	0.001	0.048	2,655,869	389,629	14,291,692	0.47
Total	**571,888**	**0.441**	**0.001**	**0.048**	**5,049,668**	**760,585**	**27,636,973**	0.47

Notes:

1. *Totals may not add due to rounding.*
2. *Mineral reserves are as of an effective date of April 15, 2015*
3. *The mineral reserves and mine plans for the open pit deposits were determined using cutoff grades developed by Tetra Tech as appropriate for the mining method and costs associated with the deposits. For the Western deposit open pits the mineral reserves, mining method, and costs associated with the deposit were developed by Tetra Tech. The breakeven copper cutoff grades used were 0.156% and 0.159% for the North and South deposits respectively. The eastern underground deposits mineral reserves, mining method and associated with the deposit were developed by Stantec and Nevada Copper. The underground reserve used a $29/ton NSR cutoff developed using metals prices of $3.00/lb, $1,250/oz and $18/oz for copper, gold, and silver respectively.*
4. *Metal prices for the open pit copper, gold and silver assumed were $3.15/lb, $1,200/oz. and 18/oz. respectively. Tetra Tech is the independent Qualified Person who is responsible for the western deposit mineral reserve estimate. Stantec is the independent Qualified Person who is responsible for the eastern deposit mineral reserve estimate. The copper equivalency was determined using Base Case metals prices and metallurgical recoveries of 89.3%, 67.3% and 56.3% for copper, gold and silver respectively.*

<u>Iron Mineral Resource</u>

The Pumpkin Hollow project has considerable resources of iron in the form of magnetite. The following tables include only those iron resources amenable to open-pit mining methods in the Western deposits. Possible mining, recovery and sale of a magnetite concentrate may be considered in a future study.

The iron mineral resource estimate below was disclosed in Nevada Copper's NI 43-101 technical report filed on July 9, 2015.

	Cut-off Grade	Tons	Grade	Contained
Category	**% Fe**	**(million)**	**%Fe**	**Fe Tons (million)**
Measured	20	201.5	31.0	62.6
Indicated	20	33.8	28.8	9.7
Measured & Indicated	**20**	**235.3**	**30.7**	**72.3**

Note: Mineral resources that are not categorised as mineral reserves have not demonstrated economic viability.

If an updated feasibility study demonstrates the iron resource to be economically viable, inclusion of iron in the open pit block model values is expected to significantly expand the size and tonnage of the Western open pits, and lower waste tonnages and strip ratio.

INTEGRATED FEASIBILITY STUDY JULY 2015
Highlights

The following sections are summarised extracts from a feasibility study contained in a NI 43-101 Technical Report relating to an integrated underground and open pit mine. A press release dated May 28, 2015 initially reported the results of the feasibility study. The Technical Report was filed on SEDAR on July 9, 2015.

- Long mine life of 23 years with low-risk profile located in an ideal mining jurisdiction close to existing infrastructure, an increase of 5 years from the first published integrated feasibility study, with production ramp-up targeted for 2018;

- Assuming the Base Case of US$3.15 copper, US$1,200 gold and US$18 silver, the Integrated Project generates Life-of-Mine ("LOM") after-tax net cash flow of US$2.5 billion, after-tax NPV@5% of US$1.1 billion, an after-tax IRR of 15.6% with 4.7 year payback;

- Significant LOM metal production of 4.5 billion pounds (2.05 million tonnes) of copper, 512,000 ounces of gold and 15.6 million ounces of silver in a quality copper concentrate. Average annual copper production of 275 million pounds in years 1 to 5;

- The project development consists of a 63,500 tons/day open pit mine and 6,500 tons/day underground mine, feeding a single 70,000 tons/day concentrator, generating substantial annual cash flow over LOM;

- Proven and Probable Mineral Reserves, including open pit and underground mineable, are 572 million tons of ore grading 0.47% copper equivalent[1], containing 5.05 billion pounds of copper, 761,000 ounces of gold and 27.6 million ounces of silver;

- Initial capital costs are estimated to be $1.04 billion including contingencies, excluding working capital of $33 million. Sustaining LOM capital is $0.63 billion;

- Low LOM site operating costs of $11.80 per ton of ore-milled (Year 1 to 5 - C1 Production Costs at $1.49/lb. payable copper);

- The IFS includes drilling data to 2011 for the underground deposits and 2013 for the open pit deposits. Further upside and optimisation potential exists from current planned drilling in 2015 which is not included in the current IFS;

- The IFS confirms the technical and financial viability of constructing and operating a 70,000 tons/day copper mining and processing operation at Pumpkin Hollow comprising a single large concentrator with mill feed from both open pit and underground operation.

[1] *The copper grade equivalency was determined using Base Case metals prices and metallurgical recoveries of 89.3%, 67.3% and 56.3% for copper, gold and silver respectively*

<u>**A**nnual copper production in concentrates and C1 operating costs</u>

	Units	**Years 1-5***	**Years 1-10***	**LOM (Average)**
Copper in Concentrates	000s lbs./yr.	274,700	246,300	198,200
Copper in Concentrates	Tonnes/yr.	124,600	111,700	89,900
C1 Production Costs**	$/lb payable copper	$1.49	$1.70	$1.76

** Note starting post ramp-up*
***The direct cash costs of mining, milling, and concentrating, site administration and general expenses, concentrate treatment charges, and freight and marketing costs, less the net value of gold and silver by-product credits*

<u>Summary of Economic Results</u>

		Low Case	**Base Case**	High Case
Copper Price	$/lb	$2.85	$3.15	$3.75
Gold Price	$/oz	$1,200	$1,200	$1,200
Silver Price	$/oz	$18	$18	$18
		(In Millions of US Dollars)		
Net Smelter Revenue, after royalty		$10,768	**$11,990**	$14,434
Net Cash Flow	Pre-tax	$1,831	**$2,992**	$5,315
Net Cash Flow	After-tax	$1,584	**$2,514**	$4,249
Annual Net Cash Flow	Yr. 1-5 avg.	$204	**$262**	$366
Pre-tax Operating Margin*	Yr. 1-5 avg.	$300	**$380**	$540
NPV 5%	Pre-tax	$659	**$1,362**	$2,768
NPV 5%	After-tax	$534	**$1,100**	$2,155
IRR	Pre-tax	11.3%	**17.5%**	28.8%
IRR	After-tax	10.4%	**15.6%**	24.6%
Payback - years	Pre-tax	7.9	**4.2**	2.8
Payback - years	After-tax	8.2	**4.7**	3.2

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

Integrated Operations Development Schedule

At the East underground zone, a production sized hoist is operational along with the permanent head frame. A 24 foot diameter concrete lined production/service shaft has been completed to the 1,900 main haulage level. Sinking of a ventilation shaft is a critical path activity for the underground development and would start immediately upon securing of financing.

Integrated Operations Mining

Concurrent development of open pit and underground operations was selected in order to maximise the overall recovery of copper from the Pumpkin Hollow deposits and to yield the best economic results.

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. Open pit mill feed will come from the North deposit for the first 13 years when mining will transition to the South deposit.

The East underground deposit will be developed first via the existing East shaft. All underground production (6,500 ton/day) will come initially from the East deposit while access is developed towards the E2 deposit to the south. E2 development will occur from underground by way of a 3,500 foot (1,067 meter) ramp from the East zone. Ventilation and secondary egress shafts will be constructed for both East and E2 zones when required.

Integrated Operations Process Plant

Ore will be transported from the open pit and underground mines to a nominal 70,000 ton/day (63,500 tonne/day) concentrator located west of the open pits. Open pit ores are trucked from the pit to a surface crusher before conveyance to the stockpile at the process facility. Underground ore is crushed underground, hoisted to surface via an existing 24-foot diameter production/service shaft and transported overland approximately 3 miles (4 kilometers) by truck to the process facility. Underground and open pit ores are fed separately into the mill via conveyor.

The concentration circuit is conventional with a single, large SAG grinding mill and two secondary ball mills with subsequent flotation, followed by thickening and pressure filtration to produce a final concentrate grading 25.5% copper and containing payable gold and silver. Primary grind size is 150 microns with an overall copper recovery of 89.3%. Gold and silver recoveries to the copper concentrates are 67.3% and 56.3% respectively.

Integrated Operations Capital Costs

The project initial capital costs are estimated at $1.04 billion with an accuracy of plus/minus 15% as of March 2015, including an initial contingency of $67 million. The contingency allowance is calculated based on assessed factors for each of the major Direct and Indirect cost categories.

The major direct cost items include development of the East underground mine, open pit mine equipment, leasing costs, North deposit pre-stripping, process plant, tailing storage facility, site infrastructure and offsite rail load-out facility. Indirect costs include such major areas as engineering and procurement, construction management, construction in-directs, freight and commissioning, spares inventory, first fills, and Owners Costs.

	Initial	Sustaining	Total
Area	US$M	US$M	US$M
Open Pit Mine	$263	$222	$485
Underground Mine	81	158	238
Ore Handling	12	2	15
Process Facility	268	52	320
Dry Stack Tailings Storage	69	79	148
Infrastructure	88	-	88
Water Management	18	2	19
Environmental & Reclamation	12	41	54
Subtotal Directs	811	556	1,367
Construction Indirects	66	35	101
Spares & Warehouse Inventory	10	2	12
Initial Fills	4	-	4
Freight & Logistics	15	2	17
Commissioning & Start-Up	2	-	2
EPCM	58	-	58
Vendor & Consulting Assistance	1	-	1
Subtotal In-directs	156	39	195
Contingency	67	39	106
Owner Costs	7	-	7
Total Capital	**$1,041**	**$634**	**$1,675**

Working capital required for initial operations is estimated to be $33 million. LOM sustaining capital totals $0.63 billion and includes development costs associated with the E2 underground deposit and related equipment; South open pit deposit development costs; replacement of, and additions to, surface mobile equipment; lease costs for the initial mining fleet; reclamation costs; and expenditures on the tailings storage facility.

Operating Costs

LOM site unit operating cash costs, net of capitalised pre-stripping and other predevelopment costs, are $11.80 per ton-milled, as summarised in the table below:

LOM Unit Operating Cost Summary	
Area	**$/ton-milled**
Open Pit Mining	$5.03
Underground Mining	1.45
Processing	4.73
Tailings & Water Management	0.17
Environmental	0.02
G&A	0.40
Total LOM Site Operating Costs	$11.80

Note: The cost of operating leases and Nevada Net Proceeds of Mining tax adds $0.72/ton and $0.28/ton, respectively.

Unit open pit mining cash costs average $5.34 per ton of open pit ore mined and milled. This equates to $1.16 per ton of open pit material mined, including waste and ore. Average LOM strip ratio for the North and South deposits is $3.59. Underground mining costs average $24.06 per ton of underground ore mined, excluding $1.25 for truck transport of ore to concentrator.

LOM Unit Mining Costs	
Open Pit ($/ton of open pit ore mined)	**Underground ($/ton of underground ore mined)**
$5.34/ton	$24.06/ton

A power cost of $0.065/kwh was used for IFS purposes, based on NV Energy expected rates.

<u>Qualified Persons</u>
In November 2014 Nevada Copper commissioned Tetra Tech and Stantec to prepare an updated Pumpkin Hollow Project Integrated Feasibility Study Technical Report in accordance with NI 43-101. The scientific and technical information in this release has been reviewed and approved by Mr. Ed Lips, PE, of Tetra Tech, who is overall manager for the IFS and who is an Independent Qualified Person within the meaning of NI 43-101. It has also been reviewed by Mr. Mel Lawson, SME-RM, Principal/Senior Consulting Engineer, Stantec Consulting Services Inc. who is an Independent Qualified Person within the meaning of NI 43-101.

The technical information was also reviewed by Gregory French, P.G., Vice-President Exploration & Project Development of Nevada Copper, Timothy D. Arnold, PE, Vice-President of Operations and Robert McKnight, P. Eng., Executive Vice-President of Nevada Copper, all of whom are Non-independent Qualified Persons within the meaning of NI 43-101.

Readers should refer to the IFS for further details of the project development. The IFS was filed in accordance with NI 43-101 on SEDAR (www.sedar.com) on July 9, 2015.

<u>Alternative Performance Measures</u>
"Copper Production Costs", "Life of Mine Operating Costs", “Life of Mine site unit operating costs” and similar terms are alternative performance measures. These performance measures are included because these statistics are key performance measures that management may use to monitor performance. Management may use these statistics in future to assess how the Corporation is performing to plan and to assess the overall effectiveness and efficiency of mining operations. These performance measures do not have a meaning within IFRS and, therefore, amounts presented may not be comparable to similar data presented by other mining companies. These performance measures should not be considered in isolation as a substitute for measures of performance in accordance with IFRS.

Pumpkin Hollow Project Expenditures

Project costs capitalised for the period ended March 31, 2017 on the Pumpkin Hollow Copper Development Property consists of the following:

Development Costs (expressed in thousands of United States dollars)			
	Mar. 31, 2017	2017 Expenditures	Dec. 31, 2016
Property payments	**$1,961**	$-	$1,961
Advance royalty payments	**3,163**	-	3,163
Water rights	**2,021**	50	1,971
Drilling	**41,157**	-	41,157
Geological consulting, exploration & related	**7,923**	-	7,923
Feasibility, engineering & related studies	**19,583**	-	19,583
Permits/ environmental	**11,634**	53	11,581
East deposit underground project			
Underground access, hoist, head frame, power, & related	**77,989**	228	77,761
Engineering procurement	**10,550**	-	10,550
Surface infrastructure	**3,804**	-	3,804
Site costs	**14,326**	476	13,850
	194,111	807	193,304
Depreciation	**652**	15	637
Capitalised interest	**35,714**	3,730	31,984
Stock-based compensation	**4,489**	94	4,395
Total Development Costs	**$234,966**	$4,646	$230,320

Period ended March 31, 2017 compared to the period ended March 31, 2016

For the period ended March 31, 2016, the Corporation incurred $4,392 of project expenditures compared to $4,646 for the current period in 2017. In the current period the focus has been care and maintenance activities and maintaining the Project's permits. The focus during the comparative period ended March 31, 2016 was similar.

The underground access costs were similar for the two periods. $228 costs were incurred in the current period ending March 31, 2017 and $246 of costs for the comparative period ending March 31, 2016.

In the quarter ended March 31, 2016 $150, was spend on advance royalty payments. In the quarter ended March 31, 2017 no such payment was required as the Corporation has deferred this payment until 2018.

Capitalised interest costs were $3,730 for the period ended March 31, 2017 compared to the capitalised interest costs for the period ended March 31, 2016 of $3,354. The change in expenditure is a result of the higher balance of the long term debt facility during the current period.

Stock based compensation costs were a charge of $94 in the period ended March 31, 2017. In the comparative period ended March 31, 2016 there was a charge for DCUs as that was the first quarter they were granted.

Selected Financial Information

(Thousands, except per share amounts)	Period ended March 31, 2017	Year ended December 31, 2016	Year ended December 31, 2015
Net loss	(296)	(28,968)	(4,998)
Net loss per share	(0.00)	(0.34)	(0.06)
Total cash and cash equivalents	935	4,801	2,217
Working capital	2,114	2,435	(119,328)
Total noncurrent liabilities	170,247	165,600	1,075
Total liabilities	172,843	168,108	122,976
Total assets	248,955	244,516	223,953
Shareholders' equity	76,112	76,408	100,977

Summary of Quarterly Results

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

(In thousands of dollars except amounts per share)	2017 Mar 31	2016 Dec 31	2016 Sep 30	2016 Jun 30	2016 Mar 31	2015 Dec 31	2015 Sep 30	2015 Jun 30
Working capital	2,114	2,435	4,566	6,572	(135,162)	(119,328)	(21,101)	(14,552)
Total assets	248,955	244,516	240,719	239,382	226,041	223,953	223,764	215,356
Development property	234,966	230,320	225,067	220,120	215,481	211,089	206,937	197,710
Total noncurrent liabilities	170,247	165,600	158,587	154,677	1,075	1,075	95,028	87,689
Shareholders' equity	76,112	76,408	80,324	81,286	88,488	100,977	101,159	103,157
Net profit (loss)	(296)	(4,842)	(1,356)	(10,278)	(12,492)	(201)	(2,024)	(781)
Net profit (loss) per share	(0.00)	(0.05)	(0.02)	(0.11)	(0.16)	(0.00)	(0.03)	(0.01)

In Q4 2015 and Q1 2016, the working capital deficit was over $100 million because the long-term debt was re-classified to short-term debt because of the Corporation being in default for two outstanding loans at that time. Since that time, the loans have returned to good standing.

In Q1 2016, the Corporation bought back a percentage of the off-take from Red Kite for consideration of $10,000 and as such realised over a $10M loss during the quarter. In Q2 2016, the Corporation realised a loss on extinguishment of the short-term Pala debt of $11,424 again resulting in a loss of over $10M in the quarter.

For the three month period ended March 31, 2017 and the three month period ended March 31, 2016

The net loss in the quarter ended March 31, 2017 is due to financing fees and interest expenses on the Pala convertible debt of $1,032 and general administration costs of $378. These costs are offset by gains on the derivatives in the Pala convertible debt $1,018 and the gain on the derivative relating to the Red Kite long term debt of $265. For the three months ended March 31, 2016, the Corporation had a net loss of $12,492 or $0.16 per share. The difference is primarily related to financing expenses of $10,000 for the purchase of rights to the off-take agreement and a loss relating to the embedded derivative of the Red Kite loan of $944.

Liquidity and Capital Resources

As of March 31, 2017, the Corporation had a cash balance of $935, excluding restricted cash. The Corporation's working capital as at March 31, 2017, was $2,114 compared with working capital of $2,435 as at December 31, 2016. The decrease in the Corporation's working capital during the period ended March 31, 2017 is due to payments made to keep the project ready for development and an advance of $5,000 from Pala that was used to pre-pay the interest on the Red Kite debt. From June 2017 until January 2018 Red Kite has deferred interest payments. The Corporation is actively pursuing additional financing to cover operating costs for the remainder of 2017.

Transactions with Related Parties

Pala is considered to be a related party because it is a company that currently holds 45.7% of Nevada Copper shares, and has rights under the Pala Convertible Loan Facility to convert this debt into shares. Additionally, three Pala executives, Evgenij Iorich, Stephen Gill, and Michael Brown, are on the Corporation's Board of Directors as at March 31, 2017.

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

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

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

1. An arrangement fee of $200 was paid upon execution and a further $63 was paid for legal fees. These costs were paid out of the proceeds of the $5,000 advance;

2. 2,500,000 warrants issued to Pala with a three year term, exercisable to acquire common shares of the Corporation at an exercise price of $0.97 CAD per share; and

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

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

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

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

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

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

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

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

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

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

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

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

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

As of March 31, 2017, accounts payable and accrued liabilities include director fees and expenses payable of $19, and a DSU payable of $1,363, of which $262 is owed to the related party Michael Brown, $188 is owed to the related party Evgenij Iorich, and $146 is owed to the related party Stephen Gill. The DSUs were granted as part of the compensation package for the directors.

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

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

The Corporation has entered into management agreements with certain senior officers. In the event that there is a change of control, the Corporation may be required to pay severance payments ranging from one to three years of salary for these senior officers in the amount of $1,503 (CAD$1,999).

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.

Commitments

Effective May 4, 2006, the Corporation entered into an Option Agreement to acquire a ten-year lease for mining rights (the "Lease") to the Pumpkin Hollow Copper Development Property. The initial lease expires May 4, 2016. The Corporation may extend the Lease for up to three additional terms of ten years each, subject to performing continuous mining activities, payment of advance royalty payments of at least $3,000 in the first ten-year term and payment of production royalties and minimum royalty payments of $10,000 in each subsequent ten-year term.

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

After May 4, 2011, the Corporation is required to pay advance royalty payments of $600 annually until the first expiry date of the Lease on May 4, 2016 with a minimum total of $3,000. Quarterly payments of $150 are required. The Corporation is current with all required Lease payments and advance royalty payments. Cumulative advance royalty payments made total $3,163 as of March 31, 2017.

The Corporation was obligated to make exploration and development expenditures on the Property of at least $4,000 during the first three years of the Lease, with expenditures of at least $500 each year, and an additional $4,000 during the 4th through 6th years of the Lease, with expenditures of at least $500 each year. The Corporation fully satisfied these expenditure obligations by 2008. Pursuant to the terms of the Lease the Corporation notified RGGS of its intention to extend the lease for the period May 2, 2016 to May 2026. This notice has been acknowledged and accepted by RGGS and provision was made for payment of the residual balance of the $3,000 minimum advance royalty in the first lease term. On January 9, 2017 an agreement with RGGS was reached which deferred payments in 2017. In consideration for this deferral, RGGS royalty rates increased from 1% to 2% for non-ferrous metals and the royalty rate for ferrous metals increased from $0.10 per ton to $0.20 per ton. These royalty rate increases cover an area of interest provision extending one mile from, but excluding, the patented core project land representing the current mineable reserve leased from RGGS pursuant to the RGGS lease.

The Corporation has entered into a five year lease agreement for offices commencing December 2013. The Corporation has management agreements with certain members of senior management as noted in Transactions with Related Parties. In the event that there is a change of control, the Corporation is committed to pay severance payments equivalent of one to three years of salary.

The following table sets forth the Corporation's known contractual obligations as at March 31, 2017:

	Payments due by period				
Contractual obligations	Total	1 year	2-3 years	4-5 years	5 years+
Lease obligation – payment on Pumpkin Hollow Property *(i)*	$9,963	$366	$1,847	$1,200	$6,550
First amendment to lease – payment of water rights on property	1,688	189	378	214	907
City of Yerington –advanced water service payments	438	88	175	175	-
Accounts payable and accrued liabilities	484	484	-	-	-
DCU and DSU payable	2,112	2,112	-	-	-
Convertible debt	43,076	-	43,076	-	-
Long-term debt *(ii)*	173,555	1,879	88,969	82,707	-
Total USD obligations	$231,316	$5,118	$134,445	$84,296	$7,457
	CAD	CAD	CAD	CAD	CAD
Office lease	$392	$234	$158	-	-
Total CAD obligations	$392	$234	$158	-	-

(*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 installments 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

The Chief Executive Officer (the "CEO"), and the Chief Financial Officer (the "CFO") of the Corporation are responsible for establishing and maintaining the Corporation's disclosure controls and procedures ("DCP") including adherence to the Disclosure Policy adopted by the Corporation. The Disclosure Policy requires all staff to keep senior management fully apprised of all material information affecting the Corporation so that they may evaluate and discuss this information and determine the appropriateness and timing for public release.

The CEO and the CFO are also responsible for the design of internal controls over financial reporting ("ICFR"). The fundamental issue is ensuring all transactions are properly authorised and identified and entered into a well-designed, robust and clearly understood accounting system on a timely basis to minimise risk of inaccuracy, failure to fairly reflect transactions, failure to fairly record transactions necessary to present financial statements in accordance with IFRS, unauthorised receipts and expenditures, or the inability to provide assurance that unauthorised acquisitions or dispositions of assets can be detected. The relatively small size of the Corporation makes the identification and authorisation process relatively efficient and a process for reviewing ICFR has been developed. To the extent possible given the Corporation's small size, the internal control procedures provide for separation of duties for receiving, approving, coding and handling of invoices, entering transactions into the accounts, writing checks and wire requests and also require two signers on all payments.

The CEO and CFO evaluated the effectiveness of the Corporation's DCP and ICFR as required by NI 52-109 issued by the Canadian Securities Administrators. They concluded that as of March 31, 2017, the Corporation's design and operation of its DCP and ICFR were effective in providing reasonable assurance that material information regarding this report, and the consolidated financial statements and other disclosures was made known to them on a timely basis and reported as required and that the financial statements present fairly, in all material aspects, the financial condition, results of operations and cash flows of the Corporation as of March 31, 2017. The CEO and CFO also concluded that no material weaknesses existed in the design of the ICFR.

The Corporation continually reviews and enhances its system of controls and procedures. However, because of the inherent limitation in all control system, management acknowledges that ICFR will not prevent or detect all misstatements due to error or fraud**.**

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 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 recognized 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

If the Corporation's programs are successful, additional funds will be required for the development of an economic ore body and to place it into commercial production. The business of mineral exploration and extraction involves a high degree of risk with very few properties that are explored ultimately achieving commercial production. As a mining Corporation in the development stage, the future ability of the Corporation to conduct exploration and development will be affected principally by its ability to raise adequate amounts of capital through equity financings, debt financings, joint venturing of projects and other means. In turn, the Corporation's ability to raise such funding depends in part upon the market's perception of its management and properties, but to a great degree upon the mineral prices and the marketability of securities of speculative mineral exploration and development companies.

The development of any ore deposits found on the Corporation's exploration properties depends upon the Corporation's ability to obtain financing through any or all of equity financing, debt financing, the joint venturing of projects, or other means. There is no assurance that the Corporation will be successful in obtaining the required financing and there is no assurance that the requirements for further drawdowns under the credit Facility will be met.

Risks associated with secured debt.

The Corporation's obligations under the Red Kite Loan Facility and the Pala Convertible Loan Facility are secured against all of the Corporation's assets. Any failure to meet any of the payment obligations under the Red Kite Loan Facility or the Pala Convertible Loan Facility, or otherwise adhere to the covenants therein or fulfill the other obligations thereunder, may trigger an event of default and a demand for full immediate repayment of all amounts outstanding under such credit facilities. Interest on the Red Kite Loan Facility has been prepaid to June 2017. The balance of 2017 interest will be accrued to loan principal, but commencing in January 2018, 50% of monthly interest will be payable in cash. If the Corporation is not able to further amend the Red Kite Loan Facility and the Pala Convertible Loan Facility, or to refinance such obligations pursuant to its strategic review process, it will need to identify additional sources of financing to satisfy such obligations.

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 currently provides for interest at LIBOR plus 10% per annum, subject to a minimum interest rate of 11%. Due to the capitalisation of borrowing costs and the minimum interest rate provision, and as long as LIBOR is less than 1%, the Corporation's sensitivity to a 1% decrease or increase in market rates of interest would have an immaterial effect on the Company's interest expense. The Corporation's loan agreement with Pala currently provides for interest at 12% per annum.

Development projects are uncertain and it is possible that actual capital and operating costs and economic returns will differ significantly from those estimated for a project prior to production

Mine development projects, including the project, require significant expenditures during the development phase before production is possible. Development projects are subject to the completion of successful feasibility studies and environmental assessments, issuance of necessary governmental permits and availability of adequate financing. The economic feasibility of development projects is based on many factors such as: estimation of mineral reserves, anticipated metallurgical recoveries, environmental considerations and permitting, future copper, silver, and gold prices, and anticipated capital and operating costs of these projects. The project has no operating history upon which to base estimates of future production and cash operating costs. Particularly for development projects, estimates of Proven and Probable Mineral Reserves and cash operating costs are, to a large extent, based upon the interpretation of geologic data obtained from drill holes and other sampling techniques, and feasibility studies that derive estimates of cash operating costs based upon anticipated tonnage and grades of ore to be mined and processed, the configuration of the ore body, expected recovery rates of metals from the ore, estimated operating costs, anticipated climatic conditions and other factors. As a result, it is possible that actual capital and operating costs and economic returns will differ significantly from those currently estimated for a project prior to production.

Any of the following events, among others, could affect the profitability or economic feasibility of a project: unanticipated changes in grade and tons of ore to be mined and processed, unanticipated adverse geological conditions, unanticipated metallurgical recovery problems, incorrect data on which engineering assumptions are made, availability and costs of labour, costs of processing and refining facilities, availability of economic sources of power, adequacy of water supply, availability of surface on which to locate processing and refining facilities, adequate access to the site, unanticipated transportation costs, government regulations (including regulations with respect to prices, royalties, duties, taxes, permitting, restrictions on production, quotas on exportation of minerals, environmental), fluctuations in metals prices, and accidents, labour actions and force-majeure events.

It is not unusual in new mining operations to experience unexpected problems during the start-up phase, and delays can often occur at the start of production. It is likely that actual results for the project will differ from current estimates and assumptions, and these differences may be material. In addition, experience from actual mining or processing operations may identify new or unexpected conditions that could reduce production below, or increase capital or operating costs above, current estimates. If actual results are less favorable than currently estimated, our business, results of operations, financial condition and liquidity could be materially adversely affected.

The Corporation has a lack of operating history and has no history of earnings.
The Corporation and its predecessor companies have no history of earnings. The Corporation has paid no dividends on its shares since incorporation and does not anticipate doing so in the foreseeable future. The only present source of funds available to the Corporation is through the sale of its equity shares or by way of debt facilities. While the Corporation may generate additional working capital through the operation, development, sale or possible syndication of its properties, there is no assurance that any such funds will be generated.

The Corporation is dependent on key personnel and the absence of any of these individuals could result in a significantly negative effect on the Corporation.
The success of the Corporation and its ability to continue to carry on operations is dependent upon its ability to retain the services of certain key personnel. The loss of their services to the Corporation may have a material adverse effect on the Corporation. The Corporation does not presently have "key person" life insurance for any of its officers.

There are significant risks associated with exploration and development activities including industrial accidents, flooding, environmental hazards, technical problems and labour disputes which could materially adversely affect future mining operations and the Corporation's financial position.
There is no certainty that the expenditures made or to be made by the Corporation in the exploration of its properties will result in discoveries of mineralised material in commercially viable quantities. Most exploration projects do not result in the discovery of commercially mineable ore deposits. Mining operations generally involve a high degree of risk which even with a combination of experience, knowledge and careful evaluation may not be able to overcome. The business of mining is subject to a variety of risks such as industrial accidents, flooding, environmental hazards such as fires, technical failures, labour disputes and other accidents at the mine facilities. Such occurrences, against which the Corporation cannot or may elect not to insure, may delay production, increase production costs or result in liability. The payment of such liabilities may have a material adverse effect on the Corporation's financial position.

Estimates of Mineral Reserves and Resources may not be realised
The Mineral Reserves and Resources estimates contained in this MD&A are only estimates and no assurance can be given that any particular level of recovery of minerals will be realised or that an identified Resource will ever qualify as a commercially mineable (or viable) deposit which can be legally and economically exploited. The Corporation relies on laboratory-based recovery models to project estimated ultimate recoveries by mineral type. Actual recoveries may exceed or fall short of projected laboratory test results. In addition, the grade of mineralisation ultimately mined may differ from the one indicated by the drilling results and the difference may be material. Production can be affected by such factors as permitting regulations and requirements, weather, environmental factors, unforeseen technical difficulties, unusual or unexpected geological formations, inaccurate or incorrect geologic, metallurgical or engineering work, and work interruptions, among other things. Short term factors, such as the need for an orderly development of deposits or the processing of new or different grades, may have an adverse effect on mining operations or the results of those operations. There can be no assurance that minerals recovered in small scale laboratory tests will be duplicated in large scale tests under on-site conditions or in production scale operations. Material changes in proven and probable reserves or Resources, grades, waste-to-ore ratios or recovery rates may affect the economic viability of projects. The estimated proven and probable reserves and Resources described herein should not be interpreted as assurances of mine life or of the profitability of future operations.

The Corporation's activities on its properties are subject to environmental regulations, approvals and permits.
All phases of the Corporation's operations are subject to environmental regulation in the various jurisdictions in which it operates. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Corporation's operations, or its ability to develop its properties economically. Before production may commence on any property, the Corporation must obtain regulatory and environmental approvals and permits. There is no assurance such approvals and permits will be obtained on a timely basis, if at all. Compliance with environmental and other regulations may reduce profitability, or preclude economic development of a property entirely.

The Corporation is in competition with other mining companies that have greater resources and experience.
The resource industry is intensely competitive in all of its phases, and the Corporation competes with many companies possessing greater financial resources and technical facilities. Competition could adversely affect the Corporation's ability to acquire suitable producing properties or prospects for exploration in the future.

The business of exploration for minerals and mining involves a high degree of risk, as few properties that are explored are ultimately developed into producing mines.
Mineral exploration is a speculative business, characterised by a number of significant risks including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but from finding mineral deposits which, though present, are insufficient in quantity and quality to return a profit from production. The marketability of minerals acquired or discovered by the Corporation may be affected by numerous factors which are beyond the control of the Corporation and which cannot be accurately predicted, such as market fluctuations, the proximity and capacity of mining facilities, mineral markets and processing equipment, and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals, and environmental protection, any of which could result in the Corporation not receiving an adequate return on invested capital.

Marketability of natural resources which may be discovered by the Corporation will be affected by numerous factors beyond its control.
The mining industry in general is intensely competitive and there is no assurance that, even if commercial quantities of Mineral Resources are discovered, a profitable market will exist for the sale of such minerals. Factors beyond the control of the Corporation may affect the marketability of any mineral occurrences discovered. The price of minerals has experienced volatile and significant price movements over short periods of time, and is affected by numerous factors beyond the control of the Corporation, including international economic and political trends, expectations of inflation, currency exchange fluctuations (specifically, the United States dollar relative to the Canadian dollar and other currencies), interest rates and global or regional consumption patterns, speculative activities and increased production due to improved mining and production methods.

Some of the directors of the Corporation are involved with other mineral resource companies and may have a conflict of interest in negotiations on a project that is also of interest to the Corporation.
Certain of the directors of the Corporation are directors or officers of other mineral resource companies and, to the extent that such other companies may be interested in a project also of interest to the Corporation, or may in the future participate in one or more ventures in which the Corporation participates, such directors may have a conflict of interest in negotiating and concluding terms respecting such other projects or the extent of such participation. In the event that such a conflict of interest arises, at a meeting of the directors of the Corporation, a director who has such a conflict will abstain from voting for or against the approval of such acquisition or participation. In the appropriate cases, the Corporation will establish a special committee of independent directors to review a matter in which several directors, or management, may have a conflict. From time to time several companies may participate in the acquisition, exploration and development of natural resource properties thereby allowing for their participation in larger programs, permitting involvement in a greater number of programs and reducing financial exposure in respect of any one program.

Title Matters
In those jurisdictions where the Corporation has property interests, the Corporation makes a search of mining records in accordance with mining industry practices to confirm satisfactory title to properties in which it holds or intends to acquire an interest, but does not obtain title insurance with respect to such properties. The possibility exists that title to one or more of its properties, particularly title to undeveloped properties, might be defective because of errors or omissions in the chain of title, including defects in conveyances and defects in locating or maintaining such claims, or concessions. The ownership and validity of mining claims and concessions are often uncertain and may be contested. There is, however, no guarantee that title to the Corporation's properties and concessions will not be challenged or impugned in the future. The properties may be subject to prior unregistered agreements or transfers, and title may be affected by undetected defects.

Shareholder Dilution
It is likely that additional capital required by the Corporation will be raised through the issuance of additional equity securities, resulting in dilution to the Corporation's shareholders.

Share price risk
The market price of a publicly traded stock is affected by many variables not directly related to the success of the Corporation, including the market for all resource sector shares, the breadth of the public market for the stock, the need for certain Funds to sell shares for external reasons other than those relevant to the Corporation and the attractiveness of alternative investments. The effect of these and other factors on the market price of the common shares of the Corporation on the exchanges on which the common shares are listed suggests that the share price will be volatile. In the previous eight quarters, between April 1, 2015 and March 31, 2017, the Corporation's shares traded in a range between CAD$0.47 and CAD$1.95 per share.

Insurance risks
Although the Corporation maintains insurance to protect against certain risks in such amounts as it considers to be reasonable, its insurance will not cover all the potential risks associated with a mining Corporation's operations. Nevada Copper may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability.

Currency risk
The Corporation is exposed to currency fluctuations in the acquisition of foreign currencies. The Corporation holds balances in cash and cash equivalents, accounts payable and accrued liabilities in foreign currencies (CAD dollars) and is therefore exposed to gain or losses on foreign exchange.

Legal Proceedings against Foreign Directors.
The Corporation is incorporated under the laws of British Columbia, Canada, and some of the Corporation's directors and officers are residents of Canada. Consequently, it may be difficult for United States investors to effect service of process within the United States upon the Corporation or upon its directors or officers, or to realise in the United States upon judgments of United States courts predicated upon civil liabilities under the United States Securities Exchange Act of 1934, as amended. Furthermore, it may be difficult for investors to enforce judgments of U.S. courts based on civil liability provisions of the U.S. Federal securities laws in a foreign court against the Corporation or any of the Corporation's non-U.S. resident officers or directors.

Outlook
The Corporation will continue to focus its development efforts in the United States for purposes of the exploring and developing copper projects, in particular Pumpkin Hollow, and acquiring additional copper properties, should opportunities to do so present themselves.

As a development stage Corporation the future liquidity of the Corporation will be affected principally by the level of its development expenditures and by its ability to raise an adequate level of capital through the capital and debt markets. The Corporation will be required to complete additional funding in order to meet its business objectives. The Corporation will continue to evaluate its funding requirements on a go forward basis in an effort to meet its future development and growth initiatives.

Share Data
Capital Structure as of May 8, 2017:

Common shares issued and outstanding:	88,168,125
Total stock options outstanding:	5,953,500
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 FS 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 29, 2017. 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

NEVADA COPPER CORP.

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

NEVADA COPPER CORP.

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

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

Subsequent events (notes 9 and 12)

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

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

(Signed) "Stephen Gill", Director **(Signed) "Giulio Bonifacio", Director**

NEVADA COPPER CORP.

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

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

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

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

NEVADA COPPER CORP.

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

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

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

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

NEVADA COPPER CORP.

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

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

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

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

1. Nature of operations and going concern:

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

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

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

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

2. Basis of presentation and significant accounting policies:

Basis of presentation:

These consolidated condensed interim financial statements have been prepared in accordance and in compliance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and in compliance with International Accounting Standards ("IAS") 34 Interim Financial Reporting.

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

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

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

Basis of measurement:

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

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

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

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

3. Recent accounting pronouncements:

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

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

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

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

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

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

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

4. Mineral properties, plant and equipment:

	Mineral Properties			
	Development Costs	Exploration and Evaluation assets	Plant & Equipment	Total
Cost:				
As at Dec. 31, 2015	$211,089	$-	$1,128	$212,217
Additions	19,231		-	19,231
As at Dec. 31, 2016	230,320	-	1,128	231,448
Additions	4,646		-	4,646
As at Mar. 31, 2017	**234,966**	**-**	**1,128**	**236,094**
Accumulated depreciation:				
As at Dec. 31, 2015	$-	$-	$842	$842
Additions	-	-	74	74
As at Dec. 31, 2016	-	-	916	916
Additions			14	14
As at Mar. 31, 2017	**$-**	**$-**	**$930**	**$930**
Net book value:				
As at Dec. 31, 2015	$211,089	$-	$286	$211,375
As at Dec. 31, 2016	$230,320	$-	$212	$230,532
As at Mar. 31, 2017	**$234,966**	**$-**	**$198**	**$235,164**

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

Pumpkin Hollow Copper Development Property:

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

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

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

The Corporation may extend the Lease for up to three additional terms of ten years each, subject to performing continuous mining activities, payment of advance royalty payments of at least $3,000 in the first ten-year term and payment of production royalties and minimum royalty payments of $10,000 in each subsequent ten-year term. Pursuant to the terms of the Lease the Corporation notified RGGS of its intention to extend the lease for the period May 5, 2016 to May 2026. This notice has been acknowledged and accepted by RGGS. On January 9, 2017 an agreement with RGGS was reached which deferred payments in 2017. In consideration for this deferral, RGGS royalty rates increased from 1% to 2% for non-ferrous metals and the royalty rate for ferrous metals increased from $0.10 per ton to $0.20 per ton. These royalty rate increases cover an area of interest provision extending one mile from, but excluding, the patented core project land representing the current mineable reserve leased from RGGS pursuant to the RGGS lease.

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

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

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

	Mar. 31, 2017	Q1 2017	Dec. 31, 2016	2016	Dec. 31, 2015
Property payments	**$1,961**	$-	$1,961	$-	$1,961
Advance royalty payments	**3,163**	-	3,163	913	2,250
Water rights	**2,021**	50	1,971	279	1,692
Drilling	**41,157**	-	41,157	10	41,147
Geological consulting, exploration & related	**7,923**	-	7,923	9	7,914
Feasibility, engineering & related studies	**19,583**	-	19,583	-	19,583
Permits/ environmental	**11,634**	53	11,581	(2)	11,583
East deposit underground project					
Underground access, hoist, head frame, power, & related	**77,989**	228	77,761	875	76,886
Eng. procurement	**10,550**	-	10,550	-	10,550
Surface infrastructure	**3,804**	-	3,804	7	3,797
Site costs	**14,326**	476	13,850	1,697	12,153
	194,111	807	193,304	3,788	189,516
Depreciation	**652**	15	637	71	566
Capitalised interest (note 6)	**35,714**	3,730	31,984	14,625	17,359
Stock-based compensation	**4,489**	94	4,395	747	3,648
Total	**$234,966**	$4,646	$230,320	$19,231	$211,089

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

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

Plant and equipment:

	Building	Equipment	Mobile Equipment	Computer Equipment	Total
Cost:					
As at Dec. 31, 2015	$480	$96	$139	$413	$1,128
Additions	-	-	-	-	-
As at Dec. 31, 2016	480	96	139	413	1,128
Additions	-	-	-	-	-
As at Mar. 31, 2017	**480**	**96**	**139**	**413**	**1,128**
Accumulated depreciation:					
As at Dec. 31, 2015	$240	$85	$107	$410	$842
Additions	53	4	14	3	74
As at Dec. 31, 2016	293	89	121	413	916
Additions	11	1	2	-	14
As at Mar. 31, 2017	**304**	**90**	**123**	**413**	**930**
Net book value:					
As at Dec. 31, 2015	$240	$11	$32	$3	$286
As at Dec. 31, 2016	$187	$7	$18	$-	$212
As at Mar. 31, 2017	**$176**	**$6**	**$16**	**$-**	**$198**

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

5. Convertible debt:

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

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

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

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

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

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

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

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

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

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

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

5. Convertible debt (continued):

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

1. An arrangement fee of $200 was paid upon execution and a further $63 was paid for legal fees. These costs were paid out of the proceeds of the $5,000 advance;

2. 2,500,000 warrants issued to Pala with a three year term, exercisable to acquire common shares of the Corporation at an exercise price of $0.97 CAD per share; and

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

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

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

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

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

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

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

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

5. Convertible debt (continued):

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

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

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

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

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

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

6. Long term debt

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

Amounts advanced under the Loan bear interest at the greater of three-month LIBOR and 1%, plus 10% until the commencement of commercial production where the amounts advanced under the Loan bear interest at the greater of three-month LIBOR and 1%, plus 7.5%.

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

In January 2016 and further amended in May 2016, a Red Kite loan extension was granted. The May amendment waived the existing defaults under the loan agreement. The requirement to complete an alternative interim financing transaction in the minimum amount of $10,000 was waived. This agreement and subsequent amendment also reduced the minimum working capital requirement from $10,000 to $100. A further covenant is that all loan interest cash payments due in 2017 are to be paid monthly in advance in 2017. Compliance with these covenants means the Corporation has re-classified the balance of the loan as long term debt. A $3,000 advance was made by Red Kite to the Corporation on June 3, 2016 after completion of the Pala Convertible Loan Facility agreement (note 6).

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

Two interest payments, of $4,978, have been paid through December 31, 2015. Interest payments of $14,625 were accrued during the year ended December 31, 2016. Interest, commencing on January 31, 2017, was payable on a monthly basis in advance. During the period ending March 31, 2017 three payments of interest were made totalling $3,523. In addition, interest payments for the period covering April 2017 through June 2017 were paid in advance in the amount of $3,613. Interest payments from July 2017 to December 2017 and 50% of the 2018 monthly interest will be accrued. The Loan can be repaid without penalty at any time prior to maturity.

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

The remainder of the transaction costs have been accounted for as deferred financing costs and will be netted against future tranches when drawn on a pro-rata basis. Since inception through the year ended March 31, 2017, $35,714 (note 4) (December 31, 2016 - $31,984) of interest was accrued and capitalised to mineral property development costs.

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

6. Long term debt (continued):

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

In addition to, and related to, the Loan, the Corporation also entered into an off-take agreement with Red Kite for the sale of copper concentrates from the underground mine of the eastern underground deposits. The Corporation will supply Red Kite with the percentage of total copper concentrate production based on the amount advanced to the Corporation through tranches divided by the total available loan. Red Kite will be entitled to up to 74.5% of production after advancing all of the funds available under the facility. In relation to the first tranche advanced, Red Kite was entitled to purchase 33.5% of the Corporation's annual copper concentrates production from the eastern deposits when the Corporation commences commercial production. Combined with the off-take agreement relating to the March 28, 2013 loan facility these two off-take agreements would have represented in total 59% of concentrates that may be produced from the eastern deposits or an estimated 12% of the total project off-take. However, under an agreement with Red Kite in January 2016, the 33.5% portion of the off-take which included a "fixed tonnage" option was bought back for a $10,000 consideration. The current 25.5% balance of the underground offtake is held by a lender, MF Investments, under a previous 2013 loan agreement. The off-take agreement includes concentrate pricing based on market terms.

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

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

	Loan facility – amortised cost	**Derivative**	**Total**
Balance at December 31, 2015	$95,295	$938	$96,233
Draws	13,000	-	13,000
Interest accrued	13,296	-	13,296
Accretion expense	1,329	-	1,329
Change in fair value	-	(415)	(415)
Balance at December 31, 2016	122,920	523	123,443
Interest accrued	3,523	-	3,523
Interest paid	(3,523)	-	(3,523)
Accretion expense	206	-	206
Change in fair value	-	(265)	(265)
Balance at March 31, 2017	$123,126	$258	$123,384

An embedded derivative liability relating to the interest rate floor has been recognised for the Loan. The embedded derivative fair value of the loan at inception was $996. The fair value of the embedded derivative liability is $258 at March 31, 2017 (December 31, 2016 - $523).

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

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

7. Related party transactions:

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

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

The Corporation has entered into management agreements with certain senior officers. In the event that there is a change of control, the Corporation may be required to pay severance payments ranging from three months to three years of salary for these senior officers. The amount of this contingent liability is $1,503 ($1,999 CAD).

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

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

8. Key management personnel compensation:

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

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

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

9. Share capital:

(a) Authorised:

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

(b) Options:

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

All options vest when granted unless otherwise specified by the Board of Directors.

As of March 31, 2017, the Corporation has stock options outstanding to directors, officers and employees to acquire an aggregate of 5,953,500 common shares summarised as follows. All of these options vested upon grant. The outstanding options have expiry periods between one and five years.

	Number of Options	Weighted average exercise price $(CAD)
Outstanding December 31, 2015	7,400,000	$2.22
Exercisable December 31, 2015	7,350,000	2.22
Granted	5,813,500	0.69
Expired	(5,595,000)	2.44
Outstanding December 31, 2016	7,618,500	0.89
Exercisable December 31, 2016	7,618,500	0.89
Expired/cancelled	(1,665,000)	1.10
Outstanding March 31, 2017	**5,953,500**	**$0.83**
Exercisable March 31, 2017	**5,953,500**	**$0.83**

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

9. Share capital (continued):

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

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

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

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

The following table summarises the stock options outstanding and exercisable as at March 31, 2017:

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

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

9. Share capital (continued):

(c) Deferred share units:

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

	Number of DSUs
Outstanding December 31, 2015	782,202
Granted	1,567,550
Expired	(313,688)
Outstanding December 31, 2016	2,036,064
Granted	117,507
Expired	(1,163,966)
Outstanding March 31, 2017	**989,605**

Periodically since 2013, directors have been granted DSUs, which replaced stock option grants and cash payments as a component of their compensation. All of the DSUs have vested. The current DSU payable amount is $1,363 (December 31, 2016 - $1,167). The Corporation recognised a $15 recovery for the period ended March 31, 2017 (March 31, 2016 – $436 expense) in the consolidated condensed interim statement of operations in respect of the current DSUs and expired DSUs. This liability includes DSUs that have expired and a settlement cost assigned to them.

(d) Deferred compensation units:

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

	Number of DCUs
Outstanding December 31, 2015	-
Granted	1,918,119
Expired	(87,650)
Outstanding December 31, 2016	1,830,469
Expired	(25,000)
Redeemed	(425,469)
Outstanding March 31, 2017	**1,380,000**

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

9. Share capital (continued):

In January 2016 and May 2016 employees were granted 438,119 DCUs, which replaced stock option grants as a component of their compensation which vested on January 1, 2017. A further 1,480,000 DCUs were granted August 10, 2016. The August DCUs fully vested on March 31, 2017. The current DCU payable amount is $749 (2016 - $769). During the period ended March 31, 2017, under the fair value method, a charge of $230 (2016 - nil) in stock-based compensation was recorded for DCUs granted to officers and employees, of which $136 (2016 - nil) was charged to operations and $94 (2016 - $51) was capitalised to development costs.

(e) Warrants:

The Corporation granted 460,000 warrants to agents through the equity offering announced on June 9, 2016. These warrants have an exercise price of $0.60 per warrant, expiring on June 9, 2018, and vest immediately. The value of the warrants was determined to be $85 based on an evaluation using the Black-Scholes pricing model.

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

	2017
Risk-free interest rate	0.68%
Expected dividend yield	0
Expected stock price volatility	75%
Expected life in years	1.2

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

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

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

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

10. Financial instruments:

Contractual obligations:

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

	Payments due by period				
Contractual obligations	Total	1 year	2-3 years	4-5 years	5 years+
Lease obligation – payment on Pumpkin Hollow Property *(i)*	$9,963	$366	$1,847	$1,200	$6,550
First amendment to lease – payment of water rights on property	1,688	189	378	214	907
City of Yerington –advanced water service payments	438	88	175	175	-
Accounts payable and accrued liabilities	484	484	-	-	-
DCU and DSU payable	2,112	2,112	-	-	-
Convertible debt	43,076	-	43,076	-	-
Long-term debt *(ii)*	173,555	1,879	88,969	82,707	-
Total USD obligations	$231,316	$5,118	$134,445	$84,296	$7,457
	CAD	CAD	CAD	CAD	CAD
Office lease	$392	$234	$158	-	-
Total CAD obligations	$392	$234	$158	-	-

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

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

(ii) See note 6 for contractual maturity.

11. Management of capital:

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

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

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

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

12. Subsequent events:

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

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

CORPORATE INFORMATION

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Timothy M. Dyhr
Vice President, Environmental and External Relations

Gus McDonald
Vice President, Corporate Controller

Eugene Toffolo
Vice President, Investor Relations and Communications

Catherine Tanaka
Vice President, Corporate Secretary

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

SHARES LISTED
TSX Exchange: NCU

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

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WEBSITE
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