NEVADA COPPER CORP.

ANNUAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2015

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 March 21, 2016 and should be read in conjunction with the Corporation's consolidated financial statements and related notes for the year ended December 31, 2015 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 March 22, 2016.

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 consists of both a fully permitted 6,500 tons/day ("tpd") Stage 1 underground copper mine development and a nearby Stage 2, 70,000 tpd fully permitted open pit project. 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 Project is located entirely on private lands owned or controlled by Nevada Copper. No Federal permits are required for construction or operations.

Highlights of 2015 and 2016 to Date

- 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;
- Evgenij Iorich, Stephen Gill, and James Askew join the Board of Directors;
- Red Kite Loan amended to extend loan drawdown, loan maturity and other key dates, and accrue interest payments until March 2017;
- Other highlights of 2015 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.
- On February 10, 2016, the Corporation announced the filing of a preliminary prospectus and a best efforts offering of shares for minimum net proceeds of US$15 million ("the Offering"). The Offering will be conducted on a "best efforts" basis pursuant to an agency agreement to be entered into between the Corporation and a syndicate of agents co-led by GMP Securities L.P. and Dundee Securities Ltd.

(collectively, the "Co-Lead Agents") and including Haywood Securities Inc. (together with the Co-Lead Agents, the "Agents"). The issue price of the Initial Securities (the "Issue Price") shall be determined in the context of the market. The proceeds from the Offering are expected to be used by the Corporation at its fully-permitted Pumpkin Hollow copper project in Nevada for engineering, ongoing property maintenance, and for working capital and general corporate purposes. Red Kite has advised that, subject to certain conditions, it will subscribe for up to US$2 million of the 2016 offering.

Project Permitting

The Project is fully permitted for construction and operation of a 70,000 tons per day integrated open pit and underground mine. Proposed future access roads, power lines and water lines are also located within private land owned or controlled by the Corporation. No federal permitting is required, now or in the future, for full construction and operations of the mine. This affords Nevada Copper significant flexibility to develop and expand operations if indicated.

Federal Land Acquisition

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 newly-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.

Red Kite Loan Default and Agreement Amendments

On December 30, 2014 the Corporation entered into an agreement (“Loan Agreement”) for a $200 million loan facility (“Loan Facility”) with EXP T1 Ltd., an affiliate of Red Kite Mine Finance. This facility replaced a previous loan facility from dating from 2013. The Loan Agreement also included an entitlement to buy up to 74.5% of the copper concentrates from the Pumpkin Hollow underground mine, of which 33.5% of this entitlement was earned based on the loan draws to date. Another 25.5% of the offtake from the underground deposits had been earned under the previous 2013 loan facility.

On September 30, 2015, the Loan Facility was amended (the "Amended Loan Facility") 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 US$20 million (the "Interim Financing Transaction"). These funds were to provide adequate working capital while also providing funding for further project optimization. As at December 31, 2015 the Corporation is in default of this financing provision. In addition, the Corporation is currently in default on the minimum working capital covenant contained in the Red Kite Loan Facility. 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 as a result of the non-completion of the Interim Financing Transaction. Under this January 2016 amendment, the Corporation has 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 are 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 the Interim 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 US$15 million (the "2016 Financing Transaction"), following which the Amended Loan Facility will be in good standing;

    b. reduce the minimum working capital requirement from US$10 million to US$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.

    If the Corporation does not complete the 2016 Financing Transaction by April 15, 2016, all amounts outstanding under the Amended Loan Facility will be immediately due and payable by the Corporation and Red Kite will be in a position to exercise all remedies available to it under the Amended Loan Facility and related security agreements.

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

2. Offtake 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, which 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 to be derived from ores of 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.

Pala Bridge Loan Default

The $20 million Pala bridge loan contains a $10 million minimum working capital provision which was the same as the Red Kite facility prior to the January 2, 2016 Red Kite agreement which reduced Red Kite's minimum working capital provision to $5 million. The Pala bridge facility minimum working capital requirement has not been similarly reduced from $10 million; therefore, the Corporation is in default of this provision in the Pala bridge loan facility. No default notice has been received from Pala.

Completion of the 2016 Financing Transaction will bring the Corporation into compliance with the Pala bridge loan's working capital covenant.

Solar Development Potential

On February 11, 2016, the Corporation entered into an agreement with NV Energy Inc. ("NV Energy") to conduct a study of the potential to develop a solar energy generation project on Nevada Copper's privately-owned land ("Solar Study"). This land is adjacent to the Corporation's proposed Pumpkin Hollow copper development project.

Nevada Copper expects this Solar Study to be completed within three months. Nevada Copper and NV Energy seek to evaluate, at a scoping level, the feasibility of developing a solar facility on private land owned by Nevada Copper that is available for solar generation facilities. Subject to the results of the Solar Study, the parties would have an opportunity to enter into an agreement to pursue a solar development opportunity. The Solar Study will be done at no cost to the Corporation, in consideration of which, a 90-day exclusivity period was granted to NV Energy. After the 90-day exclusivity period, if no development agreement has been mutually agreed after good-faith efforts, the Corporation will be free to solicit interest from other parties.

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).

Depending on the ultimate scope of the Pumpkin Hollow copper mine development, the Corporation estimates that 2,000-4,000 acres of land adjacent to, and outside of, the area of proposed mine facilities could be utilized for solar generation. Based on the NREL solar irradiation data, a 200 megawatt (“MW”) typical solar photovoltaic project in the Yerington area would require 1,600-2,000 acres of land. This implies a potential for up 500 MW of solar power development capacity. Evaluation of energy transmission options would be part of the Solar Study. Solar energy generated at the project could be used at the site and/or transmitted into the grid via existing high voltage transmission lines located east of the project area, or via other routes. A power line corridor connecting the project to transmission line is part of the proposed copper project development plan.

The land proposed for solar development is privately owned by Nevada Copper and has been zoned M-1 Industrial by the City of Yerington. This zoning allows for solar development and has no environmental or engineering constraints for such a development. The land is also close proximity to federal and state highways and other infrastructure. With such a potential solar project development, the Pumpkin Hollow copper project would help enhance renewable energy development in Nevada. The Nevada Copper mine project and an adjacent solar project also could realize mutual benefit with potential shared grid-connection costs. If found to be feasible, a solar power development could be developed as a standalone operation, or as part of the proposed copper mine development at Pumpkin Hollow.

Project Plans for 2016

During 2016, 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 deposit that targets higher grade areas of the deposits first, followed by possible expansion at a later date. Value engineering and further project optimization will be part of this project re-assessment process that is currently underway.

With a consensus that copper prices are expected to rise over the next three years, the Corporation will accelerate discussions in order to position the project for a 2018 production start. Financing discussions may take the form of a joint venture partnership; project bank 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 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 two development options -- both supported by feasibility studies. These two development options are both fully permitted and can be developed sequentially:

- 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.

Nevada Copper, with the support of its major shareholder Pala and lenders, will take the time necessary to carefully consider financing options and strategic 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

In January 2016, Mr. Victor Bradley was announced as Non-Executive Chairman of the Board. Mr. Bradley has been Lead Director of Nevada Copper since 2013. Mr. Bradley is a Chartered Professional Accountant with more than 50 years of experience in the mining industry having founded, financed and operated several mining and advanced stage exploration and development companies. The Corporation also 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.

Previously, in June 2015, the Board of Directors of Nevada Copper announced the election of Mr. James Askew to its Board of Directors. Mr. Askew holds a Bachelor of Mining Engineering (Honours) and Master’s Degree in Engineering Science and has over 40 years of international experience as a Director and/or Chief Executive Officer. Mr. Askew has extensive technical expertise in both open pit and underground mines including design, construction and operations in all major continents. In addition to his vast technical experience, Mr. Askew has overseen numerous financings, M&A successes and assembling of key personnel for mine-building teams. Mr. Askew is currently the Chairman of Oceanagold Corporation and Syrah Resources, as well as a Director of Evolution Mining and Asian Mineral Resources. Other past listed company directorships include PMI Gold (Chairman), Sino Gold (Chairman), Yamana Gold (Non-Executive Director), and Ivanhoe Australia (Non-Executive Director).

Land Bill, Open Pit Permitting and Water Rights

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 US$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 obtained 4,224 acre feet annually of rights covering 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.

2015 Integrated Feasibility Study

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 through completion of the final six drill holes. 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 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 six months ended June 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 2014 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, and shaft sinking down to the 1,900 foot level.

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 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 categorized 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 minimizing loss of copper. Magnetite recovery circuits are not uncommon at copper operations which contain magnetite in their mill feed.

Red Kite Loan Facility

On December 30, 2014, the Corporation closed a US$200 million senior secured loan facility (the "Loan Facility") and copper concentrate off-take (the "Concentrate Off-Take") agreement with RK Mine Finance ("Red Kite").

This Loan Facility replaces the Corporation's previous loan facility entered into on March 28, 2013 (the "Previous Facility"). Net proceeds from the initial US$90 million drawdown on closing was used for purposes of repaying the Previous Facility and advancing the underground mine (the "Underground Mine") on Nevada Copper's 100% wholly owned Pumpkin Hollow copper project located near Yerington, Nevada.

A summary of the original Loan Facility and Concentrate Off-Take terms, prior to further amendements in January 2016, are as follows:

- US$90 million has been paid to Nevada Copper of which US$57.1 million was used to repay the Previous Facility;
- A further US$110 million will be advanced on the completion of certain project and financing milestones;
- The Loan Facility matures on December 31, 2021, with interest payable at an annual rate of the greater of LIBOR or 1% plus 10% during pre-completion and the greater of LIBOR or 1% plus 7.5% post completion;
- Interest on the initial amount drawn, and subsequent draws, will be paid quarterly with a principal repayment holiday until September 30, 2018, following which US$82.5 million of outstanding principal will be repaid in 13 quarterly sculpted payments and the remaining outstanding principal will be repaid in one final balloon payment on the maturity date;
- The Corporation may repay the loan in full without penalty prior to maturity. The loan is secured against all current and future assets of the Corporation and its subsidiaries. As part of the loan agreement, the Corporation has paid an arrangement fee of 3.5% of the principal amount of the loan facility;
- Under the terms of the original 2014 Concentrate Off-Take agreement, the Corporation agreed to sell to Red Kite, for the life of the mine on the Underground Mine, up to 74.5% of copper concentrates produced from the Underground Mine ("Underground Tonnage"), or at Red Kite's option fixed tonnage equivalent of the Underground Tonnage from a future underground or open pit operation ("the Red Kite Option"). In January 2016, as part of loan amendment agreement, the Corporation repurchased the Red Kite's offtake obligation. This repurchase leaves only 25.5% of the underground concentrates committed to a previous lender. The Concentrate Off-Take agreement does not include any rights to future copper concentrate production from the open pit deposits and provides for benchmark-referenced treatment and refining charges, with standard payment factors for contained copper, gold and silver.

Red Kite Loan Amendments January 2016

As described earlier, an 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 as a result of the non-completion of the Interim Financing Transaction. Under this January 2016 amendment, the Corporation has until April 15, 2016 to complete an alternative $15 million financing. The key provisions of the January 2016 amendments include Red Kite has agreed not to exercise its rights and remedies under the Amended Loan Facility as a result of the non-completion of the Interim 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 US$15 million (the "2016 Financing Transaction"), following which the Amended Loan Facility will be in good standing. Also the minimum working capital requirement was reduced from US$10 million to US$5 million; and 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.

<u>Financing Update – Pala Loan Facility</u>

The Pala Facility has a $10,000 minimum working capital requirement which was not reduced to $5,000 to align with Red Kite loan amendments agreed in January 2016. Therefore the Corporation is currently in default of the minimum working capital requirement of the Pala Facility. No default notice has been received by the Corporation.

Completion of a financing transaction will bring the Corporation into compliance on the closing date of the financing transaction.

On September 30, 2015, the current $25 million subordinated bridge loan facility with Pala Investments Limited ("Pala") was extended to June 30, 2016. The Corporation has drawn down $20 million of this facility.

On July 31, 2015 the Corporation extended the maturity date of its US$15 million bridge loan facility ("Pala Loan Facility") with Pala Investments Limited ("Pala") to January 31, 2016 while also increasing the maximum principal amount of the Loan Facility to US$25 million. The other terms of the Loan Facility remained unchanged. The Pala Loan Facility will be drawn down as required.

On August 26, 2014, the Corporation closed a $20 million bridge loan facility ("Pala Facility") with Pala Investments Limited ("Pala"). The Pala Facility can be drawn in $5 million tranches. Through November 10, 2015

$20 million (four tranches) has been drawn from the Pala Facility. The annual interest rate is 10% and a 4% arrangement fee is due upon each tranche drawn. 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.

2015 Project Construction

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 will be controlled by the availability of funds from:

- $2 million cash balance at December 31, 2015;
- $110 million undrawn portion of the Red Kite loan facility (See December 30, 2014 News Release) the final draw of the loan facility will be advanced on the completion of 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; and,
- $5 million undrawn portion of the Pala Loan facility.

Further project work in 2016 will be dependent on which project development option is advanced and the availability and timing of financing, including consideration of a partner for the large open pit development.

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 summarized 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.*

Iron Mineral Resource

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*

Summary of Economic Results

		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 maximize 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 capitalized pre-stripping and other predevelopment costs, are $11.80 per ton-milled, as summarized 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.

Qualified Persons

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.

Alternative Performance Measures

"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 year ended December 31, 2015 on the Pumpkin Hollow Copper Development Property consists of the following:

Development Costs (expressed in thousands of United States dollars)			
	Dec. 31, 2015	2015 Expenditures	Dec. 31, 2014
Property payments	**$1,961**	$-	$1,961
Advance royalty payments	**2,250**	600	1,650
Water rights	**1,692**	285	1,407
Drilling	**41,147**	4,533	36,614
Geological consulting, exploration & related	**7,914**	287	7,627
Feasibility, engineering & related studies	**19,583**	2,012	17,571
Permits/ environmental	**11,583**	3,305	8,278
East deposit underground project			
Underground access, hoist, head frame, power, & related	**76,886**	13,511	63,375
Engineering procurement	**10,550**	119	10,431
Surface infrastructure	**3,797**	426	3,371
Site costs	**12,153**	2,846	9,307
	189,516	27,924	161,592
Amortisation	**566**	111	455
Capitalised interest	**17,359**	10,765	6,594
Stock-based compensation	**3,648**	56	3,592
Total Development Costs	**$211,089**	$38,856	$172,233

Year ended December 31, 2015 compared to the year ended December 31, 2014

For the year ended December 31, 2015, the Corporation has incurred $38,856 of project expenditures compared to $46,867 for the comparable period in 2014. The focus during the period ended December 31, 2015 was to complete the land transfer, permitting, and drilling programs. In the comparative period the focus was entirely on the development of the shaft and surface infrastructure including engineering work.

Drilling costs incurred for the year through December 31, 2015 were $4,533; whereas, in the year ended December 31, 2014 the drilling costs were nil. The increase is due to the fact that the drilling program commenced in early 2015 and covered both underground and open pit areas while in the comparative period there were no active drilling programs. Feasibility costs of $2,012 were higher in the year ended December 31, 2015 compared to nil for the year ended December 31, 2014 because there was an updated integrated feasibility study released in 2015; whereas, there was no feasibility study work being done in 2014.

The underground access, hoist, headframe, power & related costs incurred for the year ended December 31, 2015 of $13,511 were lower than the $26,609 spent in the year ended December 31, 2014. This difference arises because in 2014 there was a full period of shaft sinking plus the cost of two dewatering wells; whereas in 2015 the shaft was completed to the 1,900 foot level in February and paused while limited lateral development work sufficient for three drilling bays was completed in August.

Capitalised interest costs were $10,765 for the year ended December 31, 2015 compared to the capitalised interest costs for the year ended December 31, 2014 of $3,992. The change in expenditure is a result of the change in the long term debt facility.

Selected information

(Thousands, except per share amounts)	Year ended December 31, 2015	Year ended December 31, 2014	Six months ended December 31, 2013*
Net loss	(4,998)	(17,063)	(6,124)
Net loss per share	(0.06)	(0.21)	(0.08)
Total cash and cash equivalents	2,217	33,246	46,070
Working capital	(119,328)	13,165	42,616
Total liabilities	122,976	107,995	60,300
Total assets	223,953	213,874	182,543
Shareholders' equity	100,977	105,879	122,243

*** A six month financial period occurred due to a change in fiscal year end from June 30 to December 31.**

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)	2015 Dec 31	2015 Sep 30	2015 Jun 30	2015 Mar 31	2014 Dec 31	2014 Sep 30	2014 Jun 30	2014 Mar 31
Working capital	(119,328)	(21,101)	(14,552)	(37)	13,165	(10,477)	7,019	26,954
Total assets	223,953	223,764	215,356	214,135	213,874	185,891	184,939	185,708
Development property	211,089	206,937	197,710	184,274	172,233	163,623	153,923	139,559
Shareholders' equity	100,977	101,159	103,157	103,908	105,879	113,960	119,244	122,699
Net profit (loss)	(201)	(2,024)	(781)	(1,992)	(8,608)	(5,403)	(920)	(2,132)
Net profit (loss) per share	(0.00)	(0.03)	(0.01)	(0.02)	(0.11)	(0.07)	(0.01)	(0.02)

The loss for the quarter ended December 31, 2014 was higher because of the non-cash finance costs relating to the repayment of the original Red Kite loan facility replaced by the December 30, 2014 Red Kite loan facility.

For the year ended December 31, 2015 and the year ended December 31, 2014

For the year ended December 31, 2015, the Corporation had a net loss of $4,998 or $0.06 per share compared to a net loss of $17,063 or $0.21 per share with the corresponding period of 2014. The most significant components of the difference are the loss on the extinguishment of the previous Red Kite loan and the write-off on marketable securities held. This difference also relates to a slow down of activity during the 2015 year compared to the 2014 year.

Public company expenses for the year ended December 31, 2015 were $618 in 2015 compared to $1,293 in 2014. Directors' fees and related expenses decreased because of less travel costs from overseas directors, investor relations costs decreased as less marketing was completed, and directors were granted deferred stock units ("DSUs") in lieu of fees. Stock based compensation decreased from $938 in the prior year to a recovery of $34 in the year ended December 31, 2015 because the decrease in share price resulted in the value of the DSUs decreasing.

Liquidity and Capital Resources

As of December 31, 2015, the Corporation had a cash balance of $2,217, excluding restricted cash. The Corporation's working capital deficiency as at December 31, 2015, was $119,328 compared with a working capital position of $13,165 as at December 31, 2014. The decrease in the Corporation's working capital during the year ended December 31, 2015 is primarily due to re-classification of the Red Kite loan from long term to short term and spending on an updated feasibility study, the drilling program and project construction. The reclass to short term debt from long term debt was because the Corporation did not meet a covenant under the Red Kite loan agreement requiring them to raise $20,000 in a finance transaction prior to December 31, 2015. The Corporation is currently in a default position for both the Red Kite Loan Facility and the Pala Loan Facility because the Corporation is not in compliance with the minimum working capital covenants under these facilities. In addition, the Corporation is in a default position under the Red Kite Loan Facility because the Corporation failed to comply with the covenant requiring the Corporation to complete a financing transaction prior to December 31, 2015.

Completion of the Alternate Financing Transaction will bring the Corporation into compliance with the Red Kite Loan working capital covenant, the Red Kite Loan financing transaction covenant, and the Pala Facility working capital covenant. When the 2016 Interim Financing Transaction is concluded, the balance sheet loan amounts will also be reclassified back from a current liability to a long term liability.

Working capital available as of December 31, 2015 will be utilised for maintenance activities.

The Corporation successfully amended the Pala facility to extend the term until June 30, 2016 and to increase the total facility to $25 million. The additional $10 million is available in $5 million tranches. One of these tranches was drawn on August 12, 2015.

The Corporation will be required to complete additional financing in order to carry out its development activities and to draw down the remaining undrawn amount of $110,000 of the Red Kite facility, which draw down is also contingent upon completion of certain project milestones to be met. Failure to obtain additional financing on a timely basis would require the Corporation to delay development activities.

Transactions with Related Parties

Pala is considered to be a related party because it is a company that holds more than 50% of Nevada Copper shares and have Evgenij Iorich, Stephen Gill, and Michael Brown, three executives on the Corporation's Board of Directors as at December 31, 2015.

On August 26, 2014, the Corporation closed a $20 million bridge loan facility with Pala. The initial term of the facility was four months. The Pala Facility has been extended until June 30, 2016 and the total amount of the facility has been increased to $25 million. The Pala Facility is drawn in $5 million tranches. Through December 31, 2015, $20 million has been drawn from the Pala Facility. The annual interest rate is 10% and a 4% arrangement fee was payable upon each tranche drawn. The Pala Facility is secured against the Corporation's assets, and is subordinate to the security granted in connection with the $200 million senior credit facility announced by the Corporation on December 30, 2014. The Corporation has incurred $2,077 of interest expense for the Pala Facility of which $1,099 was paid through December 31, 2015. The Loan is carried at amortised cost on the statement of financial position. The current short term loan carrying value is $20,954.

As of December 31, 2015, accounts payable and accrued liabilities include director fees and expenses payable of $39 (2014 - $108) and a DSU payable of $373 (2014 - $535).

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 $1,474 ($2,041 CAD).

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 Lease 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 to a 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 $2,250 as of December 31, 2015.

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 4^{th} through 6^{th} 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 5, 2016 to May 2026. This notice has been acknowledged and accepted by RGGS.

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 December 31, 2015:

	Payments due by period				
Contractual obligations	Total	1 year	2-3 years	4-5 years	5 years +
Lease obligation – payment on Pumpkin Hollow Property	$10,300	$600	$1,200	$1,200	$7,300
First amendment to lease – payment of water rights on property *(i)*	1,806	189	378	194	1,045
City of Yerington – payment of advanced water service payments *(ii)*	438	88	175	175	-
Accounts payable and accrued liabilities	4,714	4,714	-	-	-
Short-term debt	22,256	22,256	-	-	-
Long-term debt	153,939	114,260	24,794	13,579	1,306
Total USD obligations	$193,453	$142,107	$26,547	$15,148	$9,651
	CAD	CAD	CAD	CAD	CAD
Office lease	$670	$226	$444	-	-
Total CAD obligations	$670	$226	$444	-	-

(*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*) The commitment in the table above is the obligation by the Corporation to the City of Yerington for reservation fees.

The Corporation has entered into certain construction and engineering contracts relating to the construction of the underground shaft. Work incurred on these contracts will be billed monthly and therefore are not listed as commitments.

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 December 31, 2015, 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 December 31, 2015. 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.

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 Bridge 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 Bridge 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. The Red Kite Loan Facility contains a covenant to maintain US$5 million of working capital, and the Pala Bridge Facility contains a covenant to maintain US$10 million of working capital. The Corporation is currently in default of the minimum working capital covenant contained in the Pala Bridge Facility. It is anticipated that completion of the Prospectus Offering will bring the Corporation into compliance with this covenant. It is anticipated that the Pala Bridge Facility will be further extended before its June 30, 2016 maturity date, at which time, the minimum US$10 million working capital covenant will also be reduced to US$5 million. Additionally, the extension of the project construction drawdown conditions under the Red Kite Loan Facility by a further 12 months to December 31, 2017 is contingent on the Corporation depositing all loan interest cash payments due under the Red Kite Loan Facility in 2017 into an escrow account by December 31, 2016. Interest is currently added to the principal amount of the Red Kite Loan Facility, but commencing in 2017 the interest will be payable quarterly, with the first interest payment due on March 31, 2017. If the Corporation is not able to further amend the Red Kite Loan Facility and the Pala Bridge 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.

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 January 1, 2014 and December 31, 2015, the Corporation's shares traded in a range between CAD$0.57 and CAD$2.77 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 March 22, 2016:

Common shares issued and outstanding:	80,501,458
Total stock options outstanding:	7,390,000
Total warrants outstanding:	nil

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 complete the 2016 Financing Transaction, 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 22, 2016. Should one or more of these risks and uncertainties materialise, or should underlying assumptions prove incorrect, actual results may vary materially from those described in forward-looking statements or information. Accordingly, readers are advised not to place undue reliance on forward-looking statements or information. The Corporation disclaims any intent or obligation to update forward-looking statements or information except as required by law, and you are referred to the full discussion of the Corporation's business contained in the Corporation's reports filed with the securities regulatory authorities in Canada.

NEVADA COPPER CORP.

Consolidated Financial Statements
For the years ended December 31, 2015 and December 31, 2014

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF NEVADA COPPER CORP.

We have audited the accompanying consolidated financial statements of Nevada Copper Corp., which comprise the consolidated statement of financial position as at December 31, 2015, and the consolidated statements of operations and comprehensive loss, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

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

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

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

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Nevada Copper Corp. as at December 31, 2015, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

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

Other Matter
The consolidated financial statements of Nevada Copper Corp. as at December 31, 2014 and for the year then ended were audited by another auditor who expressed an unmodified opinion on those statements on March 17, 2015.

Chartered Professional Accountants

Vancouver, British Columbia
March 22, 2016

NEVADA COPPER CORP.

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

	December 31, 2015	December 31, 2014
Assets		
Current assets:		
Cash and cash equivalents	**$2,217**	$33,246
Amounts receivable	**218**	65
Prepaid expenses	**138**	147
	2,573	33,458
Restricted cash (note 2d)	**1,930**	2,280
Deposits	**114**	1,316
Deferred financing fees (note 7)	**7,961**	4,065
Mineral properties, plant, and equipment (note 5)	**211,375**	172,755
	223,953	213,874
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities (notes 8 and 11)	**4,714**	5,699
Short term debt (note 6)	**20,954**	14,594
Current portion of long term debt (notes 7 and 15)	**96,233**	-
	121,901	20,293
Long term debt (note 7)	-	86,739
Asset retirement obligation (note 10)	**1,075**	963
	122,976	107,995
Shareholders' equity:		
Share capital (note 11)	**155,840**	155,840
Other equity reserve (note 11)	**25,074**	24,978
Accumulated other comprehensive loss	**(3,578)**	(3,578)
Deficit	**(76,359)**	(71,361)
	100,977	105,879
	$223,953	$213,874

Subsequent events (notes 7 & 15)

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

Approved on behalf of the Board on March 22, 2016:

(Signed) "Victor Bradley", Director

(Signed) "Giulio Bonifacio", Director

NEVADA COPPER CORP.

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

Years ended December 31, 2015 and 2014

	December 31, 2015	December 31, 2014
Expenses:		
Consulting and remuneration (note 9)	**$713**	$644
Public company expenses	**618**	1,293
Office expenses	**314**	381
Professional fees	**297**	286
Business development	**227**	536
Depreciation expense (note 5)	**125**	133
Accretion expense	**15**	13
Debt advisory & due diligence	**-**	946
Stock-based compensation (notes 9 and 11)	**(34)**	938
	2,275	5,170
Other income (expense):		
Interest income	**80**	218
Interest and finance expenses (notes 6 and 7)	**(2,125)**	(6,700)
Other income (loss) (note 7)	**68**	(338)
Loss on marketable securities (note 4)	**-**	(4,109)
Foreign exchange loss	**(746)**	(964)
	(2,723)	(11,893)
Loss for the year	**(4,998)**	(17,063)
Other comprehensive loss		
Item that may be re-classified subsequently to profit or loss		
Foreign currency translation	**-**	(52)
Comprehensive loss	**$(4,998)**	(17,011)
Loss per common share:		
Basic and diluted	**$ (0.06)**	$ (0.21)
Weighted average number of shares outstanding	**80,501,458**	80,501,458

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

NEVADA COPPER CORP.

Consolidated Statements of Changes in Equity

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

	Share Capital					
	Number of Shares	Amount	**Other Equity Reserve**	**Accumulated Other Comprehensive Loss**	**Deficit**	**Total**
Balances, December 31, 2013	80,501,458	$155,840	$24,331	$(3,630)	$(54,298)	$122,243
Stock based compensation	-	-	647	-	-	647
Comprehensive income (loss)	-	-	-	52	(17,063)	(17,011)
Balances, December 31, 2014	**80,501,458**	**$155,840**	**$24,978**	**$(3,578)**	**$(71,361)**	**$105,879**

	Share Capital					
	Number of Shares	Amount	**Other Equity Reserve**	**Accumulated Other Comprehensive Loss**	**Deficit**	**Total**
Balances, December 31, 2014	80,501,458	$155,840	$24,978	$(3,578)	$(71,361)	$105,879
Stock based compensation	-	-	96	-	-	96
Comprehensive loss	-	-	-	-	(4,998)	(4,998)
Balances, December 31, 2015	**80,501,458**	**$155,840**	**$25,074**	**$(3,578)**	**$(76,359)**	**$100,977**

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

NEVADA COPPER CORP.

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

Years ended December 31, 2015 and 2014

	December 31, 2015	December 31, 2014
Cash provided by (used in):		
Operations:		
Loss for the year	**$(4,998)**	$(17,063)
Items not affecting cash:		
Interest and finance expenses	**2,104**	6,700
Loss on marketable securities (note 4)	**-**	4,109
Depreciation and accretion	**140**	146
Loss (Gain) on embedded derivatives	**(67)**	338
Interest income	**(80)**	(218)
Stock-based compensation	**(34)**	938
	(2,935)	(5,050)
Changes in non-cash working capital items:		
Amounts receivable	**(153)**	54
Prepaid expenses	**9**	84
Accounts payable and accrued liabilities	**(513)**	201
Interest received	**80**	218
	(3,512)	(4,493)
Investments:		
Plant and equipment purchases	**-**	(118)
Trust account for surety bond	**350**	(2,080)
Deposits for development costs	**64**	(385)
Development costs for mineral properties, plant and equipment	**(27,209)**	(45,237)
	(26,795)	(47,820)
Financing:		
Debt financing	**5,000**	54,000
Transaction costs for debt financing	**-**	(8,056)
Interest paid	**(5,722)**	(6,507)
	(722)	39,437
Effects of exchange rate changes on cash held in foreign currencies	**-**	52
Decrease in cash and cash equivalents	**(31,029)**	(12,824)
Cash and cash equivalents, beginning of the period	**33,246**	46,070
Cash and cash equivalents, end of the period	**$2,217**	$33,246
Supplementary information:		
Depreciation capitalised in mineral properties, plant, and equipment	**$111**	$121
Stock-based compensation included in mineral properties	**56**	313
Asset retirement obligation change	**97**	223
Mineral properties, plant, and equipment in accounts payable and accrued liabilities	**(519)**	(3,019)
Interest capitalised in mineral properties, plant and equipment	**$10,765**	$3,992

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

1. Nature of operations and going concern:

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

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

These consolidated financial statements have been prepared on a going concern basis which assumes the Corporation will be able to operate in the foreseeable future. The Corporation will be able to realise its assets and discharges its liabilities in the normal course of business. The Corporation will be required to complete additional financing in 2016 in order to meet interest payment commitments and expected operating costs in 2016. 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 $110,000 of the Red Kite facility, which draw down is also contingent upon completion of certain project milestones to be met. As at December 31, 2015, the Company breached the covenants stipulated in the Red Kite facility and as such, the loan has been re-classified from long term to short term (note 7). These circumstances have resulted in a 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 as planned with all interest and principal debt repayments made as required. The working capital deficiency of $119,328 will be improved upon completion of a financing transaction. The ability of the Corporation to continue as a going concern and to realize the carrying value of its assets and discharge its liabilities when due is dependent on the successful completion of additional financing. If the going concern basis was not appropriate for these financial statements, then adjustments would be necessary to the carrying values of assets and liabilities.

Basis of presentation:

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

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

These consolidated financial statements were approved for issue by the Board of Directors ("BoD") on March 22, 2016.

Basis of measurement:

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

2. Significant accounting policies:

(a) Basis of consolidation

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

(b) Use of estimates and judgements

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

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

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

i) Mineral reserve estimates

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

ii) Stock-based compensation

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

iii) Provision for reclamation and remediation

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

2. Significant accounting policies (continued):

(b) Use of estimates and judgements (continued)

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

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

iv) Mineral property, plant, and equipment and exploration and evaluation assets

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

v) Impairment review

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

vi) 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.

2. Significant accounting policies (continued):

(b) Use of estimates and judgements (continued)

vii) Modification verses extinguishment of financial liability

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

viii) Functional currency

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

(c) Foreign currency translation

The functional and presentation currency of the Corporation and its subsidiaries is the USD. The functional currency for the parent company changed on December 30, 2014 from CAD to USD because of a change in underlying transactions, events and conditions, including raising financing in USD.

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

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

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

(d) Cash and cash equivalents

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

Restricted cash is cash held in trust as collateral for a $5,514 (2014 - $6,839) surety bond and this amount is not currently available for general corporate use.

2. Significant accounting policies (continued):

(e) Financial instruments

The Corporation's financial instruments consist of cash and cash equivalents, restricted cash, amounts receivable, marketable securities, accounts payable and accrued liabilities, short-term debt, and long-term debt.

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

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

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

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

(f) Exploration and evaluation assets

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

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

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

2. Significant accounting policies (continued):

(g) Asset retirement obligations and reclamation costs

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

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

(h) Mineral properties, plant and equipment

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

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

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

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

(i) Impairment of non-financial assets

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

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

2. Significant accounting policies (continued):

(j) Income taxes

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

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

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

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

(k) Stock-based compensation

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

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

(l) Provisions

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

2. Significant accounting policies (continued):

(m) Loss per share

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

(n) Interest income and finance costs

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

(o) Segmented information

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

3. Recent accounting pronouncements:

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

The IASB issued IFRS 9 "Financial Instruments" ("IFRS 9") which replaces IAS 39 "Financial Instruments: Recognition and Measurement" ("IAS 39"), 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 amortized 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 the current rule-based hedge accounting requirements in IAS 39 with guidance that more 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 and the impact of the standard is currently being assessed.

In May 2014, the IASB issued IFRS 15 "Revenue from Contracts with Customers" ("IFRS 15"). 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 Corporation is in the process of determining the impact of IFRS 15 on its consolidated financial statements.

The IASB issued IFRS 16, "Leases" ("IFRS 16") which requires a lessee to recognize 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 recognizes the related expense as depreciation on the right-of-use asset and interest on the lease liability.

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

3. Recent accounting pronouncements (continued):

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.

4. Marketable securities:

The Corporation reviewed the fair value of its marketable securities for objective evidence of impairment based on both quantitative and qualitative criteria and determined that impairment was required commencing the year ended June 30, 2013. Accordingly, the Corporation recorded a pre-tax charge of $4,109 ($4,370 CAD) in profit or loss for the year ended December 31, 2014. The fair value of the Mercator Minerals Ltd. shares at December 31, 2015 is nil.

5. Mineral properties, plant and equipment:

	Mineral Properties			
	Development Costs	**Exploration and Evaluation assets**	**Plant & Equipment**	**Total**
Cost:				
As at Dec. 31, 2013	125,366	-	1,010	126,376
Additions	46,867	-	118	46,985
As at Dec. 31, 2014	172,233	-	1,128	173,361
Additions	38,856		-	38,856
As at Dec. 31, 2015	**211,089**	**-**	**1,128**	**212,217**
Accumulated depreciation:				
As at Dec. 31, 2013	-	-	352	352
Additions	-	-	254	254
As at Dec. 31, 2014	-	-	606	606
Additions			236	236
As at Dec. 31, 2015	**-**	**-**	**842**	**842**
Net book value:				
As at Dec. 31, 2013	125,366	-	658	126,024
As at Dec. 31, 2014	172,233	-	522	172,755
As at Dec. 31, 2015	**$211,089**	**$-**	**$286**	**$211,375**

Asset impairments

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

Due primarily to the decreased copper price at December 31, 2015, indicators for impairment existed leading to a test of recoverable amount of the Pumpkin Hollow mine. The Corporation estimated the recoverable amount of the mine based on the fair value less cost to sell using a discounted cash flow model and categorised in Level 3 of the fair value hierarchy. The cash flow model is based on detailed forecasts for the mine and is prepared using life-of-mine plans with expected future production. The analysis performed has not resulted in the recognition of an impairment loss as at December 31, 2015.

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

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

Key assumptions and sensitivity

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

Metal prices
The metal prices used to calculate recoverable amounts at December 31, 2015 are based on analysts' consensus prices and are summarised in the following table:

Metal prices	2018 average	Long term
Copper price ($/lb)	$2.94	$2.91
Gold price ($/oz)	$1,220	$1,238
Silver price ($/oz)	$17.90	$17.88

Operating and capital costs
Operating costs and capital expenditures are based on life-of-mine plans and forecasts using management's best estimates from the feasibility study released in 2015. The Corporation has no future material commitments for capital expenditures as of December 31, 2015; however, includes in accounts payable and accrued liabilities is $3,945 of capital expenditures scheduled for payment in 2016.

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

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

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

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

Pumpkin Hollow Copper Development Property:

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

Under the terms of the Lease, the Corporation 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 $2,250 to December 31, 2015.

The Company 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.

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

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

Project costs capitalised for the years ended December 31, 2015 and 2014 on the Property consists of the following:

	Dec. 31, 2015	2015	Dec. 31, 2014	2014	Dec. 31, 2013
Property payments	**$1,961**	$-	$1,961	$-	$1,961
Advance royalty payments	**2,250**	600	1,650	600	1,050
Water rights	**1,692**	285	1,407	244	1,163
Drilling	**41,147**	4,533	36,614	-	36,614
Geological consulting, exploration & related	**7,914**	287	7,627	496	7,131
Feasibility, engineering & related studies	**19,583**	2,012	17,571	-	17,571
Permits/ environmental	**11,583**	3,305	8,278	1,681	6,597
East deposit underground project					
Underground access, hoist, head frame, power, & related	**76,886**	13,511	63,375	26,609	36,766
Eng. procurement	**10,550**	119	10,431	3,653	6,778
Surface infrastructure	**3,797**	426	3,371	3,371	-
Site costs	**12,153**	2,846	9,307	5,787	3,520
	189,516	27,924	161,592	42,441	119,151
Depreciation	**566**	111	455	121	334
Capitalised interest (note 7)	**17,359**	10,765	6,594	3,992	2,602
Stock-based compensation	**3,648**	56	3,592	313	3,279
Total	**$211,089**	$38,856	$172,233	$46,867	$125,366

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

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

Plant and equipment:

	Building	Equipment	Mobile Equipment	Computer Equipment	Total
Cost:					
As at Dec. 31, 2013	$480	$93	$85	$352	$1,010
Additions	-	3	54	61	118
As at Dec. 31, 2014	480	96	139	413	1,128
Additions	-	-	-	-	-
As at Dec. 31, 2015	480	96	139	413	1,128
Accumulated depreciation:					
As at Dec. 31, 2013	138	68	57	89	352
Additions	51	11	36	156	254
As at Dec. 31, 2014	189	79	93	245	606
Additions	51	6	14	165	236
As at Dec. 31, 2015	**240**	**85**	**107**	**410**	**842**
Net book value:					
As at Dec. 31, 2013	342	25	28	263	658
As at Dec. 31, 2014	291	17	46	168	522
As at Dec. 31, 2015	**$240**	**$11**	**$32**	**$3**	**$286**

During the year ended December 31, 2015, the Corporation added $nil in plant and equipment (2014 - $118) and had depreciation of plant and equipment of $236 (2014 - $254), of which $111 (2014 - $121) was included in capitalised mineral property expenditures.

6. Short term debt:

On August 26, 2014, the Corporation closed a $20 million bridge loan facility (“Pala Facility”) with Pala Investments Limited (“Pala”). The initial term of the facility was four months, with up to two additional two month extensions. The Pala Facility is drawn in $5 million tranches. The annual interest rate is 10% and a 4% arrangement fee was payable upon each tranche drawn. The Pala Facility is secured against the Corporation's assets, and is subordinate to the security granted in connection with the $200 million senior credit facility entered into by the Corporation on December 30, 2014. The Pala Facility has a $10,000 minimum working capital requirement which was not reduced to $5,000 to align with Red Kite loan amendments agreed in January 2016 (see Note 7 (a) below). Therefore the Corporation is currently in default of the minimum working capital requirement of the Pala Facility. No default notice has been received by the Corporation. Completion of a financing transaction will bring the Corporation into compliance on the closing date of the financing transaction.

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

Interest is accruing on a monthly basis per the revised terms of the Pala Facility. In addition, the arrangement fee for the fourth draw has been accrued. Through December 31, 2015, $20 million (four tranches) has been drawn from the Pala Facility. The Corporation has paid $1,099 of interest for the Pala Facility and accrued an additional $978 through December 31, 2015 (2014 - $355). The Pala Facility is carried at amortised cost on the consolidated statement of financial position. The current short term loan carrying value is $20,954 (2014 - $14,594).

7. Long term debt:

(a) December 30, 2014 loan facility

When the Loan was amended on September 30, 2015 a covenant was added requiring the Corporation enter into a financing transaction raising $20,000 prior to December 31, 2015. Failure to meet this covenant resulted in the Corporation in re-classifying the loan from long term to short term. The Corporation is also currently in default of the minimum working capital covenant of the Red Kite Loan.

During January 2016, a Red Kite loan extension was granted. The Corporation is required, prior to April 15, 2016, to complete an alternative interim financing transaction in the minimum amount of $15,000. This agreement also reduces the minimum working capital requirement from $10,000 to $5,000. A further covenant is that all loan interest cash payments due in 2017 must be placed into an escrow account by December 31, 2016. This allows the Corporation to extend the project construction drawdown conditions to December 31, 2017. Completion of an alternative financing transaction of at least $15,000 will bring the Corporation into compliance with both the minimum working capital requirement and the revised financing transaction requirement . Compliance with these covenants means the Corporation will re-classify the balance of the loan as long term debt.

On December 30, 2014, the Corporation entered into a $200 million loan facility (the “Loan”) with EXP T1 Ltd that is owned by 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 $110 million which is contingent upon completion of other financing transactions whereby the Corporation will obtain sufficient proceeds necessary to achieve commencement of commercial production and certain project milestones.

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

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

Interest, commencing on March 31, 2017, is payable on a quarterly basis. Two interest payments, of $4,978, have been paid through December 31, 2015. The Loan can be repaid without penalty at any time prior to maturity.

The Loan is carried at amortised cost on the consolidated statement of financial position. The Corporation incurred $14,474 of transaction costs, including the 3.5% origination fee, and the 3.5% amendment fee, on the total amount available under the Loan. A pro-rata portion of the transaction costs was recognised as part of the Loan based on the amount drawn.

The remainder of the transaction costs have been accounted for as deferred financing costs and will be netted against future tranches when drawn on a pro-rata basis. Since inception through the year ended December 31, 2015, $10,765 (note 5) (2014 - $3,992) of interest was accrued and capitalised to mineral property development costs.

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

7. Long term debt (continued):

In addition to, and related to, the Loan, the Corporation also entered into an off-take agreement with Red Kite for the sale of copper concentrates from the underground mine of the eastern deposits. The Corporation will supply Red Kite with the percentage of total copper concentrate production based on the amount advanced to the Corporation through tranches divided by the total available loan. 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 will be 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 represent in total 59% of concentrates that may be produced from the eastern deposits or an estimated 12% of the total project off-take. The off-take agreement includes concentrate pricing based on market terms. Subsequent to year end, under an agreement with Red Kite in January 2016, the 33.5% portion of the offtake 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 2014 copper off-take agreement was also amended to allow Red Kite a fixed tonnage option should Nevada Copper elect to develop a larger open pit operation. Under this amendment, Red Kite can elect to convert their percentage entitlement to a fixed tonnage of payable copper from this proposed larger operation. This fixed tonnage of payable copper to be delivered is based on the payable copper projected for production from the original stand-alone underground operation mine plan.

This fixed tonnage of payable copper to be delivered is capped at the levels projected by the underground mine plan; whereas if the fixed tonnage option is not exercised, the delivery of copper from the underground mine has no upper limit for life of mine should additional reserves be identified.

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 $938 at December 31, 2015 (2014 - $1,005).

The change in value was recognised in the consolidated statement of operations as other income (loss) of $67 for the year ended December 31, 2015 (2014 - $(9)).

(b) March 28, 2013 loan facility

On March 28, 2013, the Corporation entered into a $200 million loan facility with MF Investment Holding Company 2 (CAYMAN) SPC, or the "2013 Loan". The 2013 Loan was comprised of four tranches - Tranche A for $36 million, which was received on March 28, 2013, Tranche B for $15 million which was received on October 9, 2013, Tranche C for $10 million which was subject to completion of the Yerington land transfer, and Tranche D which was subject to completion of other financing transactions whereby the Corporation was to obtain sufficient proceeds necessary to achieve commencement of commercial production and certain project milestones, for $139 million or $149 million depending whether or not Tranche C was received. The $51,000 principal and accrued interest was repaid in full on December 30, 2014. The carrying value of financing costs incurred in previous periods related to this loan were $6,084 and were recognised in the statement of operations on repayment. As the loan was held at amortised cost the Corporation was required to write-off deferred financing fees and eliminate the embedded derivative liabilities, and unamortised amounts on tranches that were drawn under the 2013 Loan.

Amounts advanced under the 2013 Loan bore interest at the greater of three-month LIBOR and 1%, plus 6%. The 2013 Loan was subject to a 3% loan origination fee, which was paid on March 28, 2013.

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

7. Long term debt (continued):

The 2013 Loan was carried at amortised cost on the statement of financial position. The Corporation incurred $6,522 of transaction costs, including the 3% origination fee, relating to the 2013 Loan for a net amount received of $29,478. A pro-rata portion of the transaction costs was recognised as part of the 2013 Loan based on the amount drawn.

The remainder of the transaction costs were accounted for as deferred financing costs. During the year ended December 31, 2014, $3,937 of interest was accrued and capitalised to mineral property development costs at an effective interest rate of 8.6%.

8. Related party transactions:

A short term $25 million bridge loan facility funded by Pala was entered into on August 26, 2014. Please see note 6 for additional details. The short term loan carrying value is $20,954 (2014 - $14,594).

Pala holds more than 50% of Nevada Copper shares and has three executives out of nine on the Corporation's Board of Directors as at December 31, 2015 and 2014.

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 $1,474 ($2,041 CAD).

As of December 31, 2015, accounts payable and accrued liabilities include director fees and expenses payable of $39 (2014 - $108) and a DSU payable of $373 (2014 - $535).

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.

9. 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:

	Year ended Dec. 31, 2015	Year ended Dec. 31, 2014
Short-term employee benefits	**$616**	$883
Stock-based compensation	**(70)**	861
Total	**$546**	$1,744

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

10. Asset retirement obligation:

The asset retirement obligation has been recorded as a liability, assuming a risk-free discount rate of 1.8% and an inflation factor of 1.7%. The liability for retirement and remediation on an undiscounted basis before an inflation factor of 1.7% is estimated to be approximately $1,040 and as of December 31, 2015 settlement is expected to be by December 31, 2021.

	Asset retirement obligation
Balance at Dec. 31, 2013	$727
Increase in estimated timing and amount of closure costs	223
Accretion	13
Balance at Dec. 31, 2014	963
Increase in estimated timing and amount of closure costs	97
Accretion	15
Balance at Dec. 31, 2015	**$1,075**

11. 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 December 31, 2015, the Corporation has stock options outstanding to directors, officers and employees to acquire an aggregate of 7,400,000 common shares summarised as follows. All of these options vested upon grant except for 50,000 which vest over three years. The outstanding options have expiry periods between three and eight years.

	Number of Options	Weighted average exercise price $(CAD)
Outstanding December 31, 2013	7,220,000	$3.35
Granted	770,000	2.00
Expired	(400,000)	4.28
Outstanding December 31, 2014	7,590,000	$2.90
Exercisable December 31, 2014	7,239,200	$2.93
Expired	(190,000)	2.27
Outstanding December 31, 2015	**7,400,000**	**$2.22**
Exercisable December 31, 2015	**7,350,000**	**$2.22**

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

11. Share capital (continued):

During the year ended December 31, 2015, under the fair value method, $96 (2014 - $647) in stock-based compensation was recorded for options granted to officers and employees, of which $40 (2014 - $334) was charged to operations and $56 (2014 - $313) 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:

	Year ended Dec. 31, 2015	Year ended Dec. 31, 2014
Risk free interest rate	**n/a**	1.6%
Expected dividend yield	**n/a**	0%
Expected stock price volatility	**n/a**	49%
Expected life in years	**n/a**	5
Expected forfeitures	**n/a**	0%

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

During the year ended December 31, 2014, 4,245,000 options were re-priced, by decreasing the exercise price of the options by 40%, and the terms of the longer termed options were reduced to five years. The resulting exercise price was at a premium of between 33% and 119% of the market price of $1.47 as at November 12, 2014. Of the re-priced options 3,055,000 are held by insiders and were subject to disinterested shareholder approval at the Corporation's 2015 annual general meeting held June 30, 2015. There was no incremental fair value recognised as a result of the re-pricing of the stock options because the impact of the decrease in exercise price was more than offset by the shortening of the expiry date.

Original Exercise Price (CAD)	Revised Exercise Price (CAD)	Number	Original Grant Date	Original Expiry Date	Revised Expiry Date
$3.25	$1.95	620,000	Sep. 26, 2012	Sep. 26, 2022	Nov. 12, 2019
3.27	1.96	320,000	Jan. 14, 2010	Jan. 14, 2020	Nov. 12, 2019
3.74	2.24	450,000	Oct. 13, 2010	Oct. 13, 2020	Nov. 12, 2019
4.24	2.54	1,815,000	Aug. 18, 2011	Aug. 18, 2021	Nov. 12, 2019
4.50	2.70	90,000	Apr. 17, 2012	Apr. 17, 2022	Nov. 12, 2019
4.55	2.73	140,000	Jan. 6, 2011	Jan. 6, 2021	Nov. 12, 2019
4.82	2.89	200,000	Feb. 23, 2012	Feb. 23, 2022	Nov. 12, 2019
$5.37	$3.22	610,000	Feb. 22, 2011	Feb. 22, 2021	Nov. 12, 2019
		4,245,000			

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

11. Share capital (continued):

The following table summarises the stock options outstanding and exercisable as at December 31, 2015:

	Outstanding		Exercisable	
Exercise price	Number outstanding	Weighted average remaining life (years)	Number outstanding	Weighted average remaining life (years)
$0.75 - $1.00	705,000	2.61	705,000	2.61
$1.01 - $3.74	3,955,000	3.87	3,905,000	3.88
$3.75 - $5.37	2,740,000	3.87	2,740,000	3.87
	7,400,000	**3.73**	**7,350,000**	**3.74**

(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, 2013	214,000
Granted	162,400
Outstanding December 31, 2014	376,400
Granted	405,802
Outstanding December 31, 2015	**782,202**

In December 2013, August 2014, and August 2015 directors were granted DSUs, which replaced stock option grants as a component of their compensation. All of the DSUs have vested. The current DSU payable amount is $373 (2014 - $535). The Corporation recognised $(74) of recovery for the year ended December 31, 2015 (2014 – $604 expense) in the consolidated statement of operations in respect of the DSUs. The recovery occurred during the year ended December 31, 2015 due to the decrease in share price.

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

12. Income taxes:

(a) Effective tax rate:

The effective income tax rates differ from Canadian statutory rates for the following reasons in the year ended December 31, 2015 and 2014:

	Dec. 31, 2015	Dec. 31, 2014
Loss before Taxes	**$(4,998)**	**$(17,063)**
Canadian Statutory Tax Rate	**26.00%**	**26.00%**
Expected tax expense / (recovery)	**(1,299)**	**(4,436)**
Permanent differences	**(6)**	**898**
Items credited/charged through equity	**-**	**91**
Changes in income tax rates and foreign tax rates	**(1,970)**	**(421)**
Foreign exchange	**195**	**86**
Expired losses and other	**(504)**	**440**
Deferred tax assets not recognised	**3,584**	**3,342**
Income Tax Expense / (Recovery)	$ -	$ -

The Canadian statutory rate changed to 26% due to legislated changes in 2013.

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

12. Income taxes (continued):

(b) Deferred income tax assets and liabilities:

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

	Dec. 31, 2015	Dec. 31, 2014
Capitalised interest and foreign exchange	**$(1,104)**	$(655)
Mineral properties	**(1,497)**	(1,251)
Tax losses	**2,318**	1,770
Plant and equipment and other	**283**	136
Net deferred income tax liabilities	**$ -**	$ -

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

	Dec. 31, 2015	Dec. 31, 2014
Unrecognized deductible temporary differences and unused tax losses		
Non capital losses	**$28,858**	$32,664
Capital losses	**76**	88
Marketable securities	**1,387**	1,610
Plant and equipment	**797**	553
Financing costs	**12,366**	7,827
Other	**10**	24
	$43,494	$42,766

The Corporation has Canadian tax loss carry forwards of approximately $37,020 CAD and US tax loss carry forwards of approximately $1,776 as at December 31, 2015. The non-capital losses can offset deferred income for tax purposes which expire between 2016 and 2035.

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

13. Financial instruments:

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

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

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

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

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

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

The fair value of marketable securities has been determined using Level 1. The fair value of the embedded derivatives has been determined using Level 2. The fair value for Level 2 has been calculated using market-based inputs from Bloomberg on the risk free rate from the USD swap curve and the credit spread of the loan.

Classification and carrying amounts of financial instruments:

Financial assets	**Dec. 31, 2015**	Dec. 31, 2014
Loans and receivables		
Cash and cash equivalents	**$2,217**	$33,246
Amounts receivable	**206**	37
Restricted cash	**1,930**	2,280
Available for Sale		
Marketable securities	**-**	-
Total financial assets	**$4,353**	$35,563
Financial liabilities		
Other-financial liabilities		
Accounts payable and accrued liabilities	**$4,714**	$5,699
Short term debt	**20,954**	14,594
Long term debt classified as short term	**95,295**	-
Long term debt	**-**	85,734
Fair value through profit and loss		
Embedded derivatives	**938**	1,005
Total financial liabilities	**$121,901**	$107,032

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

13. Financial instruments (continued):

(b) Contractual obligations:

The following table sets forth the Corporation's contractual obligations for the next five fiscal years as at December 31, 2015:

Contractual obligations	Payments due by period				
	Total	1 year	2-3 years	4-5 years	5 years+
Lease obligation – payment on Pumpkin Hollow Property *(i)*	$10,300	$600	$1,200	$1,200	$7,300
First amendment to lease – payment of water rights on property	1,806	189	378	194	1,045
City of Yerington –advanced water service payments	438	88	175	175	-
Accounts payable and accrued liabilities	4,714	4,714	-	-	-
Short-term debt	22,256	22,256	-	-	-
Long-term debt *(ii)*	153,939	114,260	24,794	13,579	1,306
Total USD obligations	$193,453	$142,107	$26,547	$15,148	$9,651
	CAD	CAD	CAD	CAD	CAD
Office lease	$670	$226	$444	-	-
Total CAD obligations	$670	$226	$444	-	-

Lease obligations over five years for lease payments relating to water rights are $1,045.

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

(ii) See note 7 for contractual maturity.

13. Financial instruments (continued):

(c) Financial risk factors:

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

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

(d) Market risks:

(*i*) Interest rate risk:

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Corporation's loan agreement with Red Kite (note 7) 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 (note 6) currently provides for interest at 10% per annum.

(*ii*) Foreign currency risk:

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

At December 31, 2015, the Corporation held $2,509 CAD (2014 - $7,922 CAD) in cash and cash equivalents in a company with a functional currency of United States dollars. At December 31, 2015, the Corporation held $875 CAD (2014 - $1,156 CAD) in accounts payable in a company with a functional currency of United States dollars.

A +/- 10% change in the Canadian exchange rate would have had an impact of approximately +/- $163 on loss for the year ended December 31, 2015.

(e) Credit risk:

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Financial instruments that potentially subject the Corporation to credit risk consist of cash and cash equivalents, restricted cash, reclamation bond, and amounts receivable. The Corporation has reduced its credit risk by investing its cash and cash equivalents in high quality Canadian chartered banks. The Corporation's maximum exposure to credit risk is $4,353 as at December 31, 2015, being the carrying value of cash and cash equivalents, restricted cash and amounts receivable.

(f) Liquidity risk:

Liquidity risk is the risk that the Corporation will not be able to meet the obligations associated with its financial liabilities. During the year ended December 31, 2015, the Corporation received additional debt financing that provides the Corporation with enough funds to meet its financial liabilities and future financial liabilities under its current commitments over the next twelve months ending December 31, 2016. The Corporation pays its accounts payable within thirty days. The Corporation will be required to complete additional funding in order to meet its long-term business objectives. The Corporation handles liquidity risk through the management of its capital structure.

14. 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.

15. Subsequent events:

During January 2016, the Red Kite loan extension was granted. The Corporation is required prior to April 15, 2016 complete an alternative interim financing transaction in the minimum amount of $15,000. This agreement also reduces the minimum working capital requirement from $10,000 to $5,000. A further covenant is that all loan interest cash payments due in 2017 must be placed into an escrow account by December 31, 2016. This allows the Corporation to extend the project construction drawdown conditions to December 31, 2017.

The Corporation is currently in default of the minimum working capital requirement under the Pala Facility and the minimum working capital requirement under the Red Kite Loan. Completion of a financing transaction will bring the Corporation into compliance with both the Red Kite Loan and the Pala Facility working capital covenants.

The Corporation has agreed to pay $10,000 for an offtake buy-back to reduce the percentage of the offtake from the Pumpkin Hollow underground deposits allocated to third parties from 59% to 25.5%.

The Corporation reduced the restricted cash amount by $1,186 as the reclamation bond requirement decreased resulting in less collateral required. This amount was added to cash and cash equivalents subsequent to December 31, 2015.

<u>**CORPORATE INFORMATION**</u>

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OFFICERS

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Timothy Arnold
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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
Corporate Secretary

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

SHARES LISTED
TSX Exchange: NCU

CAPITALIZATION
(As at December 31, 2015)
Shares Issued and Outstanding: 80,501,458

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

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