NEVADA COPPER CORP.

Annual Report for the Six Month Period Ended December 31, 2013
and the Year Ended June 30, 2013

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 25, 2014 and should be read in conjunction with the Corporation's consolidated financial statements and related notes for the six months ended December 31, 2013 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 25, 2014.

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") is a mining company engaged in the development of the Pumpkin Hollow copper project.

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 a 100% interest in the Pumpkin Hollow property located in north-western Nevada, approximately ninety road miles southeast of Reno. The property consists of a contiguous 26 square mile land package held under a lease agreement by the Corporation comprising both patented and unpatented claims.

Highlights

On March 17, 2014 the Corporation appointed Philip Clegg as a director. Mr. Clegg has twelve years of experience as an advisor in the natural resources sector, and has worked with a number of publicly traded companies assisting with strategic development, M&A, business performance, financial planning and structuring.

On March 17, 2014 Kate Mitchell resigned as a director from the Board.

In December 2013, the Corporation elected to continue shaft sinking and underground development under a different contractor, Cementation USA Inc. ("Cementation"). As part of the global Cementation Mining Group, Cementation has extensive worldwide experience in shaft sinking and underground mine development work. The current targeted completion date of the shaft including development of initial lateral access to the ore zone is Q1-2015.

On December 2, 2013 the Corporation appointed Kate Mitchell and Daniel Dumas as directors. Ms. Mitchell serves as Assistant General Counsel of Pala Investments and has significant experience in corporate transactions and equity and debt financings. Mr. Dumas is an industry leader with broad-based expertise in mining construction, engineering, finance, business development and has been involved with many publicly listed mining companies. Jan Castro was appointed Non-executive Chairman of the Board of Director and Victor Bradley was appointed as Lead Director for the Corporation.

The results of the stand-alone open pit mine development relating to the Western deposits were published on Sedar on November 14, 2013.

On October 28, 2013 the Corporation announced the appointment of Timothy Arnold as Vice President of Operations of the Corporation, and several other additions to the Corporation's technical team.

On October 9, 2013 the Corporation received the second tranche of $15 million pursuant to the $200 million senior secured loan facility and copper concentrate off-take agreement. This facility is between Nevada Copper and MF Investment Holding Company 2 (CAYMAN) SPC (“Red Kite”) a special purpose vehicle that is jointly owned by Orion Resource Partners and RK Mine Finance.

The advance of $15 million was predicated upon receipt of the key State and County permits of which the last permit was received on September 9, 2013 and allows for the continuation of construction of the underground mining operation. A total of $51 million has been received from this facility with a further $149 million to be received in early 2015 on the completion of certain other project milestones, including completion of the 24 foot diameter, 2,140 foot deep production-sized shaft and completion of other financing transactions; whereby, the Corporation will obtain sufficient proceeds necessary to achieve commencement of commercial production.

A press release issued on October 3, 2013 published the results of a stand-alone open pit mine development relating to the Western deposits. The Corporation filed the open pit feasibility on SEDAR in November. The stand alone open pit feasibility study confirms the technical and economic viability of constructing and operating a stand-alone 70,000 ton-per-day open pit copper mining and processing operation. The Stage 2 Open Pit Operation would be located approximately four kilometers west of the underground mine that is currently under construction.

The Corporation announced the execution of a $24 million equipment finance facility ("Equipment Financing") with Caterpillar Financial Services Corporation ("Cat Financial") on October 1, 2013. The Equipment Financing forms part of the overall project capital funding package for Nevada Copper's Stage 1 Underground Operation, currently under construction.

On September 9, 2013 the Corporation received its Nevada Air Quality Operating Permit. This was the final permit needed for construction and operation of the Stage 1 underground project. The Pumpkin Hollow underground project is now fully permitted for mine construction and operations.

On August 8, 2013 the Corporation appointed Michael Brown as a director. Mr. Brown is a registered Professional Engineer graduating from the University of the Witwatersrand with a B.Sc. in Mining Engineering with Honors. Mr. Brown has extensive mining background working in progressively senior positions at De Beers Consolidated Mines Ltd. Mr. Brown is currently working as a Senior Vice President at Pala Investments Limited (“Pala”).

The Corporation received its Water Pollution Control Permit on August 23, 2013. The Lyon County Special Use Permit was approved on June 20, 2013. Approval of the Special Use Permit is considered an extremely critical milestone and confirms that there is overwhelming local support for the project. The Corporation received their Reclamation Permit on June 7, 2013 for the Stage 1, Private Land Underground Mine (“PLUM”). This is one of the key permits for the project that establishes decommissioning, closure and reclamation conditions and financial assurance for the construction of an underground mining operation at the Pumpkin Hollow Project.

On March 28, 2013 the Corporation closed a $200 million senior secured loan facility (the "Loan Facility") and copper concentrate off-take (the "Concentrate Off-Take") agreement with Red Kite, a special purpose vehicle jointly owned by Orion Resource Partners and RK Mine Finance ("Red Kite"). Proceeds from the Loan Facility will be used for construction of Nevada Copper's underground mining operation at its 100% owned Pumpkin Hollow copper project located near Yerington, Nevada.

A summary of the Loan Facility and Concentrate Off-Take terms are as follows:

- $36 million has been drawn down by Nevada Copper. This cash amount allows the Corporation to continue current shaft sinking activities, commence detailed engineering and secure long lead time equipment;
- $15 million has been drawn down on receipt of State permits allowing for the commencement of full construction of an underground mining operation. This funding was received October 9, 2013;
- $10 million will be advanced on passage of the Lyon County Bill (the “Land Bill”) and land conveyance to the City of Yerington. This bill was introduced on a bi-partisan basis in both the Senate and U.S. House of Representatives. Passage of this bill does not affect the development timeline of the underground mining operation;

- $139 million ($149 million should passage of the land bill be delayed) which is subject to completion of other financing transactions whereby the Corporation will obtain sufficient proceeds necessary to achieve commencement of commercial production and certain other project milestones, including completion of the 24 foot diameter, 2,140 foot production sized shaft and completion of other financing transactions; whereby, the Corporation will obtain sufficient proceeds necessary to achieve commencement of commercial production;

- The Loan Facility has a six year term maturing on January 3, 2019, with interest payable at an annual rate of LIBOR plus 6% with a minimum interest rate of 7%. The loan and interest are repayable in equal quarterly installments commencing April 2015, and mandatory prepayments equal to 20% of excess cash, as defined in the Loan Facility are required. The Corporation has the ability in certain circumstances to 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 origination fee of 3% of the total principal amount of the loan; and,

- Under the terms of the Concentrate Off-Take agreement, the Corporation will sell to Red Kite, for the life of the mine on the Eastern underground deposits (East & E2 underground mineable deposits and JK34 zone), a percentage of copper concentrates produced from the Eastern deposits on the Pumpkin Hollow project equal to the amount advanced by Red Kite to the Corporation under the loan agreement as a percentage of the $200 million maximum principal amount of the loan.

  The Concentrate Off-Take agreement does not include any rights to future copper concentrate production from the open-pittable Western deposits and provides for benchmark-referenced treatment and refining charges, and standard payment factors for contained copper, gold and silver.

A press release issued on November 19, 2012 published the results of a stand-alone underground mine development. Subsequent to the press release in December 2012, the Corporation filed on SEDAR a feasibility study related to an underground mine development focused on the East deposit. This feasibility study builds upon two previous Preliminary Economic Assessments and a previous feasibility study published in February 2012. This feasibility study confirms the technical and financial viability of constructing and operating an underground mine development of the East deposit, with ore hoisted to surface by way of a 24 foot diameter production shaft to an associated 6,500 ton per day processing facility. The East mine development footprint is confined to patented private claims and requires only Nevada State permits - no Federal permits are required. The final State permit was issued in September 2013. The underground feasibility study was prepared by Tetra Tech. As Nevada Copper moves forward with a staged development approach, the Stage one underground operation will be followed by a Stage two development of the large open pit operation on the Western deposits.

On October 9, 2012 the Corporation announced that it had completed the purchase of 46,000,000 common shares of Mercator Minerals Ltd. ("Mercator") from Pala, a major shareholder of the Corporation. At the time of this announcement, this represented approximately 17.8% of the issued and outstanding common shares of Mercator. Consideration for purchase of the Mercator shares was the issuance of 7,315,000 common shares of the Corporation to Pala. The Corporation's percentage ownership of Mercator declined to approximately 14.6% as a result of the private placement for 55,775,000 common shares at a price of $0.52 per common share which closed on October 23, 2012. Nevada Copper purchased the Mercator Shares for investment purposes. Depending upon market conditions and other factors that Nevada Copper may deem material, the shares currently owned by Nevada Copper may be held, or sold in the open market or in private transactions.

On September 7, 2012 the Corporation announced an updated National Instrument ("NI") 43-101 mineral resource estimate for its 100% owned Pumpkin Hollow Property in Nevada. The updated mineral resource estimate includes the results of approximately 44,000 meters of resource delineation drilling completed since October, 2010. The associated NI 43-101 Technical Report was SEDAR-filed on October 19, 2012.

The following are highlights of the new mineral resource estimate, compared to the previously published January 2011 resource estimate. The new resource estimate is based on drill results from October 2010 to August 2012.

- The M&I copper resources for the Western Deposits increased by 26% an increase of 1.1 billion pounds to 5.4 billion pounds (0.15% cutoff);

- The M&I copper resources in the North Deposit increased by 820 million pounds to 3.5 billion pounds (0.15% cutoff) a 30% increase in the copper resource;
- The M&I copper resources in the South Deposit increased by 315 million pounds to 1.9 billion pounds (0.15% cutoff) a 20% increase in copper resources;
- 1.1 billion pound increase of total M&I copper resource to 6.8 billion pounds for the combined Western and Eastern Deposits from 5.7 billion pounds (0.15% cutoff - Western Deposits; and 0.75% cutoff -- Eastern Deposits);
- Total Inferred copper resource of 1.7 billion pounds for combined Western and Eastern Deposits (0.15% cutoff - Western Deposits and 0.75% cutoff - Eastern Deposits);
- 16% Increase of the M&I Iron Resource for the Western Deposits increasing by 17.8 million tons to 129 million tons of contained iron (20% cutoff); and,
- Significant Increase in the Inferred Iron Resource for the Western Deposits increasing by 19.9 million tons to 27.6 million tons of contained iron (20% cutoff).

The details of tonnage and grades for the Western Deposits are contained in the resource tables commencing on page 8 of this document. Since October 2010 the Eastern Deposits received limited drilling mainly along the edges of the deposits representing only 6% of the total drilling completed. As a result, the Eastern Deposits mineral resources have not been updated and are reported below as previously published.

Pumpkin Hollow Copper Project

Pumpkin Hollow is an advanced stage copper project located near Yerington, Nevada. Since acquiring the property in 2006, the Corporation has embarked on an aggressive development program to advance the project. During 2007, a 19,000 meter drill program was completed and, in November 2007, the Corporation completed an updated independent National Instrument 43-101 ("NI 43-101") compliant resource estimate, with copper and iron resources increasing and gold and silver being added to the resource. On March 17, 2008, the Corporation completed a Preliminary Economic Assessment ("PEA") of its Pumpkin Hollow property in accordance with NI 43-101. The PEA was filed on SEDAR on April 3, 2008.

In 2008, the Corporation completed a drilling program totaling over 26,000 meters of resource, geotechnical and hydrological drilling and 16,000 meters of re-assaying the historic drill core.

An updated resource estimate in accordance with NI 43-101 was completed in July 2009 adding copper, gold, silver and iron resources and showing a substantial increase in the Measured and Indicated categories. As a result of these increases in the resource estimate, the Corporation updated its PEA in December 2009. The updated PEA was filed on SEDAR on January 13, 2010.

During December 2009, the Corporation announced the commencement of a Pre-Feasibility Study. On the basis of the engineering done as part of the pre-feasibility study, the Corporation announced on November 2010 that it was proceeding directly to a definitive Feasibility Study ("FS") with all pre-feasibility engineering work to be incorporated into the FS. The Corporation announced the results of its FS on January 23, 2012.

Permits and Land Transfer

The Pumpkin Hollow project is located on private land and unpatented mining claims located on Bureau of Land Management administered federal lands. The City of Yerington (the "City") has proposed to acquire Federal Lands comprising a land area of 10,300 acres (the "Land Transfer"). Nevada Copper has agreed to collaborate with the City to support the Land Transfer. If successful, the Land Transfer would convey all Federal Lands associated with the project from BLM jurisdiction to the City. This would allow the City to receive a portion of both property tax and Nevada net proceeds tax. It would also provide additional lands around the project for sustainable development, including current and long-term, post-mining commercial and industrial development, recreational opportunities, and expansion of community and cultural events. Subject to successful completion of the Land Transfer, all permitting would come under the jurisdiction of the State of Nevada and the City.

The Land Transfer process involves passage of a bill in the U.S. Congress. On a bi-partisan collaborative basis, Senator Majority Leader Harry Reid and Senator Dean Heller re-introduced the Lyon County Bill as Senate Bill S. 159, into the U.S. Senate on January 28, 2013. In addition, on February 14, 2013 the Lyon County Bill was introduced to the House of Congress as House Bill H.R. 696, on a bi-partisan basis co-sponsored by Congressman Stephen Horsford and Congressman Mark Amodei.

In U.S. House of Representatives, the Lyon County Bill was heard in the Subcommittee on Public Lands and Environmental Regulation on Thursday, April 18, 2013. In the Senate, the Lyon County Bill was heard in the Senate Public Lands Subcommittee on April 25, 2013. The Senate Committee on Energy and Natural Resources passed the Lyon County Economic Development and Conservation Act on June 18, 2013.

The Land Bill has three final steps for passage by Congress before being signed into law by the President. The first of those is a "mark-up" and action by the House Natural Resources Committee. The Land Bill received a major commitment from Chairman and Congressman Doc Hastings on December 12, 2013 to act on this legislation in January 2014, after which it can be brought to the House floor for passage, which is the second step. The Land Bill has already been passed out of the Senate Energy and Natural Resources Committee, and is ready for the third step, floor action in the Senate. The Nevada Congressional delegation has worked together to conform the House and Senate versions of the Land Bill to assure expedited passage in both the Senate and House.

The Nevada Congressional delegation has been in unanimous agreement on this Land Bill since its re-introduction in early 2013. It has the full support of Governor Brian Sandoval, the unanimous support of the Nevada State Legislature during their 2013 session and the unanimous support of the City of Yerington and Lyon County. Successful passage of this Land Bill, and subsequent acquisition of the land by the City of Yerington, would allow for continued permitting of Stage 2 under Nevada State and Lyon County laws and regulations.

The Corporation anticipates that subject to passage of the Land Bill in 2014, issuance of Stage 2 permits for the construction and mine operations of an open pit will be obtained in 2014.

In the event the Land Transfer is not completed as planned, the project activities related to a larger open pit development would require a Plan of Operations to be filed with the BLM and preparation of an Environmental Impact Statement (“EIS”) pursuant to BLM guidelines.

Regardless of the land status and permit process, the environmental, engineering and baseline technical studies associated with the entire project are in progress and will be completed in conformance with all Federal, State and local standards. That assures that the project is designed, constructed and operated to meet those standards and that either permitting process, including preparation of an EIS, would not be delayed. If BLM approval is required, BLM process and State permits for the project would be expected to be complete in early 2015.

With regard to water rights, Nevada Copper has obtained rights covering 100% of its anticipated Pumpkin Hollow project water needs including the large Stage two 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.

Development Schedule
All permits to allow for shaft sinking and construction were received in April 2011. Detailed engineering and ordering of key long-lead-time mining and process equipment started. Production from the underground project is expected to commence by late 2015 with commercial production targeted for early 2016.

For the Stage two open pit project, pre-stripping the North Deposit and construction of the mill and related facilities could occur in 2016 once permits are obtained. Subject to permits and financing, production is anticipated to commence as early as 2018 from the Stage two project.

The surface facilities at the East shaft site are essentially mechanically complete, commissioning commenced in May 2013. These facilities include a production-sized head-frame and a twelve foot diameter double drum hoist. The 24 foot diameter, 2,140 foot production shaft, which will be concrete-lined, has been developed past the 99 foot "pre-sink" level, allowing work to proceed on the shaft sub-collar and head-frame foundations, head-frame erection and hoist commissioning. Dump chutes and related equipment have been installed. Installations of cable tray, lighting and door and dump controls, as well as utilities in the shaft sub-collar, are complete.

The hoist, the hoist house building, and the hoist control room have all been commissioned. Detailed mine design work is underway for the high-grade East deposit to provide the framework for mine planning.

2014 and 2015 Project Construction
During 2014 and into 2015, shaft sinking at the project site will be under Cementation's management. Sinking will advance to the 1906 foot depth, the main level from which lateral development will begin and allow for access to the East ore zone. Development drilling from this level will focus on obtaining mineral and geotechnical data for mine planning. Management believes the drilling will not only improve the grade profile in the early years of mine production, but also expand the mineral resource. Subject to shaft sinking rates, reaching the 1906 level is anticipated during Q4-2014. After completion of initial development work at the 1906 level, including a bulk ore sample and drilling, the shaft will be completed to the final 2140 foot depth. This will be followed by equipping of the shaft for ore hoisting along with development of the underground crushers and related infrastructure required for production operations. While shaft sinking progresses, engineering and procurement for the copper concentrator and site infrastructure will continue. Shaft sinking rates are primarily affected by contractor efficiency and the amount of water inflow to the shaft. Shaft water inflows are currently controlled by lowering the water table in the vicinity of the shaft bottom using a dewatering well. Currently a single dewatering well is located near the shaft with a second dewatering well planned in Q2-2014. Water that does enter the shaft is pumped to surface via pump stations located at regular intervals down the shaft.

The pace of engineering and construction expenditures on the non-shaft areas during 2014 and 2015 will be closely managed to match the shaft sinking completion timeline. The pace will also be controlled by the availability of funds from:

- $46 million cash balance at December 31, 2013;
- $149 million undrawn portion of the Red Kite loan facility (See March 28, 2013 News Release);
- $24 million Caterpillar Financial equipment lease finance facility (see October 1, 2013 News Release); and,
- Additional financing necessary to achieve commencement of commercial production.

Subject to securing the remainder of financing required for the Stage 1 underground mine, and in view of the current targeted completion date of the shaft, first ore will be produced by Q4-2015.

Pumpkin Hollow Mineral Resources

The project mineral resource estimate for the Western deposits is an update of a previous mineral resource estimate disclosed on September 7, 2012 and filed on SEDAR. The current estimate was disclosed October 3, 2013 and the related NI 43-101 Technical Report will be filed in November 2013 within the required statutory period. The Eastern underground deposit resources had a non-material amount of drilling and were left unchanged. The associated NI 43-101 technical report was filed on SEDAR on October 19, 2012 and is available on the company's website. The estimates were prepared by the mineral resource and mining division of Tetra Tech by, or under the direction of, Dr. Rex Bryan, SME Registered Member, an independent Qualified Person as set forth by NI 43-101.

The expansion of the North deposit and the South deposit has merged the two open pits together with benefits in terms of a greater mineable reserves and operational synergies.

WESTERN DEPOSITS – MEASURED AND INDICATED RESOURCES - AS AT OCTOBER 2013

Category	Cutoff Grade (%Cu)	Tons (000)	Grade (%Cu)	Contained Copper (000 lbs)	Gold Grade opt	Gold (000 ozs)	Silver Grade opt	Silver (000 ozs)	Copper Equiv. %
Measured	0.20	186,037	0.48	1,793,250	0.002	331	0.056	10,465	0.53
Measured	0.15	237,915	0.41	1,954,874	0.002	369	0.051	12,015	0.46
Indicated	0.20	348,389	0.43	3,023,109	0.001	467	0.052	18,200	0.46
Indicated	0.15	494,141	0.35	3,493,351	0.001	568	0.046	22,651	0.38
M&I Total	**0.20**	**534,426**	**0.45**	**4,816,359**	**0.001**	**798**	**0.054**	**28,665**	**0.48**
M&I Total	**0.15**	**732,056**	**0.37**	**5,448,225**	**0.001**	**937**	**0.047**	**34,666**	**0.40**

WESTERN DEPOSITS - INFERRED RESOURCES - AS AT OCTOBER 2013

Category	Cutoff Grade (%Cu)	Tons (000)	Grade (%Cu)	Contained Copper (000 lbs)	Gold Grade opt	Gold (000 ozs)	Silver Grade opt	Silver (000 ozs)	Copper Equiv. %
Inferred	0.20	138,149	0.40	1,103,536	0.001	134	0.044	6,134	0.43
Inferred	0.15	225,073	0.31	1,392,266	0.001	198	0.039	8,755	0.42

Copper equivalency is based on $3.00 per pound for copper, $1400 per ounce gold and $20 per ounce silver and metallurgical recoveries of 92%, 78% and 57.5% for copper, gold and silver respectively.

EASTERN DEPOSITS - MEASURED AND INDICATED RESOURCES - AS AT MARCH 2011

Category	Cutoff Grade (%Cu)	Tons (000)	Grade (%Cu)	Contained Copper (000 lbs)	Gold Grade opt	Gold (000 ozs)	Silver Grade opt	Silver (000 ozs)	Copper Equiv. %
Measured	1.00	9,206	1.81	333,324	0.011	104	0.24	2,205	2.08
Measured	0.75	12,497	1.56	390,372	0.01	128	0.216	2,699	1.81
Indicated	1.00	24,338	1.72	835,589	0.01	247	0.245	5,971	1.97
Indicated	0.75	38,092	1.40	1,069,452	0.008	321	0.213	8,118	1.61
M&I Total	**1.00**	**33,544**	**1.74**	**1,168,913**	**0.01**	**351**	**0.244**	**8,176**	**1.99**
M&I Total	**0.75**	**50,589**	**1.45**	**1,459,824**	**0.009**	**449**	**0.213**	**10,817**	**1.68**

Mineral resources that are not categorized as mineral reserves have not demonstrated economic viability.

EASTERN DEPOSITS - INFERRED RESOURCES - AS AT MARCH 2011

Category	Cutoff Grade (%Cu)	Tons (000)	Grade (%Cu)	Contained Copper (000 lbs)	Gold Grade opt	Gold (000 ozs)	Silver Grade opt	Silver (000 ozs)	Copper Equiv. %
Inferred	1.00	4,926	1.45	143,313	0.002	10	0.101	498	1.511
Inferred	0.75	12,098	1.11	267,533	0.002	24	0.065	792	1.164

Copper equivalency is based on $3.00 per pound for copper, $1400 per ounce gold and $20 per ounce silver and metallurgical recoveries of 92%, 78% and 57.5% for copper, gold and silver respectively.

Mineral resources that are not categorized as mineral reserves have not demonstrated economic viability.

<u>Pumpkin Hollow Mineral Reserves</u>

Proven and Probable mineral reserves are the economically-mineable portions of the Measured and Indicated mineral resources above.

<u>East Underground Deposit</u>

The mineral reserves for the East and E2 underground deposits are supported by a Technical Report made public in January 2012 and filed on SEDAR. The mineral reserves stated below for the underground deposits are based on the measured and indicated mineral resources disclosed in the January 2011 news release, and do not yet reflect the increased mineral resources for the Western Deposits as disclosed on September 7, 2012.

Mineral Reserves East Underground Deposit January 2012								
Classification	Ore	Copper	Gold	Silver	Contained Copper	Contained Gold	Contained Silver	Copper Equiv.
	000's tons	%	Oz./ton	Oz./ton	Billion lbs.	Ozs.	Ozs.	%
Proven	10,979	1.55	0.011	0.215	0.34	120,769	2,360,485	1.81
Probable	16,666	1.45	0.006	0.141	0.48	99,996	2,349,906	1.60
Proven & Probable	**27,645**	**1.49**	**0.008**	**0.170**	**0.82**	**220,765**	**4,710,391**	**1.68**

The mineral reserves and mine plans for the underground East and E2 deposits were determined using cutoff grades developed by Tetra Tech as appropriate for the mining method and costs associated with the deposits. For the underground deposits the cutoff grade used was 0.8% copper. A copper price of $3.00 per pound was assumed. Tetra Tech is the independent Qualified Person who is responsible for the mineral reserve estimate. The copper equivalency was determined using Base Case metals prices and metallurgical recoveries of 89.3%, 67.3% and 56.3% for copper, gold and silver respectively.

<u>E2 Underground Deposit</u>

The E2 underground deposit contains a mineral reserve that was originally disclosed in a NI 43-101 Technical Report filed on SEDAR on February 7, 2012. The E2 deposit was included in the mine production plan in the aforementioned feasibility study along with mine production from the East deposit and the Western Open Pit deposits. These ore streams will feed a single large concentrator.

Mineral Reserves E2 Underground Deposit January 2012								
Classification	**Ore**	**Copper**	**Gold**	**Silver**	**Contained Copper**	**Contained Gold**	**Contained Silver**	**Copper Equiv.**
	000's tons	**%**	**Oz./ton**	**Oz./ton**	**Billion lbs.**	**Ozs.**	**Ozs.**	**%**
Proven	1,387	1.83	0.009	0.236	0.05	12,236	327,404	2.06
Probable	6,745	1.62	0.006	0.176	0.218	38,685	1,185,457	1.77
Proven & Probable	**8,132**	**1.65**	**0.006**	**0.186**	**0.269**	**50,920**	**1,512,862**	**1.82**

The mineral reserves and mine plans for the underground East and E2 deposits were determined using cutoff grades developed by Tetra Tech as appropriate for the mining method and costs associated with the deposits. For the underground deposits the cutoff grade used was 0.8% copper. A copper price of $3.00 per pound was assumed. Tetra Tech is the independent Qualified Person who is responsible for the 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.

The E2 reserve was not included in the mine production plan disclosed in a more recent Feasibility Study that was disclosed in a NI 43-101 Technical Report filed on SEDAR on December 12, 2012. This study focused only on ore production from the East deposit and deferred development of the E2 deposit; however it is management's intention to incorporate E2 ore production into future mine plans.

<u>Western Open Pittable Deposits</u>

The mineral reserves stated below for the Western open pit deposits is an update of the previously published measured and indicated mineral resources as of September 2012. The Feasibility Study results as disclosed in the October 3, 2013 news release. The related NI43-101 Technical Report will be filed in November 2013 within the required statutory period.

Mineral Reserves Western - Open Pit Deposits October 2013								
Classification	**Ore**	**Copper**	**Gold**	**Silver**	**Contained Copper**	**Contained Gold**	**Contained Silver**	**Copper Equiv.**
	000's tons	**%**	**Oz./ton**	**Oz./ton**	**Billion lbs.**	**Ozs.**	**Ozs.**	**%**
Proven	204,182	0.409	0.0015	0.052	1.67	306,610	10,685	0.44
Probable	344,004	0.358	0.0012	0.047	2.46	410,920	16,009	0.39
Proven & Probable	**548,186**	**0.377**	**0.0013**	**0.048**	**4.13**	**717,530**	**26,694**	**0.40**

The mineral reserves and mine plans for each of the open pit deposits was determined using cutoff grades developed by Tetra Tech as appropriate for the mining method and costs associated with the deposits. For the open pit Western deposits the cutoff grade used was 0.175% and 0.179% copper respectively. The breakeven cutoff was calculated using $2.80 mining cost while the internal cutoff was calculated using $3.00 copper. Ed Lips, Principal Mining Engineer for Tetra Tech is the independent Qualified Person who is responsible for the mineral reserve estimate. The copper equivalency was determined using Base Case metals prices and metallurgical recoveries of 89.3%, 67.3% and 56.3% for copper, gold and silver respectively.

<u>Iron Mineral Resource</u>

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

Categorised Iron Resources – Western Open Pittable Deposit September 2012				
Category	**Iron Cut-off**	**Tons**	**Iron Grade**	**Tons Iron**
	%	**(000's)**	%	**(000's)**
Measured	20	242,957	32.8	79,738
Measured	30	133,890	39.4	52,737
Indicated	20	152,265	31.0	47,216
Measured	30	98,065	39.0	26,566
M&I Total	**20**	**395,222**	**32.1**	**126,954**
M&I Total	**30**	**231,955**	**39.1**	**79,303**
Inferred	20	118,334	29.0	34,270
Inferred	30	39,392	39.5	15,556

* Tonnage, grades and totals may not total due to rounding

Mineral resources that are not categorized as mineral reserves have not demonstrated economic viability.

The iron mineral resource estimate was disclosed in Nevada Copper's October 3, 2013 News Release. The associated NI 43-101 technical report will be filed on SEDAR within the required statutory period.

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.

Tailings Storage

To minimize water usage, tailings will be de-watered, filtered and conveyed to a "dry-stack" on-site storage facility. This water is then recycled to the process plant. This method is considered "best practice" for long term tailings storage in dry environments with limited water resources. It also lowers long-term environmental monitoring costs associated with tailings dams.

Infrastructure

The project area is well supplied with nearby local infrastructure. Project-related infrastructure expenditures will include a new 120kV power line and related substation, with the line routed from either the west or east depending on whether the Land Bill is successfully passed. An energy cost of $0.055/kwh was used for FS purposes, based on NV Energy expected rates. For the larger Stage 2 project, a new 5-mile (8 km) mine access road will connect the site to state Highway 95 to the North, and a rail load-out facility located on Union Pacific tracks. The rail tracks run approximately 13 miles (21 km) north of the project and connect with Union Pacific mainline tracks for connection to west coast ports. Process make-up water will be piped 6 miles (10 km) from the City of Yerington, county seat for Lyon County, where housing and regional services are available and most employees are expected to reside. The communities of Silver Springs, Smith Valley, Fernley, Dayton, Fallon, Carson City and Hawthorne are also all within commuting distance, and have a labor pool and existing housing, particularly for a construction workforce.

Project Opportunities

Iron

Work by specialist consultants has been initiated to further assess the metallurgy and marketability of the Pumpkin Hollow iron magnetite resources, to incorporate the iron values into the project block models, to revise the current mining plans to generate an iron production schedule and to include the additional revenues from this source in the revised project cash flows. The inclusion of iron values in the block model is expected to greatly improve strip ratios since much of what is now considered open pit waste material would have sufficient value to be processed through the mill facility.

Resource expansion

Whittle pit analysis utilizing the updated mineral resource is expected to produce a mine design where the Western pits will intersect based on copper values alone. A merged pit configuration is expected to have a positive effect on the strip ratio, as well as improvements in pit scheduling and equipment utilization. Results from the additional drilling in 2013 have provided good indications of further resource expansion in the south and western portion of the North deposit.

Feasibility Study Qualified Persons

In November 2010 Nevada Copper commissioned Tetra Tech to complete the Pumpkin Hollow Project Feasibility Study in accordance with NI 43-101. The initial capital costs estimates for the Pumpkin Hollow Project in the FS were compiled and reviewed by Merit under the direction of Jay Collins, P. Eng. The scientific and technical information in this release has been reviewed and approved by Erik Spiller, Q.P., Vice President, of Tetra Tech, and overall manager for the FS, and by Mr. Collins both of whom were Independent Qualified Persons within the meaning of NI 43-101, at the time of this study.

The results of a Feasibility Study evaluating a Stage 1 underground operation were announced on November 12, 2012. The related NI43-101 Technical Report was SEDAR-filed on December 13, 2012. The Technical Report was developed under the guidance Mr. Ed Lips, P.E., Project Manager with Tetra Tech, and overall manager for the Feasibility Study. Mr. Lips is an Independent Qualified Person within the meaning of NI 43-101.

The results of a Feasibility Study evaluating a Stage 2 open pit operation focused on the Western Deposits were announced on October 3, 2013. The related NI43-101 Technical Report were filed on SEDAR. The results of the Stage 2 Feasibility Study were reviewed by Mr. Ed Lips, P.E., Project Manager with Tetra Tech, and overall manager for the Feasibility Study. Mr. Lips is an Independent Qualified Person within the meaning of NI 43-101.

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 International Financial Reporting Standards 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.

STAGE 1 PRIVATE LAND UNDERGROUND MINE (PLUM) FEASIBILITY STUDY
Highlights
(All amounts are stated in United States dollars):

The following sections are summarized extracts from a feasibility study contained in a NI 43-101 Technical Report relating to a standalone PLUM. A press release dated November 19, 2012 initially reported the results of the feasibility study. The Technical Report was filed on SEDAR on December 12, 2012.

- The project development consists of a 6,500 ton-per-day underground operation at the East deposit, feeding a single 6,500 ton-per-day concentrator located near the East shaft;

- First production targeted for late 2015, with an initial mine life of 12 years;

- Proven and Probable Mineral Reserves (East deposit only):

  823 million pounds of copper
  220,765 ounces of gold and 4.7 million ounces of silver;

- Life of Mine metal production contained in concentrates totals

  759 million pounds of copper
  167,439 ounces of gold and 2.7 million ounces of silver;

- Average annual copper production in concentrates:

Years 1 to 5:	74.6 million pounds per year
Years 1 to 10:	66.9 million pounds per year

- Average annual gold and silver production in concentrates.

Years 1 to 5:	23,700 ozs gold per year
Years 1 to 10:	15,900 ozs gold per year
Years 1 to 5:	340,100 ozs silver per year
Years 1 to 10:	248,600 ozs silver per year

- Initial capital costs are estimated to be $329 million including contingency, excluding working capital of $15.4 million and excluding approximately $17 million already expended for shaft related activities.

- Life of Mine site operating costs are $41.46 per ton of ore-milled. Copper production costs, net of gold and silver revenue credits are:

Year 1 to 5:	$1.21 per pound of payable copper
Years 1 to 10:	$1.51 per pound of payable copper

- Summary of Economic Results:

    1. Base Case: Three year trailing average price of \$3.59/lb. copper, \$1,419/oz. gold and \$27.14/oz. silver:
       NPV at 5% is \$419 million, pre-tax.
       NPV at 8% is \$309 million, pre-tax.
       Internal Rate of Return is 28.6% and payback is 2.5 years.

    2. Alternate Case: Quoted copper forward prices to 2022 then long term price of \$2.75/lb. copper; gold and silver same as Base Case:

       NPV at 5% is \$276 million, pre-tax.
       NPV at 8% is \$201 million, pre-tax.
       Internal Rate of Return is 24.3% and payback is 2.7 years.

    3. Average annual operating cash-flow (Years 1 to 5):

Base Case:	\$149 million.
Alternate Case:	\$139 million.

PLUM Development Schedule
The shaft production-sized headframe and hoist became operational in May 2013 and since then have been used to advance shaft sinking to the 623 foot level as of March 18, 2014. Production of first copper concentrates is targeted for late 2015.

PLUM Mining
All underground production (6,500 tons per day) will come from the East deposit only. Longhole stoping with paste backfill was chosen to be the mining method. The tonnage requirement of 6,500 tons per day called for a bulk mining method. Rock quality was high enough to support large open stopes which will require structural backfill. The rock quality was too high for a “block caving” method to be considered. Once mined, ore will be hauled from the stope and delivered to a run-of-mine surge bin which feeds into an underground jaw crusher. One surge bin and jaw crusher is planned. Development waste will be stored in a drift adjacent to the surge bin and fed into the crusher at pre-determined intervals. Once crushed, the material will be transferred by conveyor to the shaft loading pocket where it will be measured, loaded into skips and hoisted to the surface.

Underground mining methods and the mining sequence were developed to maximize grades in the early production years to the extent possible. Underground development will be way of a 24 foot diameter production-sized shaft. Vent and secondary egress shafts will be constructed as required.

PLUM Process Plant
Ore will be crushed underground, hoisted to surface and transported to a nominal 6,500 tons per day concentrator located approximately 1,500 feet northwest of the shaft. The concentration circuit is conventional with a single, semi-autogenous grinding mill, secondary ball mill grinding and flotation, followed by thickening and pressure filtration to produce a final concentrate grading 24% copper and containing payable gold and silver. Primary grind size is 100 microns with projected metallurgical recoveries of 92.1%, 78% and 57.5%, for copper, gold and silver respectively.

PLUM Metals Production

Projected recovered metals production to the copper concentrate is summarized below. Life of Mine copper recovered to concentrates is estimated to be 759 million pounds.

	Units	Yrs 1-5 Average	Yrs 1-10 Average	LOM Total
Mill Feed	000s tons/yr; 000s tons	2,290	2,302	27,645
Copper Grade	%	1.77%	1.58%	1.49%
Copper Production in Concentrates	Million lbs./year	74.6	66.9	759,082
Copper Concentrates Production	tonnes/yr; tonnes	140,900	126,391	1,434,656
Gold in Concentrates	Ozs./year; ozs.	23,744	15,942	167,439
Silver in Concentrates	Ozs./year; ozs.	340,090	248,597	2,709,187

Annual operating cashflow averages $149 million in the first five years of production assuming the base metal price scenario.

PLUM Capital Costs

PLUM project initial capital costs are estimated at $329 million, with an accuracy of plus/minus 15% as of November 2012, including a contingency of $25.5 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: underground mine development on the East deposit, process plant, tailing storage facility, and site infrastructure. Indirect costs include such major areas as engineering and procurement, construction management, freight and commissioning, spares inventory, first fills, and Owners Costs.

PLUM Sustaining Capital

Sustaining capital totals $221.6 million, and includes ongoing underground mine development & equipment replacement, and expenditures for expansion of the tailings storage facility.

STAGE 2 OPEN PIT FEASIBILITY STUDY

Highlights (all amounts are stated in United States dollars):

- The project development consists of a nominal 70,000 ton-per-day open pit mining and milling operation;

- The open pit proven and probable mineral reserves increased from 3.2 to 4.1 billion pounds of copper reflecting a 29% increase. The current mineral reserves for the precious metals are 717,530 ounces of gold and 26.7 million ounces of silver. Mineral reserves are based on drill data up to July 2012;

- First production targeted for 2016, with the mine life expanding from 18 to 22 years. The current open pit mine life is based on increased daily throughput of 70,000 ton-per day, up from 60,000 ton-per-day previously;

- The 29% increase in mineral reserves reflects a lower copper price of $2.80 per pound copper used for the current pit design limit, versus $3.00 per pound used in the 2012 mineral reserve. The expansion of the mineral reserves has resulted in a merged Western open pit. This has had a positive impact on sustaining capital; moving South pit pre-stripping out 4 years and reducing equipment needs;

- Life of Mine metal production contained in concentrates totals 3.7 billion pounds of copper - an increase of 29%, 483,476 ounces of gold and 15.0 million ounces of silver;

- Average annual copper production in concentrates (amounts reflect periods of full production):

Years 1 to 5:	221 million pounds per year
Years 1 to 10:	197 million pounds per year

- Average annual gold and silver production in concentrates (amounts reflect periods of full production):

Years 1 to 5:	24,089 ozs of gold & 849,300 ozs of silver per year
Years 1 to 10:	23,320 ozs of gold & 808,870 ozs of silver per year

- Initial capital costs are estimated to be $926 million including contingencies, excluding working capital of $23 million;

- Life of Mine site operating costs are $9.94 per ton of ore-milled; copper production costs net of gold and silver credits are:

Years 1 to 5:	$1.58 per pound of copper
Years 1 to 10:	$1.69 per pound of copper

- Summary of Stage 2 Economic Results:

	Base Case	**Alternate Case (1)**	**Alternate Case (2)**
	US$ Millions	**US$ Millions**	**US$ Millions**
Cumulative pre-tax cash-flow	$3,233	$2,243	$4,594
NPV@ 5%, pre-tax	**$1,524**	**$1,124**	**$2,314**
NPV@ 8%, pre-tax	$961	$733	$1,557
Cumulative after-tax cash-flow	$2,606	$1,851	$3,612
NPV@ 5%, after-tax	**$1,196**	**$888**	**$1,784**
NPV@ 8%, after-tax	$726	$550	$1,172
Average annual operating cash-flow (Years 1 to 5)	**$346**	**$368**	**$426**
Internal rate of return, pre-tax after tax	20.2%	20.0%	26.4%
Internal rate of return, after-tax after tax	17.9%	17.4%	22.9%
Payback pre-tax (years from first production)	4.0	3.7	3.0
Payback after-tax (years from first production)	4.3	4.1	3.5

Open Pit Metals Production

Projected metals production to the copper concentrate is summarized below.

Description	**Units**	**Years 1-5 Annual Average**	**Years 1-10 Annual Average**	**Life of Mine Annual Average**	**Life of Mine Total**
Copper Concentrate	000's Tons/year	434	385	337	7,239
Copper in Concentrate	Million lbs./year	221	197	172	3,692
Copper in Concentrate	000s Tons/year	110.6	98.3	85.9	1,846
Gold in Cu Concentrate	Oz/year	24,089	23,322	22,487	483,476
Silver in Cu Concentrate	Oz/year	849,300	808,870	699,000	15,026,000

Stage 2 Open Pit Capital Costs

The project initial capital costs are estimated at $926 million with an accuracy of plus/minus 15% as of September 2013, including a contingency of $46 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 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, freight and commissioning, spares inventory, first fills, and owner's costs.

Open Pit Sustaining Capital

Life of Mine sustaining capital totals $758 million, of which $425 million is incurred beyond Year 5, includes development of the 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.

The merging of the Western pits, along with an expanded North deposit reserve, has produced positive results in mine scheduling. The South deposit pre-stripping has been pushed from year 6 to year 10 and a second in-pit crusher has been eliminated.

Pumpkin Hollow Drilling Program

The Corporation has completed the planned 50,000 meter step out and expansion drilling program. Approximately, 44,000 meters of the program was included in the updated mineral resource filed on October 19, 2012. Subsequently the Corporation has completed 6,400 meters of follow-up and expansion drilling in the North Deposit. This drill program started in late December 2012 and was completed in March of 2013. The program targeted new mineralization discovered at the end of last year's drilling program. The holes are located just outside the current feasibility study open pit limits.

The majority of the 2011 and 2012 resource drill program was focused on expansion and step-out drilling of the Western deposits. Expanding mineralization in these deposits could have a positive impact on pit designs and project economics:

- The North Deposit continues to have multiple areas of open mineralization. The areas include: the lower stacked mineralization area, the north and northwest areas, and the open mineralization along the eastern and southeastern edge of the deposit. The expansion of mineralization in these areas is expected to have a positive impact on further pit designs as well as increase the resource.
- The South Deposit drilling is focused on expanding mineralization in two areas: along the northern and northeastern boundary of the South Deposit and the area between the Western pits. Both target areas could affect future pit designs.

Other areas included in the program:

- The East Deposit remains open in several directions. Within the deposit there are several recognized higher grade trends. The trend in the northern part of the deposit while thinning extends to the east and west. The southwest portion of the deposit is also open and contains wide spaced holes with high-grade mineralization. Further drilling will be done from underground once the shaft is completed and drilling stations are established.
- Drilling in the E-2 Deposit is not proposed at present although mineralization extends down dip.
- The BC and eastern targets are located on BLM ground a little over a mile east of the East and E-2 deposits. Detailed ground magnetic surveys have been completed and surface mapping and sampling is ongoing. Skarn altered limestone with visible oxide copper mineralization crop out and is coincident with weak magnetic and IP anomalies.

Limited funds have been budgeted for several other targets within the claim block. The targets require additional geologic data compilation and data review before drill holes can be proposed.

More detailed information can be found in the Corporation's News Releases filed on www.sedar.com.

Pumpkin Hollow Project Expenditures

Project costs capitalized as for the period ended December 31, 2013 and for the year ended June 30, 2013 on the Pumpkin Hollow Copper Development Property consists of the following:

Development Costs (expressed in thousands of United States dollars)			
	Dec 31, 2013	July-Dec. 2013 Expenditures	June 30, 2013
Property payments	**$1,961**	$107	$1,854
Advance royalty payments	**1,050**	300	750
Water rights	**1,163**	142	1,021
Drilling	**36,614**	860	35,754
Geological consulting, exploration & related	**7,131**	351	6,780
Feasibility, engineering & related studies	**17,571**	1,509	16,062
Permits/ environmental	**6,597**	975	5,622
East deposit underground project			
Hoist, head frame, power, & related	**15,440**	3,313	12,127
Underground access	**28,104**	11,685	16,419
Project administration	**6,122**	3,115	3,007
	121,753	22,357	99,396
Amortization	**334**	66	268
Stock-based compensation	**3,279**	105	3,174
Total	**$125,366**	$22,528	$102,838

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

Six months ended December 31, 2013 Compared to the Six Months Ended December 31, 2012

For the six months ended December 31, 2012, the Corporation has incurred $18,162 of project expenditures compared to $22,528 for the comparable period in 2013. The focus during the period ended December 31, 2013 was to continue shaft sinking and finalize permitting for the underground project. In the comparative period the focus was the first phase of shaft sinking and installing the hoist.

Drilling costs incurred for the six months through December 31, 2012 were $516; whereas, in the six months ending December 31, 2013 the drilling costs were $860. The increase related to additional hydrological drilling as support for the shaft sinking work in progress.

The feasibility, engineering, and related studies costs incurred for the six months ending December 31, 2012 of $1,220 were lower than the $1,509 spent in the six months ending December 31, 2013 because the open pit feasibility study cost more than the underground feasibility study that was being worked on during the six months ending December 31, 2012.

In relation to the East deposit underground project work the hoist, headframe, power, & related costs decreased compared to the six months ending December 31, 2012 because most of the infrastructure work needed to be done in advance of the shaft sinking. The underground access costs increased to $11,685 from $6,448 as the shaft sinking was the main focus of the Corporation for the six months ending December 31, 2013. Shaft contractor charges, site engineering charges, ground support costs, and cement made up the majority of the costs.

For the six months ending December 31, 2013 the stock based compensation amount was $105 because fewer options were granted and vested and the share price was at a lower price during this period compared to the six months ending December 31, 2012 period where the stock based compensation charges were $392.

Selected information

(Thousands, except per share amounts)	Six months ended December 31, 2013	Year ended June 30, 2013	Year ended June 30, 2012
Net loss	(6,124)	(19,134)	(8,403)
Net loss per share	(0.08)	(0.24)	(0.12)
Total cash and cash equivalents	46,070	51,865	53,910
Working capital	42,616	55,000	51,411
Total liabilities	60,300	41,034	3,823
Total assets	182,543	168,786	125,854
Shareholders' equity	122,243	127,752	122,031

Summary of Quarterly Results

Selected consolidated financial information for the most recent eight financial quarters is as follows. The Corporation made the transition to IFRS effective July 1, 2010, and as a result, financial information is presented under IFRS:

(In thousands of dollars except amounts per share)	2013 Dec 31	2013 Sep 30	2013 Jun 30	2013 Mar 31	2012 Dec 31	2012 Sep 30	2012 Jun 30	2012 Mar 31
Working capital	42,616	42,368	55,000	73,375	59,390	45,040	51,411	63,128
Total assets	182,543	167,206	168,786	178,781	149,278	128,173	125,854	125,719
Development property	125,366	113,058	102,838	94,110	85,492	77,937	67,330	59,232
Shareholders' equity	122,243	124,762	127,752	138,187	145,430	123,780	122,031	123,255
Net profit (loss)	(1,881)	(4,243)	(15,638)	(440)	(402)	(2,654)	(697)	(1,366)
Net profit (loss) per share	(0.03)	(0.05)	(0.18)	(0.01)	(0.01)	(0.04)	(0.01)	(0.02)

The loss for the quarter ending June 30, 2013 was much higher than other quarters because of the writedown in Mercator shares held as marketable securities.

For the three months ended December 31, 2013

For the three months ended December 31, 2013, the Corporation had a net loss of $1,881 or $0.03 per share compared to a net loss of $402 or $0.01 per share with the corresponding period of 2012. The most significant components of the difference are the $328 write down of marketable securities, increase in business development costs, consulting, professional fees, and business development costs have all increased as a result of the Corporation growing as it advances the shaft sinking project.

General and administrative expenses for the three months ending December 31, 2013 increased from $556 in 2012 to $896 in 2013. Personnel and office expenses increased in 2013 as the Corporation's activity increased. Professional fees increased as a result of the audit required for the six month period ending December 31, 2013.

For the six months ended December 31, 2013 and the twelve months ended June 30, 2013

The stub year ended December 31, 2013 only covered six months; whereas, the year ended June 30, 2013 included twelve months of costs. The largest difference for the two time periods was that for the year ended June 30, 2013 the write-down of the Mercator shares was $14,606 versus a write-down of $3,676 for the six months ending December 31, 2013. Stock based compensation decreased from $2,216 for the year ended June 30, 2013 to $335 because it covered a shorter time frame and because less options were granted, less option vested, and there was a lower share price during the six months ended December 31, 2013. Business development costs increased in the six months ended December 31, 2013 against the twelve months ended June 30, 2013 as a result of the on-going project development work and evaluation of financing alternatives. For the twelve months ended June 30, 2013 the Corporation had to pay $707 for a full year of public company costs versus only having to pay public company costs of $280 for the stub year.

Liquidity and Capital Resources

The Corporation's working capital as at December 31, 2013, was $42,616 compared with a working capital position of $55,000 as at June 30, 2013. The decrease in the Corporation's working capital during the period ended December 31, 2013 is primarily due to the increased spending on shaft sinking. In addition, the write down of the marketable securities by $3,676 also had an impact on the Corporation's working capital. This decrease was partially offset by the second tranche of the Red Kite loan of $15,000 being received in October 2013.

Working capital available as of December 31, 2013 will be utilized for the sinking of a shaft to provide for underground access to the East deposit, engineering of the concentrator and related facilities and underground development.

Management is actively seeking additional financing and believe that they will be successful in these efforts such that development of the Pumpkin Hollow project will continue as planned with all debt repayments made as required. Failure to obtain additional financing on a timely basis would require the Corporation to delay development activities.

The August 2011 public offering resulted in net proceeds of approximately $62,770 (C$61,000) which was used in property maintenance costs, expanded step out and geotechnical and metallurgical drilling programs, continuing project permitting costs, shaft sinking and an underground exploration program. As of December 31, 2013, all of the funds have been spent. Additional funds raised through the Red Kite debt financing enable the Corporation to continue the development of the stage one underground project. A comparison about how the Corporation disclosed it was going to use the proceeds in the public offering and how they have been used is contained below. As of December 31, 2013, the Corporation had a cash balance of $46,070.

USE OF PROCEEDS	AMOUNT (USD)	SPENT TO DATE (USD)
Balance of Feasibility Study & Property Maintenance Costs	$7 million	$7 million has been spent to date. The spend was greater than anticipated given that a staged approach is being utilised to develop the property. The open pit feasibility study work has been completed as of October 3, 2013.
Expanded step-out, geotechnical, and metallurgical drilling program on the Property	$10 million	Approximately, $11 million was spent on exploration and drilling. No further drilling is planned until the shaft is sunk.
Continuation of project permitting on the Property	$3 million	The permitting costs are $5 million as lobbying efforts continued; permits were obtained, and work on adding a wilderness component to the land bill pushed permitting costs higher.
Advancing the underground program on the Property, including:		
• Infrastructure upgrading & mobilization	$4 million	• Infrastructure upgrades are substantially complete. The $5 million spent included the updating of a power line.
• Engineering & head frame	$4 million	• Engineering and head frame costs of $5 million have been incurred to date; a production seized head frame was installed rather than using a temporary one.
• Hoist & sinking equipment	$6 million	• Hoist work is substantially complete; charges include costs for the refurbishment of the hoist and hoist engineering costs of approximately $5 million.
• Sinking costs of 2,000 feet of bare shaft; contractor labour and materials	$24 million	• Sinking costs of $20 million have been incurred to date.
• Initial underground development	$5 million	• The initial underground spend of $5 million for mobilization, shaft collar and pre-sinking costs has been completed. In the next fiscal period the primary focus of the Corporation is to advance the shaft sinking. This will be funded by the Red Kite debt financing.
Total	**$63 million**	**$63 million**

Transactions with Related Parties
On October 9, 2012, the Corporation completed the purchase of 46,000,000 common shares of Mercator from Pala in consideration for the issuance of 7,315,000 common shares of the Corporation. The value of the Mercator shares was determined to be $23,969 ($23,460 CAD) plus transaction costs of $186 ($182 CAD) at the time of purchase, based on the quoted market price of Mercator and foreign exchange rate at the time.

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

During the period ended June 30, 2013, the Corporation reviewed the value of its marketable securities for objective evidence of impairment based on both quantitative and qualitative criteria and determined that a write down was required. Accordingly, the Corporation recorded a pre-tax charge of $14,606 (2012 – nil) in the statement of operations for the year ended June 30, 2013 to reflect this write down. The fair value of the Mercator shares at June 30, 2013, based on quoted market price, was $8,280 CAD balance which was re-valued at the period end exchange rate to $7,872. A further impairment charge was recognized in the six months ending December 31, 2013 of $3,676 ($3,910 CAD). The fair value of the Mercator shares at December 31, 2013, based on quoted market price, was $4,370 CAD balance which has been re-valued at the period end exchange rate to $4,109.

Pala is considered to be a related party because they hold more than 50% of Nevada Copper shares and have three executives on the Corporation's Board of Directors as at December 31, 2013. The accounting treatment of the transaction does not change because it is a related party transaction. The marketable securities are valued at fair value at each period end.

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

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

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 was required to make the following lease payments, all of which have been paid:

Due Date	Amount	
May 4, 2007	$ 75	Paid
May 4, 2008	100	Paid
May 4, 2009	125	Paid
May 4, 2010	150	Paid
May 4, 2011	150	Paid
	$ 600	

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.

The Corporation was obligated to make exploration and development expenditures on the Property of at least $4,000 during the first three years of the Lease, with expenditures of at least $500 each year, and an additional $4,000 during the 4th through 6th years of the Lease, with expenditures of at least $500 each year. The Corporation fully satisfied these expenditure obligations by 2008.

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

In August of 2009, the Corporation entered into an agreement with the City of Yerington, Nevada to reserve 2,000 acre feet of water per year for a term of 30 years. As consideration the Corporation will pay to the City of Yerington annual reservation fees of $50 which reverts to user. On July 25, 2011, the Corporation amended its water service agreement to include additional water capacity of 1,500 acre feet of water under the same terms of the initial agreement for an additional annual fee of $38. The City of Yerington does have the right to terminate up to 500 acre feet in increments of 100 acre feet upon nine months' notice and the right to terminate up to 1,000 acre feet in increments of 100 acre feet upon one year's notice.

The Corporation has entered into a sublease for its corporate offices until November 30, 2013. The sublease payments are payable monthly and include a proportionate share of the operating expenses. The Corporation has entered into a new five year lease agreement for the same offices commencing December 2013 once the sublease expires.

The Corporation also entered into 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, 2013:

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

i. These are payable quarterly (see previous section).
ii. The commitment in the table above is the obligation if the Corporation does not renew the Pumpkin Hollow property lease. The Corporation can pay quarterly instalments to the lessor if the lease is renewed. See above for details of the payment schedule.

iii. The commitment in the table is the obligation by the Corporation to the City of Yerington for reservation fees. See previous section for details of the payment schedule.

The Corporation has entered into certain construction and engineering contracts relating to the construction of the underground shaft. Worked 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 authorized and identified and entered into a well-designed, robust and clearly understood accounting system on a timely basis to minimize risk of inaccuracy, failure to fairly reflect transactions, failure to fairly record transactions necessary to present financial statements in accordance with IFRS, unauthorized receipts and expenditures, or the inability to provide assurance that unauthorized acquisitions or dispositions of assets can be detected. The relatively small size of the Corporation makes the identification and authorization 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 National Instrument 52-109 issued by the Canadian Securities Administrators. They concluded that as of December 31, 2013, 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 unaudited condensed interim 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 the period ending December 31, 2013. 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 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 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 technical and commercial feasibility of these properties, which incorporates various assumptions for mineral reserves and/or resources, future mineral prices and operating and capital expenditures for the properties.

ii) Taxation
Tax provisions are recognized to the extent that it is probable that there will be future outflow of funds to a taxation authority. Such provisions often require judgment on the treatment of certain taxation matters that may not have been reported to or assessed by the taxation authority at the date of these financial statements. Differences in judgment by the taxation authority could result in changes to actual taxes payable by the Corporation.

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

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

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 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 labor, 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, labor 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.

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 company in the exploration 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.

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 labor 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 mineralized 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, labor 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 realized
The Mineral Reserves and Resources estimates contained in this AIF are only estimates and no assurance can be given that any particular level of recovery of minerals will be realized 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 mineralization 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, characterized 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, 2012 and December 31, 2013, the Corporation's shares traded in a range between CAD$1.24 and CAD$4.01 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 company'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 and convertible debenture in foreign currencies (US 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 realize 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 company 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 markets. The Corporation will be required to complete additional funding in order to meet its long-term 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 25, 2014:

Common shares issued and outstanding:	80,501,458
Total stock options outstanding:	7,220,000
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 plans at the Pumpkin Hollow Project; the assumptions in the financial analysis prepared in connection with the Preliminary Economic Assessment (the "PEA") reports and FS on the Pumpkin Hollow Project; the timing of granting of key permits, , estimated metal production and the timing thereof; any metal pricing, capital and operating and cash flow estimates contained in the PEA and FS; and the access to financing and appropriate equipment and sufficient labor. 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; labor 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 25, 2014. Should one or more of these risks and uncertainties materialize, 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 six month period ended December 31, 2013 and the year ended June 30, 2013

KPMG LLP
Chartered Accountants
PO Box 10426 777 Dunsmuir Street
Vancouver BC V7Y 1K3
Canada

Telephone (604) 691-3000
Fax (604) 691-3031
Internet www.kpmg.ca

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Nevada Copper Corp.

We have audited the accompanying consolidated financial statements of Nevada Copper Corp., which comprise the consolidated statements of financial position as at December 31, 2013 and June 30, 2013, the consolidated statements of operations and comprehensive loss, changes in equity and cash flows for the six month period ended December 31, 2013 and the year ended June 30, 2013, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Nevada Copper Corp. as at December 31, 2013 and June 30, 2013, and its consolidated financial performance and its consolidated cash flows for the six month period ended December 31, 2013 and the year ended June 30, 2013 in accordance with International Financial Reporting Standards**.**

KPMG LLP (signed)

Chartered Accountants

March 25, 2014
Vancouver, Canada

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

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

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

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

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

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

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

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

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

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

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Consolidated Statements of Changes in Equity
(Expressed in thousands of United States dollars, except share amounts)

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

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

NEVADA COPPER CORP.

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

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

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

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

1. Nature of operations:

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

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

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

Basis of presentation:

These consolidated financial statements have been prepared in accordance and in compliance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") effective as of December 31, 2013.

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

These consolidated financial statements were approved for issue by the Board of Directors ("BoD") on March 25, 2014.

2. Significant accounting policies:

(a) Basis of consolidation

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

(b) Use of estimates and judgements

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

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

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

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

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

ii) Taxation

Tax provisions are recognized to the extent that it is probable that there will be future outflow of funds to a taxation authority. Such provisions often require judgment on the treatment of certain taxation matters that may not have been reported to or assessed by the taxation authority at the date of these financial statements. Differences in judgment by the taxation authority could result in changes to actual taxes payable by the Corporation.

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

2. Significant accounting policies (continued):

(b) Use of estimates and judgements (continued)

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

iii) Stock-based compensation

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

(c) Foreign currency translation

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

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

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

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

(d) Cash and cash equivalents

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

2. Significant accounting policies (continued):

(e) Financial instruments

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

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

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

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

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

2. Significant accounting policies (continued):

(f) Exploration and evaluation assets

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

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

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

(g) Asset retirement obligations and reclamation costs

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

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

2. Significant accounting policies (continued):

(h) Mineral properties, plant and equipment

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

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

Building	useful life
Equipment	5 years
Mobile equipment	3 years
Computer equipment	2 years

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

(i) Impairment of non-financial assets:

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

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

2. Significant accounting policies (continued):

(j) Income taxes

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

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

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

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

(k) Share-based payments

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

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

(l) Provisions

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

2. Significant accounting policies (continued):

(m) Loss per share

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

(n) Interest income and finance costs

Interest income comprises interest income on funds invested. Interest income is recognised as it accrues in profit or loss, using the effective interest method. Finance costs comprise interest expense on borrowings and the unwinding of the discount on provisions. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

(o) Segmented information

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

3. Recent accounting pronouncements:

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

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

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

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

3. Recent accounting pronouncements (continued):

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

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

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

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

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

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

4. Marketable securities:

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

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

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

5. Mineral properties, plant and equipment:

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

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

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

Pumpkin Hollow Copper Development Property:

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

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

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

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

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

The Corporation may extend the Lease for up to three additional terms of ten years each, subject to performing continuous mining activities, payment of advance royalty payments of at least $3,000 in the first ten-year term and payment of production royalties and minimum royalty payments of $10,000 in each subsequent ten-year term.

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

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

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

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

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

Pumpkin Hollow Copper Development Property – Water Rights:

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

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

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

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

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

Plant and equipment:

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

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

6. Long term debt:

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

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

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

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

6. Long term debt (continued):

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

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

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

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

7. Related party transactions:

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

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

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

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

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

8. Key management personnel compensation:

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

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

9. Asset retirement obligation:

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

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

10. Share capital:

(a) Authorized:

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

(b) Issued:

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

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

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

10. Share capital (continued):

(c) Options:

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

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

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

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

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

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

10. Share capital (continued):

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

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

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

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

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

(d) Warrants:

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

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

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

11. Income taxes:

(a) Effective tax rate:

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

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

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

(b) Deferred income tax assets and liabilities:

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

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

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

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

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

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

12. Financial instruments:

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

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

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

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

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

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

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

Classification and carrying amounts of financial instruments:

Financial assets	**Dec. 31, 2013**	**June 30, 2013**
Loans and receivables		
Cash and cash equivalents	$46,070	$51,865
Amounts receivable	119	46
Restricted cash	200	200
Available for Sale		
Marketable securities	4,109	7,872
Total financial assets	**$50,498**	**$59,983**
Financial liabilities		
Other-financial liabilities		
Accounts payable and accrued liabilities	$7,913	$4,946
Long term debt	50,845	34,636
Fair value through profit and loss		
Embedded derivatives	815	847
Total financial liabilities	**$59,573**	**$40,429**

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

12. Financial instruments (continued):

(b) Contractual obligations:

The following table sets forth the Corporation's contractual obligations for the next five fiscal years as at December 31, 2013:

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

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

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

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

12. Financial instruments (continued):

(c) Financial risk factors:

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

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

(d) Market risks:

(*i*) Interest rate risk:

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Corporation's loan agreement with Red Kite (Note 6) provides for interest at LIBOR plus 6% per annum, subject to a minimum interest rate of 7%. Due to the capitalization of borrowing costs and the minimum interest rate provision, and as long as LIBOR is less than 1%, the Corporation's sensitivity to a 1% decrease or increase in market rates of interest would have an immaterial effect on the Company's interest expense.

(*ii*) Foreign currency risk:

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

At December 31, 2013, the Corporation held $22,463 USD (June 30, 2013 - $24,025 USD) in cash and cash equivalents in a company with a functional currency of Canadian dollars.

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

(e) Credit risk:

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Financial instruments that potentially subject the Corporation to credit risk consist of cash and cash equivalents, restricted cash, reclamation bond, and amounts receivable. The Corporation has reduced its credit risk by investing its cash and cash equivalents in high quality Canadian chartered banks. The Corporation's maximum exposure to credit risk is $46,389 as at December 31, 2013, being the carrying value of cash and cash equivalents, restricted cash and amounts receivable.

(f) Liquidity risk:

Liquidity risk is the risk that the Corporation will not be able to meet the obligations associated with its financial liabilities. During the six months ended December 31, 2013, the Corporation received additional debt financing that provides the Corporation with enough funds to meet its financial liabilities and future financial liabilities under its current commitments over the next twelve months ending December 31, 2014. The Corporation will be required to complete additional funding in order to meet its long-term business objectives. The Corporation handles liquidity risk through the management of its capital structure.

13. Management of capital:

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

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

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

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

CORPORATE INFORMATION

DIRECTORS

Giulio T. Bonifacio
Vancouver, Canada

Victor Bradley
Monte Carlo, Monaco

Michael Brown
Switzerland

Jan Castro
Switzerland

Philip Clegg
Switzerland

Daniel Dumas
Toronto, Ontario

Joseph Giuffre
Vancouver, Canada

Paul Matysek
Vancouver, Canada

OFFICES

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

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

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

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

OFFICERS

Giulio T. Bonifacio
President and Chief Executive Officer

Robert McKnight
Executive Vice President and Chief Financial Officer

Greg French
Vice President and Senior Project Manager

Timothy M. Dyhr
Vice President, Environmental and External Relations

Gus McDonald
Vice President, Corporate Controller

Catherine Tanaka
Corporate Secretary

Eugene Toffolo
Vice President, Investor Relations & Communications

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

SHARES LISTED
TSX Exchange: NCU

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

AUDITOR
KPMG, Chartered Accountants
Vancouver, Canada

LEGAL COUNSEL
Axium Law Corporation
Vancouver, Canada

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

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