NEVADA COPPER CORP.

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

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF NEVADA COPPER CORP.

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

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

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

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

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

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

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

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

Chartered Professional Accountants

Vancouver, British Columbia
March 22, 2016

NEVADA COPPER CORP.

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

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

Subsequent events (notes 7 & 15)

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

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

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

NEVADA COPPER CORP.

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

Years ended December 31, 2015 and 2014

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

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

NEVADA COPPER CORP.

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

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

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

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

NEVADA COPPER CORP.

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

Years ended December 31, 2015 and 2014

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

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

1. Nature of operations and going concern:

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

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

These consolidated financial statements have been prepared on a going concern basis which assumes the Corporation will be able to operate in the foreseeable future. The Corporation will be able to realise its assets and discharges its liabilities in the normal course of business. The Corporation will be required to complete additional financing in 2016 in order to meet interest payment commitments and expected operating costs in 2016. The Corporation will also be required to complete additional financing in order to carry out its development activities and to draw down the remaining undrawn amount of $110,000 of the Red Kite facility, which draw down is also contingent upon completion of certain project milestones to be met. As at December 31, 2015, the Company breached the covenants stipulated in the Red Kite facility and as such, the loan has been re-classified from long term to short term (note 7). These circumstances have resulted in a material uncertainty about whether the Corporation will be able to obtain the additional financing required to meet its obligations as they become due which may cast significant doubt about the ability of the Corporation to continue as a going concern.

Management is actively seeking additional financing and believe that they will be successful in these efforts such that development of the Pumpkin Hollow project will continue as planned with all interest and principal debt repayments made as required. The working capital deficiency of $119,328 will be improved upon completion of a financing transaction. The ability of the Corporation to continue as a going concern and to realize the carrying value of its assets and discharge its liabilities when due is dependent on the successful completion of additional financing. If the going concern basis was not appropriate for these financial statements, then adjustments would be necessary to the carrying values of assets and liabilities.

Basis of presentation:

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

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

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

Basis of measurement:

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

2. Significant accounting policies:

(a) Basis of consolidation

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

(b) Use of estimates and judgements

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

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

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

i) Mineral reserve estimates

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

ii) Stock-based compensation

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

iii) Provision for reclamation and remediation

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

2. Significant accounting policies (continued):

(b) Use of estimates and judgements (continued)

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

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

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

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

v) Impairment review

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

vi) Taxation

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

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

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

2. Significant accounting policies (continued):

(b) Use of estimates and judgements (continued)

vii) Modification verses extinguishment of financial liability

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

viii) Functional currency

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

(c) Foreign currency translation

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

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

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

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

(d) Cash and cash equivalents

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

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

2. Significant accounting policies (continued):

(e) Financial instruments

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

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

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

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

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

(f) Exploration and evaluation assets

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

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

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

2. Significant accounting policies (continued):

(g) Asset retirement obligations and reclamation costs

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

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

(h) Mineral properties, plant and equipment

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

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

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

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

(i) Impairment of non-financial assets

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

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

2. Significant accounting policies (continued):

(j) Income taxes

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

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

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

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

(k) Stock-based compensation

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

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

(l) Provisions

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

2. Significant accounting policies (continued):

(m) Loss per share

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

(n) Interest income and finance costs

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

(o) Segmented information

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

3. Recent accounting pronouncements:

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

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

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

The IASB issued IFRS 16, "Leases" ("IFRS 16") which requires a lessee to recognize a right-of-use asset representing its right to use the underlying leased asset and a corresponding lease liability representing its obligation to make lease payments for all leases. A lessee recognizes the related expense as depreciation on the right-of-use asset and interest on the lease liability.

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

3. Recent accounting pronouncements (continued):

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

4. Marketable securities:

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

5. Mineral properties, plant and equipment:

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

Asset impairments

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

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

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

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

Key assumptions and sensitivity

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

Metal prices

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

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

Operating and capital costs

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

Reserves and resources

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

Discount rate

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

Sensitivity

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

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

Pumpkin Hollow Copper Development Property:

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

Under the terms of the Lease, the Corporation has made Lease payments totaling $600 during the period May 4, 2007 to May 4, 2011. Subsequent to May 4, 2011, the Corporation is required to pay advance royalty payments of $600 annually until the first expiry date of the Lease on May 4, 2016 to a total of $3,000. Quarterly lease payments of $150 were due and paid commencing in April 2012. The Corporation is current with all required Lease payments and advance royalty payments. Cumulative advance royalty payments made total $2,250 to December 31, 2015.

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

The Corporation may extend the Lease for up to three additional terms of ten years each, subject to performing continuous mining activities, payment of advance royalty payments of at least $3,000 in the first ten-year term and payment of production royalties and minimum royalty payments of $10,000 in each subsequent ten-year term. Pursuant to the terms of the Lease the Corporation notified RGGS of its intention to extend the lease for the period May 5, 2016 to May 2026. This notice has been acknowledged and accepted by RGGS.

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

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

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

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

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

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

Plant and equipment:

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

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

6. Short term debt:

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

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

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

7. Long term debt:

(a) December 30, 2014 loan facility

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

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

On December 30, 2014, the Corporation entered into a $200 million loan facility (the "Loan") with EXP T1 Ltd that is owned by RK Mine Finance, ("Red Kite"). The Loan is comprised of two tranches - Tranche A for $90 million, which was received on December 30, 2014, and Tranche B for $110 million which is contingent upon completion of other financing transactions whereby the Corporation will obtain sufficient proceeds necessary to achieve commencement of commercial production and certain project milestones.

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

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

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

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

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

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

7. Long term debt (continued):

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

The 2014 copper off-take agreement was also amended to allow Red Kite a fixed tonnage option should Nevada Copper elect to develop a larger open pit operation. Under this amendment, Red Kite can elect to convert their percentage entitlement to a fixed tonnage of payable copper from this proposed larger operation. This fixed tonnage of payable copper to be delivered is based on the payable copper projected for production from the original stand-alone underground operation mine plan.

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

An embedded derivative liability relating to the interest rate floor has been recognised for the Loan. The embedded derivative fair value of the loan at inception was $996. The fair value of the embedded derivative liability is $938 at December 31, 2015 (2014 - $1,005).

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

(b) March 28, 2013 loan facility

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

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

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

7. Long term debt (continued):

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

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

8. Related party transactions:

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

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

The Corporation has entered into management agreements with certain senior officers. In the event that there is a change of control, the Corporation may be required to pay severance payments ranging from three months to three years of salary for these senior officers. The amount of this contingent liability is $1,474 ($2,041 CAD).

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

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

9. Key management personnel compensation:

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

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

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

10. Asset retirement obligation:

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

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

11. Share capital:

(a) Authorised:

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

(b) Options:

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

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

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

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

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

11. Share capital (continued):

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

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

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

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

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

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

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

11. Share capital (continued):

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

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

(c) Deferred share units:

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

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

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

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

12. Income taxes:

(a) Effective tax rate:

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

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

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

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

12. Income taxes (continued):

(b) Deferred income tax assets and liabilities:

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

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

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

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

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

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

13. Financial instruments:

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

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

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

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

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

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

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

Classification and carrying amounts of financial instruments:

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

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

13. Financial instruments (continued):

(b) Contractual obligations:

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

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

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

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

(ii) See note 7 for contractual maturity.

13. Financial instruments (continued):

(c) Financial risk factors:

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

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

(d) Market risks:

(*i*) Interest rate risk:

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Corporation's loan agreement with Red Kite (note 7) currently provides for interest at LIBOR plus 10% per annum, subject to a minimum interest rate of 11%. Due to the capitalisation of borrowing costs and the minimum interest rate provision, and as long as LIBOR is less than 1%, the Corporation's sensitivity to a 1% decrease or increase in market rates of interest would have an immaterial effect on the Company's interest expense. The Corporation's loan agreement with Pala (note 6) currently provides for interest at 10% per annum.

(*ii*) Foreign currency risk:

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

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

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

(e) Credit risk:

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

(f) Liquidity risk:

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

14. Management of capital:

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

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

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

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

15. Subsequent events:

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

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

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

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

CORPORATE INFORMATION

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Timothy M. Dyhr
Vice President, Environmental and External Relations

Gus McDonald
Vice President, Corporate Controller

Eugene Toffolo
Vice President, Investor Relations and Communications

Catherine Tanaka
Corporate Secretary

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

SHARES LISTED
TSX Exchange: NCU

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

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LEGAL COUNSEL
Axium Law Corporation
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