NEVADA COPPER CORP.

Consolidated Financial Statements
For the year ended December 31, 2014, six months ended December 31, 2013 and year ended June 30, 2013

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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, 2014 and 2013, the consolidated statements of operations and comprehensive loss, changes in equity and cash flows for the year ended December 31, 2014, the six months 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 in our audits 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, 2014 and 2013, and its consolidated financial performance and its consolidated cash flows for the year ended December 31, 2014, the six months ended December 31, 2013, and the year ended June 30, 2013 in accordance with International Financial Reporting Standards**.**

Emphasis of matter

Without modifying our opinion, we draw attention to Note 1 in the consolidated financial statements which indicates that Nevada Copper Corp. will be required to complete additional financing in 2015 in order to meet its commitments and carry out its development activities. These conditions, along with other matters as set forth in Note 1 in the consolidated financial statements, indicate the existence of a material uncertainty that may cast significant doubt about Nevada Copper Corp.'s ability to continue as a going concern.

KPMG LLP (signed)

Chartered Accountants

March 17, 2015
Vancouver, Canada

NEVADA COPPER CORP.

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

	December 31, 2014	December 31, 2013
Assets		
Current assets:		
Cash and cash equivalents	**$33,246**	$46,070
Amounts receivable	**65**	119
Prepaid expenses	**147**	231
Marketable securities (note 4)	**-**	4,109
	33,458	50,529
Restricted cash (notes 2 (d) & 19)	**2,280**	200
Deposits	**1,316**	931
Deferred financing fees (notes 7 & 8)	**4,065**	4,859
Mineral properties, plant, and equipment (note 5)	**172,755**	126,024
	213,874	182,543
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	**5,699**	7,913
Short term debt (note 6)	**14,594**	-
	20,293	7,913
Long term debt (notes 7 & 8)	**86,739**	51,660
Asset retirement obligation (note 12)	**963**	727
	107,995	60,300
Shareholders' equity:		
Share capital (note 13)	**155,840**	155,840
Other equity reserve	**24,978**	24,331
Accumulated other comprehensive loss	**(3,578)**	(3,630)
Deficit	**(71,361)**	(54,298)
	105,879	122,243
	$213,874	$182,543

Nature of operations and going concern (note 1)
Commitments (notes 5 & 17)
Subsequent events (note 19)

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

Approved on behalf of the Board on March 17, 2015:

(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)

Year ended December 31, 2014, six months ended December 31, 2013 and year ended June 30, 2013

	December 31, 2014	December 31, 2013	June 30, 2013
Expenses:			
Public company expenses (note 14)	**$1,293**	$524	$1,109
Consulting and remuneration	**644**	499	749
Office expenses	**381**	160	227
Professional fees	**286**	218	238
Debt advisory & due diligence (note 15)	**946**	74	185
Business development (note 15)	**536**	509	234
Depreciation expense	**133**	16	1
Accretion expense	**13**	9	3
Stock-based compensation (note 13)	**938**	335	2,216
	5,170	2,344	4,962
Other income (expense):			
Interest income	**218**	197	442
Interest and finance expenses (note 9)	**(6,700)**	-	-
Other income (loss) (notes 7 & 8)	**(338)**	278	-
Loss on marketable securities (note 4)	**(4,109)**	(3,676)	(14,606)
Foreign exchange loss	**(964)**	(579)	(8)
	(11,893)	(3,780)	(14,172)
Loss for the period	**(17,063)**	(6,124)	(19,134)
Other comprehensive income (loss)			
Foreign currency translation	**52**	175	(1,894)
Comprehensive loss	**(17,011)**	$(5,949)	$(21,028)
Loss per common share:			
Basic and diluted	**$ (0.21)**	$ (0.08)	$ (0.24)
Weighted average number of shares outstanding	**80,501,458**	80,501,458	78,475,640

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

NEVADA COPPER CORP.

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

	Share Capital					
	Number of Shares	Amount	Other Equity Reserve	Accumulated Other Comprehensive Loss	Deficit	Total
Balances, 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
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**

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)

Year ended December 31, 2014, six months ended December 31, 2013 and year ended June 30, 2013

	December 31, 2014	December 31, 2013	June 30, 2013
Cash provided by (used in):			
Operations:			
Loss for the period	**$(17,063)**	$(6,124)	$(19,134)
Items not affecting cash:			
Interest and finance expenses	**6,700**	-	-
Loss on marketable securities	**4,109**	3,676	14,606
Depreciation and accretion	**146**	25	2
Loss (Gain) on embedded derivatives	**338**	(278)	-
Interest income	**(218)**	(197)	(1,206)
Stock-based compensation	**938**	335	2,216
	(5,050)	(2,563)	(3,516)
Changes in non-cash working capital items:			
Amounts receivable	**54**	(73)	780
Prepaid expenses	**84**	(68)	(85)
Accounts payable and accrued liabilities	**201**	(127)	273
Interest received	**218**	197	1,206
	(4,493)	(2,634)	(1,342)
Investments:			
Plant and equipment purchases	**(118)**	(310)	-
Transaction costs for purchase of shares	**-**	-	(186)
Reclamation bond	**-**	-	506
Trust account for surety bond	**(2,080)**	-	(200)
Deposits for development costs	**(385)**	(931)	2,706
Development costs	**(45,237)**	(17,212)	(33,533)
	(47,820)	(18,453)	(30,707)
Financing:			
Issuance of common shares (note 13)	**-**	-	110
Debt financing	**54,000**	15,000	36,000
Transaction costs for debt financing	**(8,056)**	-	(6,522)
Interest paid	**(6,507)**	-	-
	39,437	15,000	29,588
Effects of exchange rate changes on cash held in foreign currencies	**52**	292	416
Increase (decrease) in cash and cash equivalents	**(12,824)**	(5,795)	(2,045)
Cash and cash equivalents, beginning of the period	**46,070**	51,865	53,910
Cash and cash equivalents, end of the period	**$33,246**	$46,070	$51,865
Supplementary information:			
Depreciation capitalised in mineral properties, plant, and equipment	**$121**	$66	$70
Stock-based compensation included in mineral properties	**313**	105	454
Asset retirement obligation change	**223**	113	184
Mineral properties, plant, and equipment in accounts payable and accrued liabilities	**3,019**	3,094	1,268
Purchase of marketable securities using shares (note 4)	**$-**	$-	$23,969

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

1. Nature of operations 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 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 financing in 2015 in order to meet interest payment commitments and expected operating costs in 2015. 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. 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 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") effective as of December 31, 2014.

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 17, 2015.

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. 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 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.

ii) Taxation

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

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

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.

iv) 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. 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.

(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 share based compensation expense, which is translated at the rates of exchange applicable at the date of grant of the share-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.

2. Significant accounting policies (continued):

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 $6,839 surety bond and this amount is not currently available for general corporate use.

(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).

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 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.

(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. 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.

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.

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	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 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) 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 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 share-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.

(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:

In July 2014, the IASB issued the final version of IFRS 9 “Financial Instruments”. This standard is effective for annual periods beginning on or after January 1, 2018, and permits early adoption. IFRS 9 provides a revised model for recognition, measurement and impairment of financial instruments. IFRS 9 also includes a substantially reformed approach to hedge accounting. The Corporation is in the process of determining the impact of IFRS 9 on its consolidated financial statements.

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, 2017, and permits early adoption. The Corporation is in the process of determining the impact of IFRS 15 on its consolidated financial statements.

(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, in consideration for the issuance of 7,315,000 common shares of the Corporation. The fair 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 was 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 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 (six months ended December 31, 2013 – $3,676 ($3,910 CAD) and year ended June 30, 2013 - $14,606 ($15,362 CAD)) as a result. The fair value of the Mercator shares at December 31, 2014 is nil.

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
Additions	46,867	-	118	46,985
As at Dec. 31, 2014	**172,233**	**-**	**1,128**	**173,361**
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
Additions	-	-	254	254
As at Dec. 31, 2014	**-**	**-**	**606**	**606**
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
As at Dec. 31, 2014	**$172,233**	**$-**	**$522**	**$172,755**

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 $1,650 to December 31, 2014.

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 capitalised for the year ended December 31, 2014 and six months ended December 31, 2013 and the year ended June 30, 2013 on the Property consists of the following:

				Development Costs			
	Dec. 31, 2014	2014	Dec. 31, 2013	July-Dec. 2013	June 30, 2013	2012-2013	June 30, 2012
Property payments	**$1,961**	$-	$1,961	$107	$1,854	$214	$1,640
Advance royalty payments	**1,650**	600	1,050	300	750	600	150
Water rights	**1,407**	244	1,163	142	1,021	144	877
Drilling	**36,614**	-	36,614	860	35,754	2,141	33,613
Geological consulting, exploration & related	**7,627**	496	7,131	351	6,780	838	5,942
Feasibility, engineering & related studies	**17,571**	-	17,571	1,509	16,062	3,726	12,336
Permits/ environmental	**8,278**	1,681	6,597	975	5,622	2,019	3,603
East deposit underground project							
Underground access, hoist, head frame, power, & related	**63,375**	26,609	36,766	10,563	26,203	21,583	4,620
Eng. procurement	**10,431**	3,653	6,778	4,435	2,343	2,343	-
Surface infrastructure	**3,371**	3,371	-	-	-	-	-
Site costs	**9,307**	5,787	3,520	1,285	2,235	604	1,631
	161,592	42,441	119,151	20,527	98,624	34,212	64,412
Amortisation	**455**	121	334	66	268	70	198
Capitalised interest	**6,594**	3,992	2,602	1,830	772	772	-
Stock-based compensation	**3,592**	313	3,279	105	3,174	454	2,720
Total	**$172,233**	$46,867	$125,366	$22,528	$102,838	$35,508	$67,330

(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
Additions	-	3	54	61	118
As at Dec. 31, 2014	**480**	**96**	**139**	**413**	**1,128**
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
Additions	51	11	36	156	254
As at Dec. 31, 2014	**189**	**79**	**93**	**245**	**606**
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
As at Dec. 31, 2014	**$291**	**$17**	**$46**	**$168**	**$522**

During the year ended December 31, 2014, the Corporation added $118 in plant and equipment (Six months ended December 31, 2013 - $310 and year ended June 30, 2013 - $2) and had amortisation of plant and equipment of $254 (Six months ended December 31, 2013 - $82 and year ended June 30, 2013 - $71), of which $121 (six months ended December 31, 2013 - $66 and year ended June 30, 2013 - $70) 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 initial tranche of $5 million was received on August 26, 2014. Through December 31, 2014, $15 million (three tranches) have been drawn from the Pala Facility. Both of the two month extensions have been exercised by the Corporation with the maturity date now April 26, 2015. 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 Corporation has paid $355 of interest for the Pala Facility, which was paid in full through December 31, 2014. The Pala Facility is carried at amortised cost on the statement of financial position. The current short term loan carrying value is $14,594.

7. Long term debt (December 30, 2014 loan facility):

On December 30, 2014, the Corporation entered into a $200 million loan facility with EXP T1 Ltd that is owned by RK Mine Finance, ("Red Kite" or the "Loan"). 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.

The Loan is to be repaid by December 31, 2020 with quarterly principal repayments commencing on September 30, 2017. Interest is payable on a quarterly basis with the first interest payment, of $2,554 due on March 31, 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 $7,392 of transaction costs, including the 3.5% origination 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. During the year ended December 31, 2014, $55 of interest was accrued and capitalised to mineral property development costs at an effective interest rate of 11.6%.

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

In addition to, and related to, the Loan, the Corporation also entered into an off-take agreement with Red Kite for the sale of copper concentrates from the underground mine of the eastern 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.

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 $1,005 at December 31, 2014. The change in value was recognised in the statement of operations as other expense of $9 for the year ended December 31, 2014.

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

8. Long term debt (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 relating 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.

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% (Six months ended December 31, 2013 – $1,830 and year ended June 30, 2013 - $772).

In addition to, and related to, the 2013 Loan, the Corporation 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 is 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 was recognised for the 2013 Loan. The embedded derivative fair value of Tranche A of the loan at inception was $847 (December 31, 2013 - $582). The embedded derivative fair value of Tranche B of the 2013 Loan at inception was $246 (December 31, 2013 - $233). When the 2013 Loan was repaid, the embedded derivative was settled.

9. Interest and finance expenses:

	Year ended December 31, 2014	Six months ended December 31, 2013	Year ended June 30, 2013
Expenses:			
Red Kite March 28, 2013 settlement costs	**$6,084**	$-	$-
Pala Facility August 26, 2014 interest costs	**616**	-	-
	$6,700	$-	$-

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

10. Related party transactions:

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

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

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).

The Corporation has entered into management agreements with certain senior officers. In the event that there is a change of control, the Corporation may be required to pay severance payments ranging from one to three years of salary for these senior officers. The amount of this contingent liability is $1,759 ($2,041 CAD).

As of December 31, 2014, accounts payable and accrued liabilities include director fees and expenses payable of $108 (December 31, 2013 - $110).

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.

11. 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, 2014	Six months ended Dec. 31, 2013	Year ended June 30, 2013
Short-term employee benefits	**$883**	$632	$1,160
Stock-based compensation	**861**	311	1,933
Total	**$1,744**	$943	$3,093

12. Asset retirement obligation:

The asset retirement obligation has been recorded as a liability at fair value, assuming a risk-free discount rate of 1.7% and an inflation factor of 2.0%. The liability for retirement and remediation on an undiscounted basis before an inflation factor of 2.0% is estimated to be approximately $924 and as of December 31, 2014 settlement is expected to be by December 31, 2019.

	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**
Change in estimated timing and amount of closure costs	223
Accretion	13
Balance at Dec. 31, 2014	**$963**

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

13. 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, 2014, the Corporation has stock options outstanding to directors, officers and employees to acquire an aggregate of 7,590,000 common shares summarised as follows. All of these options vested upon grant except for 100,000 which vest over three years and 250,800 which vest over two years. The outstanding options have expiry periods between 3 and 9 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 December 31, 2013	7,220,000	3.35
Granted	770,000	2.00
Expired	(400,000)	4.28
Exercised	-	-
Outstanding December 31, 2014	**7,590,000**	**$2.90**
Exercisable December 31, 2014	**7,239,200**	**$2.93**

During the year ended December 31, 2014, under the fair value method, $647 (six months ended December 31, 2013 – $440 and year ended June 30, 2013 - $2,670) in share-based compensation was recorded for options granted to officers and employees, of which $334 (six months ended December 31, 2013 - $308 and year ended June 30, 2013 - $2,216) was charged to operations and $313 (six months ended December 31, 2013 – $105 and year ended June 30, 2013 - $454) was capitalised to development costs.

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

13. 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:

	Year ended Dec. 31, 2014	Six months ended Dec. 31, 2013	Year ended Jun. 30, 2013
Risk free interest rate	**1.60%**	1.89%	1.60%
Expected dividend yield	**0%**	0%	0%
Expected stock price volatility	**49%**	66%	90%
Expected life in years	**5**	5	8
Expected forfeitures	**0%**	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.

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 are subject to disinterested shareholder approval at the Corporation's 2015 annual general meeting to be held prior to 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	Revised Exercise Price	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)

13. Share capital (continued):

The following table summarises the stock options outstanding and exercisable as at December 31, 2014:

	Outstanding		Exercisable	
Exercise price	Number outstanding	Weighted average remaining life (years)	Number outstanding	Weighted average remaining life (years)
$0.75 - $1.00	725,000	3.61	725,000	3.61
$1.01 - $3.74	4,830,000	5.25	4,479,200	5.35
$3.75 - $5.37	2,035,000	6.56	2,035,000	6.56
	7,590,000	**5.44**	**7,239,200**	**5.52**

In December 2013 and August 2014 directors were granted deferred share units ("DSUs"), which replaced stock option grants as a component of their compensation. All of the DSUs have vested. The Corporation recognised $604 of expense for the year ended December 31, 2014 (six months ended December 31, 2013 – $27) in the statement of operations in respect of the DSUs.

(c) Warrants:

As of December 31, 2014, 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 and 2014	-	-

14. Public company expenses:

	Year ended December 31, 2014	Six months ended December 31, 2013	Year ended June 30, 2013
Expenses:			
Investor relations	**$628**	$225	$615
Directors' fees and related	**518**	217	335
Other public company expenses	**147**	82	159
	$1,293	$524	$1,109

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

15. Debt advisory fees, due diligence fees, and business development expenses:

	Year ended December 31, 2014	Six months ended December 31, 2013	Year ended June 30, 2013
Expenses:			
Debt advisory fees	**$639**	$-	$167
Due diligence & project reviews	**307**	74	18
Other professional fees	**258**	427	-
Travel	**116**	8	68
Business development general	**162**	74	166
	$1,482	$583	$419

16. 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, 2014, the six months ended December 31, 2013 and the year ended June 30, 2013:

	Dec. 31, 2014	Dec. 31, 2013	Jun. 30, 2013
Loss before Taxes	**$(17,063)**	$(6,124)	$(19,134)
Canadian Statutory Tax Rate	**26.00%**	26.00%	25.25%
Expected tax expense / (recovery)	**(4,436)**	(1,592)	(4,831)
Permanent differences	**898**	664	2,406
Items credited/charged through equity	**91**	49	(152)
Changes in income tax rates and foreign tax rates	**(421)**	(1)	(301)
Foreign exchange	**86**	24	175
Expired losses and other	**440**	(218)	142
Deferred tax assets not recognised	**3,342**	1,074	2,561
Income Tax Expense / (Recovery)	**$ -**	$ -	$ -

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

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

16. 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, 2014	Dec. 31, 2013	Jun. 30, 2013
Capitalised interest and foreign exchange	**$(655)**	$(728)	$(189)
Asset retirement obligation	**(329)**	(251)	(211)
Mineral properties, plant and equipment	**(173)**	(86)	(25)
Tax losses	**677**	750	211
Asset retirement obligation asset and other	**480**	315	214
Net deferred income tax liabilities	**$ -**	$ -	$ -

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

	Dec. 31, 2014	Dec. 31, 2013	Jun. 30, 2013
Marketable securities	**$2,776**	$18,120	$14,614
Long term debt and other	**1,915**	815	64
Deductible temporary differences on account of capital	**4,691**	18,935	14,678
Tax Losses (Canada)	**25,663**	16,799	14,024
Financing Costs	**6,748**	1,714	2,499
Mineral properties, plant and equipment	**180**	388	197
Other	**130**	28	77
Deductible temporary differences on account of income	**32,721**	18,929	16,797
	$37,412	$37,864	$31,475

The Corporation has Canadian tax loss carry forwards of approximately $30,143 CAD and US tax loss carry forwards of approximately $60 as at December 31, 2014. The non-capital losses can offset deferred income for tax purposes which expire between 2015 and 2034.

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

17. 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, 2014**	Dec. 31, 2013
Loans and receivables		
Cash and cash equivalents	**$33,246**	$46,070
Amounts receivable	**65**	119
Restricted cash	**2,280**	200
Available for Sale		
Marketable securities	**-**	4,109
Total financial assets	**$35,591**	$50,498
Financial liabilities		
Other-financial liabilities		
Accounts payable and accrued liabilities	**$5,699**	$7,913
Short term debt	**14,594**	-
Long term debt	**85,734**	50,845
Fair value through profit and loss		
Embedded derivatives	**1,005**	815
Total financial liabilities	**$107,032**	$59,573

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

17. 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, 2014:

	Payments due by period				
Contractual obligations	Total	1 year	2-3 years	4-5 years	5 years+
Lease obligation – payment on Pumpkin Hollow Property *(i)*	$10,900	$600	$1,800	$2,000	$6,500
First amendment to lease – payment of water rights on property	1,892	189	378	179	1,146
City of Yerington –advanced water service payments	481	131	175	175	-
Accounts payable and accrued liabilities	5,699	5,699	-	-	-
Short-term debt	15,477	15,477	-	-	-
Long-term debt *(ii)*	129,948	10,188	31,977	59,958	27,825
Total USD obligations	$164,397	$32,284	$34,330	$62,312	$35,471
	CAD	CAD	CAD	CAD	CAD
Office lease	$886	$221	$453	$212	-
Total CAD obligations	$886	$221	$453	$212	-

Lease obligations over five years for lease payments relating to water rights are $1,146.

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

(ii) See note 7 for contractual maturity.

17. 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.

(*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, 2014, the Corporation held $7,922 CAD (December 31, 2013 - $24,980 CAD) in cash and cash equivalents in a company with a functional currency of United States dollars. At December 31, 2014, the Corporation held $1,156 CAD (December 31, 2013 - $495 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 +/- $677 on loss and comprehensive loss for the year ended December 31, 2014.

(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 $35,591 as at December 31, 2014, 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, 2014, 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, 2015. 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.

18. 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.

19. Subsequent events:

During February 2015, the second Pala loan (note 6) extension was granted and is now due on April 26, 2015.

The Corporation reduced the restricted cash amount by $350 as the reclamation bond requirement decreased resulting in a less collateral required. This amount was added to Cash and cash equivalents subsequent to December 31, 2014.

CORPORATE INFORMATION

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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, 2014)
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*

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