



**Annual Information Form**

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**For the Year Ended December 31, 2018**  
**Effective Date: March 29, 2019**

**NEVADA COPPER CORP.**

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## **INTRODUCTION**

In this Annual Information Form (“AIF”), the “Company”, the “Corporation”, “Nevada Copper”, “NCU”, “we”, “our” and “us” refer to Nevada Copper Corp. and its subsidiaries (unless the context otherwise requires). We refer you to the public disclosure documents of the Company, which may be found on the System for Electronic Document Analysis and Retrieval (“SEDAR”) at [www.sedar.com](http://www.sedar.com), for more complete information than may be contained in this AIF. In this AIF, unless otherwise specified, all dollar amounts are expressed in United States Dollars (“US\$” or “\$”). Amounts expressed in Canadian dollars are indicated by “C\$”.

## **DATE OF INFORMATION**

Unless otherwise indicated, all information contained in this AIF of the Company is stated as at March 29, 2019.

## **FINANCIAL INFORMATION**

All financial information in this AIF of the Company is prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

## **FORWARD-LOOKING STATEMENTS**

Certain of the statements made and information contained herein contain forward-looking information within the meaning of applicable Canadian and United States securities laws. Such forward-looking statements and forward-looking information include, but are not limited to statements concerning: Nevada Copper’s plans at the Project (as defined below); the ongoing construction of the Underground Project (as defined below); the commencement of production at the Underground Project; the other plans of Nevada Copper with respect to the development at the Project; ongoing work on a new technical report and the objectives and results thereof; ongoing discussions relating to financing and offtake matters and the objectives and results thereof; the estimation of mineral resources and reserves; the realization of mineral resources and reserve estimates; the timing and amount of estimated future production, capital costs, costs of production and capital expenditures; the success of mining operations; environmental risks; and other mining related matters.

Forward-looking statements and information include statements regarding the expectations and beliefs of management. Often, but not always, forward-looking statements and forward-looking information can be identified by the use of words such as “plans”, “expects”, “potential”, “is expected”, “anticipated”, “is targeted”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates”, or “believes” or the negatives thereof or variations of such words and phrases or statements that certain actions, events or results “may”, “could”, “would”, “might” or “will” be taken, occur or be achieved. Forward-looking statements and information should not be read as guarantees of future performance and results. They are subject to known and unknown risks, uncertainties and other factors which may cause actual results and events to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or information.

Forward-looking statements and information are subject to a variety of risks and uncertainties which could cause actual events or results to differ from those reflected in the forward-looking statements and information, including, without limitation, risks and uncertainties relating to: history of losses; requirements for additional capital; dilution; adverse events relating to construction and development; cost overruns; loss of material properties; interest rates increase; global economy; no history of production; future metals price fluctuations; speculative nature of exploration activities; periodic interruptions to exploration, development and mining activities; environmental hazards and liability; industrial accidents; failure of processing and mining equipment to perform as expected; labour disputes; supply problems; uncertainty of production and cost estimates; the interpretation of drill results and the estimation of mineral resources and reserves; changes in project parameters as plans continue to be refined; possible variations in ore reserves, grade of mineralization or recovery rates may differ from what is indicated and the difference may be material; legal and regulatory proceedings and community actions; accidents; title matters; regulatory restrictions; permitting and licensing; volatility of the market price of the Company’s common shares; insurance; competition; hedging activities; currency fluctuations; loss of key employees; other risks of the mining industry; and those factors discussed in the section entitled “Risk Factors” in this AIF. Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in forward-looking statements and information. Although the Company has

attempted to identify important factors that could cause actual results to differ materially, there may be other factors that could cause results not to be as anticipated, estimated or intended. For more information on Nevada Copper and the risks and challenges of its business, investors should review Nevada Copper's filings that are available at [www.sedar.com](http://www.sedar.com).

Readers are advised not to place undue reliance on forward-looking statements and information. The forward-looking statements and information contained herein are made as of the date of this AIF (or as otherwise indicated) and the Company disclaims any intent or obligation to update forward-looking statements and information except as required by law.

**NOTE**  
**REGARDING DIFFERENCES IN UNITED STATES AND**  
**CANADIAN MINERAL REPORTING PRACTICES**

**Resource and Reserve Estimates**

Certain terms contained in this AIF have been prepared in accordance with the requirements of the securities laws in effect in Canada, which differ from the requirements of United States securities laws in effect for the periods covered in this AIF. The terms “mineral reserve”, “proven mineral reserve” and “probable mineral reserve” are mining terms as defined in accordance with Canadian National Instrument 43-101 - *Standards of Disclosure for Mineral Projects* (“NI 43-101”) and the Canadian Institute of Mining, Metallurgy and Petroleum (the “CIM”) - CIM Definition Standards on Mineral Resources and Mineral Reserves, adopted by the CIM Council, as amended. These definitions differ from the definitions in the U.S. Securities and Exchange Commission’s (the “SEC”) Industry Guide 7 (“SEC Industry Guide 7”) under the United States Securities Act of 1933, as amended (the “U.S. Securities Act”), which was in effect for the periods covered in this AIF. Under SEC Industry Guide 7 standards, mineralization may not be classified as a “reserve” unless the determination has been made that the mineralization could be economically and legally produced or extracted at the time the reserve determination is made. Among other things, all necessary permits would be required to be in hand or issuance imminent in order to classify mineralized material as reserves under the SEC standards. Under SEC Industry Guide 7 standards, a “final” or “bankable” feasibility study is required to report reserves, the three-year historical average commodity price is used in any reserve or cash flow analysis to designate reserves and the primary environmental analysis or report must be filed with the appropriate governmental authority.

In addition, the terms “mineral resource”, “measured mineral resource”, “indicated mineral resource” and “inferred mineral resource” are defined in and required to be disclosed by NI 43-101; however, these terms are not defined terms under SEC Industry Guide 7 and are normally not permitted to be used in reports and registration statements filed with the SEC. Investors are cautioned not to assume that any part or all of mineral deposits in these categories will ever be converted into reserves. “Inferred mineral resources” have a great amount of uncertainty as to their existence, and great uncertainty as to their economic and legal feasibility. It cannot be assumed that all or any part of an inferred mineral resource will ever be upgraded to a higher category. Under Canadian rules, estimates of inferred mineral resources may not form the basis of feasibility or pre-feasibility studies, except in certain restricted cases. Investors are cautioned not to assume that all or any part of an inferred mineral resource exists or is economically or legally mineable. Disclosure of “contained ounces” in a resource is permitted disclosure under Canadian regulations; however, the SEC has normally only permitted issuers to report mineralization that does not constitute “reserves” by SEC Industry Guide 7 standards as in place tonnage and grade without reference to unit measures.

Accordingly, for historical periods covered in this AIF, information contained in this AIF and the documents referred to herein contain descriptions of our mineral deposits that may not be comparable to similar information made public by U.S. companies subject to the reporting and disclosure requirements under the United States federal securities laws and the rules and regulations thereunder.

The SEC has adopted final rules, effective February 25, 2019, to replace SEC Industry Guide 7 with new mining disclosure rules under Regulation S-K of the U.S. Securities Act (the “SEC Modernization Rules”). The new rules replace the historical property disclosure requirements included in SEC Industry Guide 7. As a result of the adoption of the SEC Modernization Rules, the SEC now recognizes estimates of “measured mineral resources”, “indicated mineral resources” and “inferred mineral resources”. In addition, the SEC has amended its definitions of “proven mineral reserves” and “probable mineral reserves” to be substantially similar to international standards. The SEC Modernization Rules will become mandatory for U.S. reporting companies beginning with the first fiscal year commencing on or after January 1, 2021.

## DEFINITIONS

<b>Reserves:</b>	<p><b>Mineral Reserve:</b> The economically mineable part of a Measured or Indicated Mineral Resource demonstrated by at least a preliminary feasibility study. This study must include adequate information on mining, processing, metallurgical, economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified. A Mineral Reserve includes diluting materials and allowances for losses that may occur when the material is mined.</p>
	<p><b>Proven Mineral Reserve:</b> The economically mineable part of a Measured Mineral Resource demonstrated by at least a preliminary feasibility study. This study must include adequate information on mining, processing, metallurgical, economic, and other relevant factors that demonstrate, at the time of reporting, that economic extraction is justified.</p>
	<p><b>Probable Mineral Reserve:</b> The economically mineable part of an Indicated, and in some circumstances a Measured Mineral Resource, demonstrated by at least a preliminary feasibility study. This study must include adequate information on mining, processing, metallurgical, economic, and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified.</p>
<b>Resources:</b>	<p><b>Resource:</b> A concentration or occurrence of natural material of intrinsic economic interest in or on the Earth's crust in such form and quantity and such a grade or quality that it has reasonable prospects for economic extraction. The location, quantity, grade, geological characteristics and continuity of a mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge.</p>
	<p><b>Measured Mineral Resource:</b> That part of a mineral Resource for which quantity, grade or quality, densities, shape, and physical characteristics are so well established that they can be estimated with confidence sufficient to allow the appropriate application of technical and economic parameters, to support production planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough to confirm both geological and grade continuity.</p>
	<p><b>Indicated Mineral Resource:</b> That part of a mineral Resource for which quantity, grade or quality, densities, shape and physical characteristics, can be estimated with a level of confidence sufficient to allow the appropriate application of technical and economic parameters, to support mine planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough for geological and grade continuity to be reasonably assumed.</p>
	<p><b>Inferred Mineral Resource:</b> That part of a mineral Resource for which quantity and grade or quality can be estimated on the basis of geological evidence and limited sampling and reasonably assumed, but not verified, geological and grade continuity. The estimate is based on limited information and sampling gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes.</p>

## **CORPORATE STRUCTURE**

### **Name, Address and Incorporation**

Nevada Copper was incorporated under the *Business Corporations Act* (Yukon) on June 16, 1999 under the name “African Venture Corporation”. The articles of the Company were amended on July 26, 1999 to change the name of the Company to “Astron Resources Corporation” and were further amended on November 16, 2006 to change the name to Nevada Copper Corp. The Company was continued into British Columbia under the *Business Corporations Act* (British Columbia) on November 16, 2006 and adopted new articles. The Company has an authorized share capital of an unlimited number of common shares without par value.

The Company’s registered office is located at Suite 598, 999 Canada Place, Vancouver, British Columbia, V6C 3E1, telephone number 604-683-8992. The Company’s corporate office is located at Suite 765, 100 W Liberty St, Reno, Nevada 89501.

In October, 2013, the Company changed its financial year end from June 30 to December 31. The Company’s common shares (the “Common Shares”) trade on the Toronto Stock Exchange (the “TSX”) in Canada under the symbol “NCU”.

### **Intercorporate Relationships**

The Company currently has the following wholly-owned subsidiaries: Nevada Copper, Inc. (“NCI”) (formerly Pumpkin Copper Inc.), incorporated on February 2, 2006 in Nevada, USA; 0607792 B.C. Ltd. (“607792 BC”) (formerly 607792 British Columbia Ltd.), which was incorporated on May 26, 2000 in British Columbia, dissolved on February 4, 2008 and restored in British Columbia on June 22, 2010; and Lion Iron Corp., incorporated in Nevada, USA, on June 4, 2012. NCI is the manager of, and holds a 100% interest in the following subsidiaries: NC Farms LLC, formed in the State of Nevada on March 13, 2014 and NC Ditch Company LLC, formed in the State of Nevada on April 8, 2014.

607792 BC was acquired by the Company pursuant to a reverse take-over transaction with the shareholders of 607792 BC which was completed on August 15, 2006. 607792 BC held all the rights under an option agreement (the “PHC Option”) dated December 1, 2005 with RGGGS Land & Minerals, Ltd., LP (“RGGGS”) in respect of an option to enter into a lease with RGGGS in and to certain fee land and patented lode mining claims (the “Fee Land and Patented Claims”) which comprise a portion of the Pumpkin Hollow development project (the “Project”, or the “Pumpkin Hollow Project”) situated in Lyon County, Nevada. On May 4, 2006, 607792 BC exercised its rights under the PHC Option and entered into a lease agreement (the “Lease Agreement”) with RGGGS in respect of the exploration and development of the Fee Land and Patented Claims comprising part of the Project, details of which are further described below.

NCI was a wholly-owned subsidiary of 607792 BC and staked certain additional unpatented Federal lode mining claims (the “Unpatented Claims”) which comprise a portion of the Project. 607792 BC assigned all of its interest in and to the Lease Agreement to the Company prior to its dissolution on February 4, 2008 and upon the dissolution of 607792 BC, NCI became a direct wholly-owned subsidiary of the Company. In July 2009, the Company assigned the Lease Agreement to NCI.

## **GENERAL DEVELOPMENT OF THE BUSINESS**

### **Three Year History**

Nevada Copper owns 100% of the Pumpkin Hollow Project located in Nevada, United States. The Pumpkin Hollow Project is a large advanced-stage development copper property with Mineral Reserves and Resources including copper, gold, silver, as well as an iron magnetite resource. As described below, the Pumpkin Hollow Project consists of the underground project (the “Underground Project”), which is currently under construction, and an open pit mine (the “Open Pit Project”), which is currently in development stage (*see – Mineral Properties*).

The Company’s activities during the last three years, as well as certain highlights from prior years, have included:

- In December 2014, Congressional legislation directing the sale of 10,059 acres of Federal land (the “Yerington Land Conveyance”) was signed into law by the President of the United States. In August 2015, the Yerington Land Conveyance was completed by the Bureau of Land Management (“BLM”), resulting in the transfer by deed of surface and mineral rights covering 10,059 acres by the BLM to the City of

Yerington (the “City”). In October 2015, the City conveyed, by deed, surface and mineral rights for 9,040 acres of those conveyed lands to NCI. The combined existing and conveyed private lands owned or controlled by the Company total 11,597 acres. As a result, the entire project described in the 2017 Technical Report (as defined below) is now located on private land and can be constructed and operated under Nevada State permits. Subsequent to the completion of the Yerington Land Conveyance, there remains approximately 6,830 acres of additional U.S. unpatented mineral claims located on BLM administered Federal lands that are controlled by Nevada Copper.

- As a result of the Yerington Land Conveyance, the Project can be developed under state regulations without federal environmental permits and compliance with National Environmental Policy Act requirements. On October 12, 2015, the City approved a Master Plan Amendment and zoned all of the lands encompassing the Project to M1-Industrial, which is the least restrictive zoning class that allows industrial development, including mining.
- On February 26, 2015, the Company announced the completion of the production sized shaft at the Project to the main 1,900 foot haulage level at the Eastern underground development.
- The Company has acquired water rights for use at the Project totaling 4,224 acre feet. These rights include 3,500 acre feet of water to be supplied under a water service agreement between the City and NCI dated August 10, 2009 and as amended on July 25, 2011. The balance of the water rights were acquired by private transaction on April 29, 2008.
- During 2016 and 2017, management maintained the Project’s “construction ready” status.
- On April 21, 2016, the Company entered into an amended and restated loan and security agreement with Pala Investments Limited (“Pala”), pursuant to which a \$21.7 million bridge loan facility was replaced with a convertible subordinated loan facility (the “Pala Convertible Loan Facility”) and Pala funded a \$5 million (C\$6.6 million) additional advance thereunder. The effectiveness of the Pala Convertible Loan Facility was subject to receipt of shareholder approval, which was obtained on May 27, 2016, and the closing of the loan amendment and advancement of the further \$5 million drawdown was completed on June 3, 2016.
- On June 9, 2016, the Company completed an equity offering of 7,666,667 Common Shares at a price of C\$0.60 per Common Share for total gross proceeds to the Company of C\$4.6 million. .
- On February 24, 2017, the Company entered into a further amendment of the Pala Convertible Loan Facility pursuant to which, among other things, Pala advanced a further \$5 million to the Company (the “2017 Advance”). As amended, all principal, interest, and fees on the 2017 Advance were convertible by Pala into Common Shares at a conversion price per share equal to the lesser of C\$0.90 (being a 15% premium to the 20 day volume-weighted average trading price at the agreement date) and 115% of the subscription price of any Common Shares in any equity financing within six months of the loan amendment date. All other amounts outstanding pursuant to the Pala Convertible Loan Facility were convertible by Pala into Common Shares at a conversion price of C\$0.69 per share. The maturity date of the Pala Convertible Loan Facility was changed to December 31, 2018. Interest accrued on the Pala Convertible Loan Facility at 12% per annum and was payable at maturity. The Company’s obligations under the Pala Convertible Loan Facility were secured against all the assets of the Company and its subsidiaries, which security was subordinate to Red Kite’s (as defined below) security in respect of the 2014 Red Kite Loan and Security Agreement (as defined below). Additionally, in consideration for the 2017 Advance, the Company paid Pala a \$200,000 arrangement fee, and issued Pala 2.5 million warrants with a 3-year term and an exercise price of C\$0.97. Disinterested shareholder approval of the amended terms of the Pala Convertible Loan Facility was received at the Company’s Annual and Special Meeting of Shareholders held on April 28, 2017. All amounts outstanding under the Pala Convertible Loan Facility were converted into Common Shares on January 19, 2018 (see below “*The Restructuring - Pala Debt Conversion and Investor Rights Agreement*”).
- Additionally, on February 24, 2017, Nevada Copper successfully secured extensions of certain performance obligations under the loan and security agreement dated December 30, 2014 (as amended, the “2014 Red Kite Loan and Security Agreement”) between the Company and Red Kite Mine Finance, through its



affiliate EXP T1 Ltd. (“Red Kite”) (see below “*The Restructuring - Red Kite Debt Restructuring and Pala Debt Conversion and Investor Rights Agreement*”).

- On November 14, 2017, Pala advanced the Company a bridge loan in the principal amount of \$3,500,000, to fund completion of the 2017 Technical Report and provide working capital (the “Bridge Loan”). The Bridge Loan was repaid in full, along with accrued interest on January 19, 2018.
- On November 30, 2017, the Company filed a technical report titled “Nevada Copper Pumpkin Hollow Project NI 43-101 Technical Report: Pumpkin Hollow Development Options – Pre-feasibility Study 5,000 tons/day Underground Project; Feasibility Study for a 70,000 tons/day Open Pit/Underground Project”, effective as of September 15, 2017, as amended on January 3, 2018 (the “2017 Technical Report”) prepared by Timothy Arnold, P.E., Rex Bryan, RM SME, Greg French, P.G., John Grady, CPEng CPPD, Brad Hennessey, P.E., Chris Johns, P.Eng, Mel Lawson, RM SME, Edwin Lips, P.E., Graeme Major, P.E., Robert McKnight, P.Eng, Steven Otto, M.E., P.E, Aleksandar Petrovic, P.Eng, David M. Richers, Ph.D., P.G., Steve Rossetti, CPEng RPEQ, Vicki Scharnhorst, P.E., LEED AP, Andrew P. Schissler, P.E., Ph.D., Neil Schunke, P.Eng, Erik Spiller, RM SME, Jessica Spriet, P.E. and Keith Thompson, C.P.G. (collectively, the “2017 Technical Report Authors”). The 2017 Technical Report presented as “Case A” a pre-feasibility level study in respect of the independent development of an underground mine on the Project, with a mill throughput of 5,000 tons per day, and presented as “Case B” a feasibility level study in respect of the integrated development of underground and open pit mines on the Project, with a mill throughput of 70,000 tons per day.
- On December 21, 2017, the Company entered into arrangements for a construction financing and recapitalization package (the “Restructuring”) designed to provide the Company with a comprehensive funding solution and clear pathway towards first production in 2019 from the Underground Project. The Restructuring was comprised of the following (see below “*The Restructuring*” for further details):
  - Aggregate gross proceeds of C\$128,205,128 raised pursuant to the Special Warrant Offering (as defined below) from various investors, including Pala and investment funds managed by Castl lake, L.P. (“Castl lake”);
  - \$70 million precious metals stream from Triple Flag Mining Finance Bermuda Ltd. (“Triple Flag”), in relation to precious metal production from the Underground Project;
  - \$80 million amended senior secured loan facility from Red Kite;
  - \$53 million debt to equity conversion by Red Kite and Pala;
  - \$25 million working capital facility which Concord Resources Ltd. (“Concord”) was mandated to arrange for the Company (the Company is continuing to pursue this facility); and
  - up to a \$60 million equity backstop from Pala (which was satisfied upon the completion of the July 2018 Offering, as described below).
- On August 28, 2018, the Company announced the construction decision for the Underground Project (the “Construction Decision”) and awarded an underground mining contract for shaft sinking and underground mine development to Cementation, USA, Inc. and an engineering, procurement and construction (“EPC”) contract for the surface plant and infrastructure at the Project to Sedgman USA Inc. (“Sedgman”), a member of CIMIC Group, for a fixed price of \$118 million.
- In connection with the Construction Decision, the Company received a commitment from Pala to make available to the Company, at the Company’s election, a standby subordinated loan facility of up to \$25 million at market terms to be mutually agreed and on intercreditor terms acceptable to the Company’s secured lenders. The commitment has been provided should the Company require funds over the 12-to-24 month period following the Construction Decision for various corporate purposes, including but not limited to, costs of the Underground Project, advancement of the Open Pit Project and exploration drilling.
- On October 11, 2018, the Company filed a technical report on SEDAR (the “October 2018 Technical Report”). The October 2018 Technical Report, entitled “Pumpkin Hollow Development Options – NI 43-101 Technical Report: Pre-feasibility Study 5,000 tons/day Underground Project (Case A), Feasibility Study for a 70,000 tons/day Open Pit/Underground Project (Case B), and Preliminary Economic Assessment of an Open Pit Project with Initial Capacity of 37,000 tons/day and Expansion to 70,000 tons/day”, has an effective date August 17, 2018. Following the filing of the October 2018 Technical Report, the British Columbia Securities Commission completed a review of the Company’s technical

disclosure. In preparing and presenting the October 2018 Technical Report, the Company sought to provide disclosure of the various development alternatives being considered for the Project. However, the presentation of multiple development scenarios using different levels of technical and economic studies within the October 2018 Technical Report did not comply with the requirements of NI 43-101. As a result, investors should not rely on the October 2018 Technical Report. The Company is preparing to file a new technical report for the Project (the “New Technical Report”) which is expected to, among other things, incorporate the results of the Company’s previously announced 2018 drilling program and evaluate, in addition to the Underground Project currently under construction, a standalone, staged, open pit mine development at a preliminary feasibility study level. The New Technical Report is expected to supersede all prior technical reports for the Project.

- During 2018, the Company incurred \$91 million of exploration, development and engineering expenditures on the Project. The accumulated capitalized mine development costs as at December 31, 2018 were \$342 million.
- During 2018, the Company conducted a drilling program in relation to the Open Pit Project with the objective of further defining the Mineral Resource. Results of that program are expected to be included in the New Technical Report.
- On February 22, 2019, the Company announced that it is in discussions with potential export credit agency-backed project finance lenders with the objective to further optimize its balance sheet for the long-term. Such discussions may provide the opportunity to substantially reduce the cost of the Company’s debt service and attract strong finance partners for potential future Open Pit Project development. Discussions are also ongoing relating to associated agreements to complement such a project finance facility, including a working capital facility, and should it be required or preferable, other financing, such as a standby/overrun facility, as well as offtake arrangements (collectively, the “Financing Arrangements”). There is no assurance that the Company will obtain any or all of the components of the Financing Arrangements.
- The Company also announced on February 22, 2019 that regional survey work has led to new prospects being identified and the Company has staked approximately 5,700 acres of unpatented claims, expanding the Pumpkin Hollow property to the east. The staked claims appear to have good porphyry-style alteration and copper mineralization at surface. The Company is currently mapping and sampling the newly-acquired claims area, in addition to following-up on additional areas of high-grade surface skarn mineralization on its property.

#### **Changes to Management and to the Board of Directors and the Establishment of Advisory Board**

- On January 28, 2016, Messrs. Evgenij Iorich and Stephen Gill were appointed to the board of directors of the Company (the “Board”).
- On February 27, 2017, the Board was reduced to six members with the retirement of Victor Bradley, Joseph Giuffre and Paul Matysek. With Mr. Bradley’s retirement, Mr. Evgenij Iorich, a non-executive director, was appointed as non-executive chairman of the Company effective February 27, 2017.
- On May 23, 2017, Mr. Abraham (Braam) Jonker was appointed as an independent non-executive director of the Board.
- On November 20, 2017, the Company appointed Phillip Day as Vice President, Chief Operating Officer (“COO”) of the Company.
- On February 13, 2018, the Company announced the retirement of Giulio Bonifacio as the President and Chief Executive Officer (“CEO”) of the Company effective as of February 15, 2018. Mr. Abraham (Braam) Jonker, who is currently the chief financial officer (“CFO”) of the Company, was appointed as interim President and CEO.

- On February 22, 2018, the Company announced the formation of an advisory board (the “Advisory Board”) to assist the Company with corporate, technical, operational and financing strategies to further the Company’s key objective of advancing the Pumpkin Hollow Project. Messrs. Tom Albanese and G. Ernest Nutter were appointed to the Advisory Board.
- On March 1, 2018, the Company announced that Stephen Gill, a non-executive director of the Company, had assumed the role of Chairman of the Company, and that Evgenij Iorich, the former Chairman, would continue to serve as a non-executive director of the Company. Additionally, it was announced that John Nagulendran joined the Advisory Board. Mr. Nagulendran is Managing Partner and General Counsel of Pala and formerly held roles with the corporate and mining and metals practices at Herbert Smith Freehills. He holds a Bachelor of Laws degree from King’s College London.
- On March 26, 2018 the Company announced the appointment of Mr. David Swisher as Vice President of Operations and Mr. Timothy Dake as General Manager, Surface Construction. Mr. Swisher is a qualified mining professional with over 23 years’ experience developing and operating both underground and open pit mines. He has held various senior operating roles at various mines in North America and overseen the development of numerous mining projects globally. Most recently, he was Mine Manager at the East Boulder Mine in Montana for Sibanye-Stillwater. Mr. Dake is a mechanical engineer with over 35 years’ experience in the mining and construction industries. He has held various roles at operations both in North America and internationally, including the Fort Knox Gold Mine in Alaska and Grasberg Copper Mine in Indonesia.
- On May 1, 2018, Matthew Gili was appointed as President and CEO of the Company. Mr. Gili has over 20 years of experience in the mining industry, having served in a variety of senior executive roles at Barrick Gold Corporation (“Barrick”) and Rio Tinto. During his 15-year career with Rio Tinto, his appointments included Chief Operating Officer and Vice President of Resource Strategy for the Oyu Tolgoi project in Mongolia, Managing Director of Palabora Mining Company in South Africa, and Mine Manager at Greens Creek, Alaska.
- On May 4, 2018, Tom Albanese, Ernie Nutter and Justin Cochrane were elected to the Board at the Company’s Annual and Special Meeting.
  - Mr. Albanese is currently a Director of Franco-Nevada Corporation. He was previously Chief Executive Officer and a Director of Vedanta Resources plc and Vedanta Limited from 2014 to 2017. Mr. Albanese was Chief Executive Officer of Rio Tinto plc from 2007 to 2013, and previously served on the boards of Palabora Mining Company and Turquoise Hill Resources Limited. Mr. Albanese holds a Master of Science degree in Mining Engineering and a Bachelor of Science degree in Mineral Economics both from the University of Alaska Fairbanks.
  - Mr. Nutter is a highly regarded mining analyst, formerly with one of the world’s largest money managers, Capital Group, from 2004 until his retirement in 2017. Prior to this, he spent over 13 years with the Royal Bank of Canada (RBC) where he was Managing Director of RBC Capital Markets, Director of RBC’s Global Mining Research team and former Chairman of RBC Dominion Securities’ (now RBC Capital Markets) Strategic Planning Committee. Mr. Nutter holds a Bachelor of Science degree in Geology from Dalhousie University.
  - Mr. Cochrane is currently President and COO of Cobalt 27 Capital Corp., with over 16 years of royalty and stream financing, M&A and corporate finance experience. He previously served as Executive VP and Head of Corporate Development for Sandstorm Gold Ltd. (“Sandstorm”). Prior to Sandstorm, Mr. Cochrane was a Vice President with National Bank Financial Inc., having spent nine years in their investment banking group. Mr. Cochrane is a CFA charterholder and graduated from the University of British Columbia with a Bachelor of Commerce with honours with a major in Finance.
- On May 17, 2018, Mr. Gili was appointed to the Board.

- On August 13, 2018, Mr. Albanese, an independent director, was appointed Lead Director to facilitate the independent functioning of the Board.
- On October 1, 2018, Abraham Jonker was appointed as CFO of the Company. Mr. Jonker had been a member of the Board since May 2017 and served as interim CEO between February 15, 2018 and May 1, 2018. Mr. Jonker stepped down from his position as Non-Executive Director of the Company on October 1, 2018. Mr. Bob McKnight concurrently transitioned from CFO to a new role as Executive Vice President, Concentrate Sales and Logistics.
- On October 1, 2018, Mark Wall was appointed as Chief Commercial Officer of the Company. Mr. Wall has more than 22 years of experience in the mining industry, most recently as Senior Vice President & Operations Officer for Barrick where he was responsible for coordinating all aspects of Barrick's portfolio of operations. Mr. Wall has significant experience in operations, risk management and sustainability. During his twelve years at Barrick, he served as General Manager for the Veladero operations in Argentina, Barrick's Vice President of non-financial assurance activities (Environment, Safety & Health, Maintenance, Technical Services, Community Relations and Security), and other senior roles. He also served on the Executive Committee of Australia's largest open pit gold mine, a joint venture between Barrick and Newmont Mining Corporation. Prior to joining Barrick, Mr. Wall worked with Placer Dome Inc. and Western Mining Corporation.
- On December 12, 2018, Anthony Cina joined the Advisory Board. Mr. Cina is a Board Advisor, Corporate Director and serves as a Consultant at Emergent Technologies Holdings, LP. Mr. Cina has served in various senior executive roles at publicly-traded mining companies, most recently as Senior Vice President at Yamana Gold Inc. He has over 25 years' experience in accounting, finance and tax-related matters. Mr. Cina has also been involved in several mergers and acquisitions, operations optimization initiatives and asset and debt restructuring transactions. He is a director and serves as chairman of the Audit Committee of Itafos. Mr. Cina is a Chartered Accountant and Chartered Professional Accountant, and was recently awarded the ICD.D designation from the Institute of Corporate Directors. He holds a Bachelor of Commerce degree from the University of Toronto.
- On March 28, 2019, Phil Day was appointed to the Board and resigned as Chief Operating Officer. Mr. David Swisher, who was the Company's Vice President, Operations, became the Company's Senior Vice President, Operations with responsibility for the management and oversight of all construction and technical activities at the Project.

### **The Restructuring**

#### **The Special Warrant Offering**

- On January 19, 2018, the Company completed a private placement offering of 256,410,256 special warrants each exercisable for one Common Share (the "Special Warrants") at a price of C\$0.50 for aggregate gross proceeds of C\$128,205,128 (the "Special Warrant Offering").
- An aggregate of 98,450,896 Special Warrants were issued to Pala for total subscription proceeds of \$49,225,448. The Company paid Pala a backstop fee of \$600,000 (the "Offering Backstop Fee") in respect of a backstop arrangement under which Pala agreed to backstop up to \$30,000,000 in respect of the Special Warrant Offering, which backstop arrangement was not exercised by the Company.
- An aggregate of 88,200,000 Special Warrants were issued to Castllake for total subscription proceeds of \$44,100,000. As a result, upon the automatic exercise of the Special Warrants into Common Shares on March 7, 2018, Castllake held approximately 19.8% of the then-outstanding Common Shares. The Company also entered into an investor rights agreement with Castllake dated January 19, 2018, which provides Castllake with certain rights, including the right to nominate one member of the Board and the right to participate in further equity offerings of the Company, in each case subject to Castllake maintaining certain minimum percentage share ownership thresholds.
- The Company filed a final short form prospectus dated March 1, 2018 to qualify the issuance of 256,410,256 Common Shares upon the automatic exercise of the Special Warrants. The Common Shares were issued on March 7, 2018.

- Concurrently with the Special Warrant Offering, the Company entered into certain equity backstop agreements providing for Pala to purchase Common Shares (or securities convertible into Common Shares) for an aggregate amount of up to \$60 million (provided that, as a result of the Special Warrant Offering, the aggregate amount of such backstop was reduced to approximately \$50 million). Pala was paid a backstop fee equal to 2% of their commitment amount in cash, totaling approximately \$1.2 million, in respect of the equity backstop arrangements.

#### July 2018 Equity Offering

- In July 2018, the Company completed a public offering (the “July 2018 Offering”) for gross proceeds of approximately \$82.75 million through the issuance of 180,771,021 Common Shares at a price of C\$0.60 per Common Share (the “July 2018 Offering Price”). An aggregate of 3,600,000 Common Shares and 30,500,000 Common Shares were issued to Pala and Castlake, respectively, in the July 2018 Offering. Upon completion of the July 2018 Offering, Pala held approximately 38% of the then-outstanding Common Shares and Castlake held approximately 19% of the then-outstanding Common Shares. In connection with the July 2018 Offering, Pala entered into a customary 180 day lock-up agreement with the underwriters of the July 2018 Offering with respect to the 102,800,000 Common Shares issued to it in connection with the Special Warrant Offering. This lock-up agreement has now expired.

#### Triple Flag Stream and Equity Investment

- The Company, NCI and Triple Flag entered into a metals purchase and sale agreement dated December 21, 2017 (the “Stream Agreement”) whereby Triple Flag committed to fund a deposit of \$70,000,000 (the “Stream Deposit”) against future sale and delivery by NCI of an amount of gold and silver referenced to 90% of the gold and silver production from the Underground Project, calculated based on a fixed ratio of 162.5 ounces of gold for each 1 million pounds of copper in concentrate produced and 3,131 ounces of silver for each 1 million pounds of copper in concentrate produced. NCI will receive an ongoing payment of 10% of the spot price for each ounce of gold and silver delivered to Triple Flag. NCI has a one-time option on March 31, 2020 to reduce the amount of gold and silver to be delivered under the Stream Agreement to 55% of the gold and silver production from the Underground Project (based on the fixed ratios noted above) by making a payment of \$36 million to Triple Flag, subject to certain adjustments. Nevada Copper and its subsidiaries have provided security (which is subordinated to the security granted under the Red Kite Loan Agreement, as defined below) for the performance of the obligations under the Stream Agreement over all of their respective assets.
- Upon the occurrence of an event of default that is continuing under the Stream Agreement, Triple Flag will have the right, upon written notice, to take any or all of the following actions: (a) demand all amounts and deliveries owing by NCI, (b) terminate the Stream Agreement and demand all losses suffered or incurred as a result of the occurrence of such event of default and termination in an amount equal to the greater of a target return amount and the value of the gold and silver that would have been delivered by NCI for the term of the Stream Agreement, or (c) enforce the security.
- NCI agreed to the restriction of certain business activities, including not carrying on any business other than the exploration, construction, development, operation and expansion of the Project and the Company agreed to restrict the declaration of any dividends, prior to commencement of initial production from the Underground Project.
- Shortly after the announcement of the Construction Decision, the Company received the \$70 million precious metals stream deposit from Triple Flag on September 6, 2018. Triple Flag also subscribed for \$10 million of the Special Warrant Offering.

#### Red Kite Debt Restructuring

- The Company entered into an amended and restated loan and security agreement dated January 19, 2018 with Red Kite (the “Red Kite Loan Agreement”) which replaced and superseded the 2014 Red Kite Loan and Security Agreement. As part of the Restructuring, the Company’s outstanding indebtedness to Red Kite of approximately \$136,000,000 under the 2014 Red Kite Loan and Security Agreement was reduced to \$95,000,000 by way of a payment to Red Kite of approximately \$42,200,000 from the proceeds of the Special Warrant Offering. Concurrent with the closing of the July 2018 Offering, \$15 million of outstanding indebtedness under the Red Kite Loan Agreement automatically converted into 32,885,000 Common Shares (the “Conversion Shares”), which were issued at the July 2018 Offering Price. In

connection with the July 2018 Offering, Red Kite entered into a customary 180 day lock-up agreement with the Company with respect to the Conversion Shares, which has now expired.

- The \$80,000,000 of remaining indebtedness under the Red Kite Loan Agreement consists of two tranches of \$40,000,000 each. Tranche one has a 7 year term, interest at LIBOR +8%, a two year grace period on cash interest and 20 quarterly sculpted repayments. Tranche two has a 9 year term, interest at LIBOR +8.5% and a single repayment of principal and interest at maturity.

#### Pala Debt Conversion and Investor Rights Agreement

- On the completion of the Special Warrant Offering, the outstanding indebtedness in the amount of approximately \$48 million under the Pala Convertible Loan Facility was converted into 95,561,944 Common Shares at a conversion price of C\$0.50 per Pala Conversion Share.
- The Company and Pala entered into an investor rights agreement dated December 21, 2017, pursuant to which Pala was granted the continuation of certain rights it held pursuant to the Pala Convertible Loan Facility, including the right to nominate up to three members of the Board, subject to Pala maintaining certain share ownership thresholds, and the right, so long as it holds at least 15% of the outstanding Common Shares, to participate in future equity offerings of the Company on a pro rata basis.

#### Working Capital Facility

- The Company entered into a marketing services agreement with Concord dated December 21, 2017, whereby Concord was appointed to act as the Company's marketing agent to support the Company in maximizing the value of offtakes, advising on logistics and freight, and exploring product swaps with strategic offtakers to support further financing efforts.
- Additionally, the Company mandated Concord to source a working capital revolving facility (the "Working Capital Facility"), the intended key terms of which include a principal amount of available indebtedness of \$25 million, three year term that is mutually extendable, interest rate of LIBOR +3% and subordinated security to both the Red Kite Loan Agreement and the Stream Agreement. The entering into of such Working Capital Facility is subject to receiving acceptable offers from potential lenders and finalizing definitive documentation. There is no certainty such Working Capital Facility will be entered into or entered into on the terms set forth above.

## **DESCRIPTION OF BUSINESS**

### GENERAL DESCRIPTION

The Company is an exploration and development stage mining company engaged in the identification, acquisition, exploration and development of copper and other mineral properties. The Company's primary focus is the development of the Project, and in particular the construction of the Underground Project, which is located in western Nevada, approximately ninety kilometers straight line distance southeast of Reno, near the town of Yerington.

The property comprising the Project is located within a contiguous 36.3 square mile land package held by the Company comprising:

1. Fee land, including surface and mineral rights, owned directly by the Company (14.3 square miles);
2. Fee Land and Patented Claims, including surface and mineral rights, under lease with RGGGS pursuant to the Lease Agreement (2.4 square miles); and
3. Unpatented claims owned by the Company (19.6 square miles).

The Company's surface and mineral rights holdings as of March 29, 2019 are summarized below:

NCI Land Description	Mineral Rights held by NCI			Surface Rights held/controlled by NCI		
	acres	sq. miles	sq. km	acres	sq. miles	sq. km
NCI Land in Lyon County acquired from Federal government (Includes ~ 80 acres of land where common materials - sand and gravel - held by NDOT (1))	9,040.1	14.1	36.6	9,040.1	14.1	36.6
NCI Land acquired from Federal government in Mineral County (surface & mineral)	105.3	0.2	0.4	105.3	0.2	0.4
<b>Total Deeded to NCI</b>	<b>9,145.4</b>	<b>14.3</b>	<b>37.0</b>	<b>9,145.4</b>	<b>14.3</b>	<b>37.0</b>
Private land currently held (RGGGS Patented & Fee land)	1,537.8	2.4	6.2	1,537.8	2.4	6.2
NCI unpatented Federal mining claims outside conveyance area (2)	6,830.0	10.7	27.6	0.0	0.0	0.0
Additional NCI unpatented Federal mining claims outside conveyance area staked 2019	5,700.0	8.9	23.1	0.0	0.0	0.0
<b>Total NCI Controlled Lands</b>	<b>23,213</b>	<b>36.3</b>	<b>93.9</b>	<b>10,683.2</b>	<b>16.7</b>	<b>43.2</b>

(1) Nevada Department of Transportation (NDOT) has material sites on approximately 120 acres, and as pre-existing rights, are retained by NDOT, but the surface on 80 acres is now owned by Nevada Copper and the surface on 40 acres is owned by the City of Yerington. Locatable minerals on all 120 acres are owned by Nevada Copper. The exact acres of these have not been surveyed, but are estimated based on unsurveyed typical (40 ac) aliquot subdivisions of the original cadastral survey.

As at March 29, 2019, the Company had eight full time employees based in Vancouver, British Columbia, two full-time employees, including the CEO, based in Reno, Nevada and 23 full-time employees in Yerington, Nevada.

RGGGS is the title holder on the patented and fee title land that is leased by NCI. A subsidiary subsequently acquired by the Company entered into a lease option from RGGGS in December, 2005. The Company carries out business at the Project through its 100% wholly-owned subsidiary, NCI, a Nevada corporation.

On May 4, 2006, the Company's subsidiary exercised its option to lease the Project from RGGGS and entered into the Lease Agreement for the exploration and development of the Project ("RGGGS Lease"). The RGGGS Lease was subsequently assigned to NCI. The RGGGS Lease had an initial term of ten years, has been renewed for a further ten year term, and is renewable for up to two additional ten-year terms for a total of 40 years. Upon execution of the Lease Agreement, the Company paid a non-recoverable bonus payment to RGGGS of \$50,000.

Under the terms of the RGGGS Lease, during the period from May 4, 2007 to May 4, 2011, the Company made lease payments totaling \$600,000. Also, under the terms of the RGGGS Lease, the Company was required to incur exploration and development expenditures of at least \$4,000,000 during the first three years and minimum expenditures of at least \$500,000 per year. In addition, the Company was required to incur a further \$4,000,000 of additional exploration and development expenditures during the fourth through the sixth year. These obligations have been fully met.

Starting on the sixth anniversary date, RGGGS was entitled to receive advance royalty payments of \$600,000 per year. These advance royalty payments, which are made quarterly and started in April 2012, are recoverable from future royalties payable to RGGGS (see description of royalty below). The first advance royalty payment of \$150,000 was paid in April 2012 and these advance royalty payments have been made quarterly thereafter subject to the deferral noted below.

By the end of the initial ten-year term, the Company was required to have paid \$3,000,000 in production royalties and minimum royalty payments to RGGGS, or, unless waived by RGGGS, would have been required to pay the difference between \$3,000,000 and what had been paid, in order to be able to extend the Lease Agreement for an additional ten-year term. By the end of the initial 10 year lease term in May 2016, the Company had paid \$3,200,000 in total payments to RGGGS including \$2,550,000 in advance royalty payments.

Pursuant to the terms of the RGGGS Lease, the Company notified RGGGS of its intention to extend the lease for the period from May 5, 2016 to May 2026. This notice was acknowledged and accepted by RGGGS.

After the second ten-year term, the Company can extend the Lease Agreement for two additional ten-year terms if it has made \$10,000,000 in production royalties and minimum royalty payments to RGGGS in the previous term or if it pays to RGGGS the difference between \$10,000,000 and what was actually paid during the previous term.

The Company must pay RGGGS a net production royalty on copper obtained from Fee Land and Patented Claims comprising the Project which are described in the Lease Agreement. The royalty rate is 4% on copper when the copper price is less than \$1.00 per pound, a 5% net production royalty on copper when the copper price is between \$1.00 and \$2.00 per pound and a 6% net production royalty on copper when the price of copper is greater than \$2.00 per pound. On all other minerals such as gold and silver, except iron, the royalty rate is 5%.

The Company's Unpatented Claims that are within one mile of the Fee Land and Patented Claims (the "Area of Influence") subject to the RGGGS Lease will be subject to a 1% net smelter return overriding royalty on non-ferrous materials and \$0.10 per long ton of crude overriding royalty on the ferrous materials to RGGGS's account. On January 9, 2017 an agreement with RGGGS was reached which deferred payments in 2017. In consideration for this deferral, RGGGS royalty rates increased from 1% to 2% for non-ferrous metals and the royalty rate for ferrous metals increased from \$0.10 per ton to \$0.20 per ton for areas lying outside the Fee Land and Patented Claims but within the Area of Influence.

The Company shall also pay RGGGS \$0.10 per ton of waste and overburden materials, if any, disposed of from other properties and brought onto the property leased from RGGGS to be placed in a waste deposit, though the Company may trade waste or overburden from other lands for an equal amount of waste or overburden from the Project which is placed on other lands and no royalty payment will accrue. The Company currently has no plans to bring such materials onto the Project.

Three months prior to commencing mining operations, the Company must provide RGGGS with a standing irrevocable letter of credit in favor of RGGGS. If RGGGS withdraws any amounts from the letter of credit to satisfy a monetary obligation, the Company must replace the funds withdrawn within ten days of receiving notice from RGGGS that funds have been withdrawn. The letter of credit remains in effect until all obligations of the Company under the Lease Agreement have been performed, and RGGGS has the right to request a revision upward in the required amount of the letter of credit based upon past and projected production royalties from the Project.

## **RISK FACTORS**

In addition to the other information presented in this AIF, the following should be considered carefully in evaluating the Company and its business. This AIF contains forward-looking statements that involve risks and uncertainties. The Company's actual results may differ materially from the results discussed in the forward-looking statements. Factors that might cause such a difference include those discussed below and elsewhere in this AIF.

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

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

Any of the following events, among others, could affect the profitability or economic feasibility of a project:



unanticipated changes in grade and tons of ore to be mined and processed, unanticipated adverse geological conditions, unanticipated metallurgical recovery problems, incorrect data on which engineering assumptions are made, availability and costs of labor, costs of processing and refining facilities, availability of economic sources of power, adequacy of water supply, availability of surface on which to locate processing and refining facilities, adequate access to the site, unanticipated transportation costs, government regulations (including regulations with respect to prices, royalties, duties, taxes, permitting, restrictions on production, quotas on exportation of minerals, environmental), fluctuations in metals prices, accidents, labor actions, the availability and delivery of critical equipment, successful commissioning and start-up of operations, including the achievement of designed mill recovery rates and force-majeure events.

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

**Fluctuations in the market price of copper and other metals may significantly adversely affect the value of the Company's securities and the ability of the Company to develop the Project.**

The value of the Company's securities may be significantly affected by the market price of copper and other metals, which are cyclical and subject to substantial price fluctuations. Market prices can be affected by numerous factors beyond the Company's control, including levels of supply and demand for a broad range of industrial products, economic growth rates of various international economies, expectations with respect to the rate of inflation, the relative strength of various currencies, interest rates, speculative activities, global or regional political or economic circumstances and sales or purchases of copper or other metals by holders in response to such factors. The Chinese market is a significant source of global demand for commodities, including copper. Chinese demand has been a major driver in global commodities markets for a number of years and recent reductions in Chinese demand have adversely affected prices for copper. A further slowing in China's economic growth could result in even lower prices and could negatively impact the value of the Company's securities. Prolonged decreases in the price of copper or other metals could adversely impact the ability of the Company to proceed with the development of the Project. The Company may also curtail or suspend some or all of its exploration activities on the Project in response to lower copper or other metals prices.

**Risks associated with secured debt and the Stream Agreement.**

The Company's obligations under the Red Kite Loan Agreement and the Stream Agreement are secured against all of the Company's assets. Any failure to meet any of the payment obligations under the Red Kite Loan Agreement or the obligations under the Stream Agreement, or otherwise adhere to the covenants therein or fulfill the other obligations thereunder, may trigger an event of default and an enforcement of the rights of the other parties under such agreements, leading to possible foreclosure or bankruptcy proceedings against the Company, which could result in the loss of all value of the Company's securities.

**Current global financial conditions are difficult for mining companies.**

Current global financial conditions for mining companies have been affected by a prolonged decline in commodities prices. Access to public financing has been negatively impacted by the prolonged decline in commodities prices, and the resulting decrease in the values of the securities of many mining companies. These factors may impact the ability of the Company to obtain equity or debt financing in the future on terms favourable to the Company, or at all. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. If such decreased levels of commodity prices continue, the Company's operations could be adversely impacted and the trading price of the Common Shares may be adversely affected.

**Risks associated with the financing of the Project.**

The Company may require further funding to complete the Underground Project as a result of cost overruns or other reasons. The Company will also need to secure financing to develop the Open Pit Project. There is no assurance that the Company will be able to obtain such financing, when required, on favourable terms or at all. Any failure by the Company to raise sufficient funding to complete the construction of the Project and place the Project into commercial production will have a materially adverse impact on the Company and the value of its securities. Separately, technical work remains ongoing with respect to the development of the Open Pit Project and there can be

no assurance regarding the outcome of the technical work or whether the Company will proceed with further development of the Open Pit Project.

**The Company has a lack of operating history and has no history of earnings.**

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

**The Company is dependent on key personnel and the absence of any of these individuals could result in a significantly negative effect on the Company.**

The success of the Company and its ability to continue to carry on operations is dependent upon its ability to retain the services of certain key personnel. The loss of their services to the Company may have a material adverse effect on the Company. The Company does not presently have “key person” life insurance for any of its officers.

**There are significant risks associated with exploration and development activities including industrial accidents, flooding, environmental hazards, technical problems and labor disputes which could materially adversely affect future mining operations and the Company’s financial position.**

There is no certainty that the expenditures made or to be made by the Company in the exploration of its properties will result in discoveries of further mineralized material in commercially viable quantities. Most exploration projects do not result in the discovery of commercially mineable ore deposits. Mining operations generally involve a high degree of risk which even with a combination of experience, knowledge and careful evaluation may not be able to overcome. The business of mining is subject to a variety of risks such as industrial accidents, flooding, environmental hazards such as fires, technical failures, labor disputes and accidents at the mine facilities. Such occurrences, against which the Company cannot or may elect not to insure, may delay production, increase production costs or result in liability. The incurrence of such liabilities may have a material adverse effect on the Company’s financial position.

**Estimates of Mineral Reserves and Resources may not be realized.**

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

**The Company may be required to obtain renewals and modifications of existing permits and approvals and may require certain additional supporting permits and approvals.**

The Company has obtained all material permits and approvals for the development and operation of the Project that are required at this time. However, certain of those permits and approvals may need to be renewed as a result of the passage of time and certain of those permits and approvals may need to be modified in order to accommodate design changes and other optimizations. It is also possible that the Company may determine that it requires other supporting permits and approvals as the development of the Project advances, including due to the foregoing and regulatory changes and developments. There can be no assurance that those renewals, modifications and other permits and approvals will be obtained on a timely basis, if at all. There is also a risk that permits and approvals currently held by the Company may be revoked or amended. Such occurrences could have a material adverse impact on the development, construction and operation of the Project and the financial performance and condition of the Company.

**The Company's activities on its properties are subject to environmental regulations, approvals and permits.**

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

**The Company is in competition with other mining companies that have greater resources and experience.**

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

**The business of exploration for minerals and mining involves a high degree of risk, as few properties that are explored are ultimately developed into producing mines.**

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

**Marketability of natural resources which may be discovered by the Company will be affected by numerous factors beyond its control.**

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

**Some of the directors and officers of the Company are involved with other mineral resource companies and may have a conflict of interest with the Company in certain situations.**

Certain of the directors and officers of the Company are directors or officers of other mineral resource companies and, to the extent that such other companies may be interested in a project also of interest to the Company, or may in the future participate in one or more ventures in which the Company participates or otherwise may enter into transactions with the Company, such directors may have a conflict of interest in negotiating and concluding terms respecting such matters. In the event that such a conflict of interest arises, at a meeting of the directors of the Company, a director who has such a conflict will normally abstain from voting for or against the approval of such matter. In the appropriate cases, the Company will establish a special committee of independent directors to review a matter in which one or more directors, or members of management, may have a conflict.

**Title Matters.**

In those jurisdictions where the Company has property interests, the Company makes a search of mining records in accordance with mining industry practices to confirm satisfactory title to properties in which it holds or intends to acquire an interest, but does not obtain title insurance with respect to such properties. The possibility exists that title to one or more of its properties, particularly title to undeveloped properties, might be defective because of errors or omissions in the chain of title, including defects in conveyances and defects in locating or maintaining such claims, or concessions. The ownership and validity of mining claims and concessions are often uncertain and may be

contested. There is, however, no guarantee that title to the Company's properties and concessions will not be challenged or impugned in the future. The properties may be subject to prior unregistered agreements or transfers, and title may be affected by undetected defects.

#### **Shareholder Dilution.**

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

#### **Share Price Risk.**

The market price of a publicly traded stock is affected by many variables not directly related to the success of the Company, including the market for all resource sector shares, the breadth of the public market for the stock, fluctuations in metals prices, the need for certain funds to sell shares for external reasons other than those relevant to the Company and the attractiveness of alternative investments. The effect of these and other factors on the market price of the Common Shares on the exchanges on which the Common Shares are listed suggests that the share price will be volatile. In the previous eight quarters, between January 1, 2017 and December 31, 2018, the Common Shares traded in a range between C\$0.33 and C\$1.05 per Common Share.

#### **Insurance Risks and Uninsured Risks.**

The Company's business is subject to a number of risks and hazards generally, including, but not limited to, adverse environmental conditions, industrial accidents, labour disputes, unusual or unexpected geological conditions, ground or slope failures, cave-ins, changes in the regulatory environment and natural phenomena such as inclement weather conditions, floods and earthquakes. Such occurrences could result in damage to mineral properties or production facilities, personal injury or death, environmental damage to the Company's properties or the properties of others, delays in mining, monetary losses and possible legal liability. Although the Company intends to maintain insurance to protect against certain risks in such amounts as it considers to be reasonable, its insurance will not cover all the potential risks associated with a mining company's operations. The Company may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration and production is not generally available to the Company or to other companies in the mining industry on acceptable terms. The Company might also become subject to liability for pollution or other hazards which may not be insured against or which the Company may elect not to insure against because of premium costs or other reasons. Losses from these events may cause the Company to incur significant costs that could have a material adverse effect upon its financial condition and results of operations.

#### **Tax Risks.**

Changes to, or differing interpretations of, taxation laws or regulations in Canada, the United States of America, or any of the countries in which the Company's assets or relevant contracting parties are located could result in some or all of the Company's profits being subject to additional taxation or other tax liabilities being applicable to the Company or its subsidiaries. Taxation laws are complex, subject to differing interpretations and applications by the relevant tax authorities. In particular, the tax treatment of streaming arrangements is complex and subject to some uncertainty. There is no assurance that new taxation rules or accounting policies will not be enacted or that existing rules will not be applied in a manner which could result in the Company's profits being subject to additional taxation or which could otherwise have a material adverse effect on profitability, results of operations, financial condition and the trading price of the Company's securities. Additionally, the introduction of new tax rules or accounting policies, or changes to, or differing interpretations of, or application of, existing tax rules or accounting policies could make investments in or by the Company less attractive to counterparties. Such changes could adversely affect the Company's ability to raise additional funding or make future investments.

#### **Currency Risk.**

The Company is exposed to currency exchange rate fluctuations, particularly in respect of the Canadian/U.S. dollar exchange rate. The Company holds balances in cash and cash equivalents, accounts payable and accrued liabilities in foreign currencies (US dollars) and is therefore exposed to gain or losses on foreign exchange.

## **MINERAL PROPERTIES**

### ***Pumpkin Hollow Copper Development Project, Lyon County, Nevada***

The Pumpkin Hollow Project in Lyon County, Nevada is the only material mineral project owned by Nevada Copper. Nevada Copper owns or leases 100% of the Project. The Pumpkin Hollow Project is located in the Walker Lane mineralized belt of western Nevada.

#### **Technical Report**

The technical information regarding the Project set out in this AIF is taken directly from the 2017 Technical Report prepared by the 2017 Technical Report Authors, each of whom is a “qualified person” and each of whom, other than Timothy Arnold, Robert McKnight and Greg French, is “independent”, as such terms are defined in NI 43-101. Mr. Arnold resigned from the Company in 2016.

The technical information set out in this AIF does not purport to be a complete summary of all information regarding the Project and is subject to all the assumptions, qualifications and procedures set out in the 2017 Technical Report and is qualified in its entirety with reference to the full text of the 2017 Technical Report. Readers should read this AIF in conjunction with the 2017 Technical Report.

As mentioned above, on October 11, 2018, the Company filed the October 2018 Technical Report. Following the filing of the October 2018 Technical Report, the British Columbia Securities Commission completed a review of the Company’s technical disclosure. In preparing and presenting the October 2018 Technical Report, the Company sought to provide disclosure of the various development alternatives being considered for the Project. However, the presentation of multiple development scenarios using different levels of technical and economic studies within the October 2018 Technical Report did not comply with the requirements of NI 43-101. As a result, investors should not rely on the October 2018 Technical Report. The Company is preparing to file the New Technical Report for the Project which is expected to, among other things, incorporate the results of the Company’s previously announced 2018 drilling program and evaluate, in addition to the Underground Project currently under construction, a standalone, staged, open pit mine development at a preliminary feasibility study level. The New Technical Report is expected to supersede all prior technical reports for the Project.

#### ***Background***

The Project contains two adjacent but unconnected copper, gold and silver deposits separated by approximately two miles and covered by contiguous mineral rights that consist of private lands, leased private lands and unpatented federal mineral claims. Since the Project was acquired by NCU in 2006, these deposits have been extensively drilled and the subject of several previous engineering reports.

The eastern-most (“Eastern Area”) deposits are too deep for open pit mining and modelling by previous engineering studies has presented them as being amenable to mining by underground methods. The western-most (“Western Area”) deposits are larger and shallower, and modelling by previous engineering studies has presented them as being amenable to mining by open pit methods.

In July 2015, a feasibility study technical report (the “2015 IFS”) in respect of the Project was completed by Tetra Tech, Inc. (“Tetra Tech”) and filed by the Company on SEDAR. The 2015 IFS evaluated the development of a 70,000 short tons per day (“stpd”) mine with open pit and underground mining of both of the deposits, providing mill feed to a single large concentrator.

In early 2017 Nevada Copper retained Sedgman Canada Limited and Mining Plus Pty Ltd to complete a Prefeasibility Study (“PFS”) that evaluates a potential for a 5,000 stpd underground copper mine, processing plant and associated infrastructure, accessing the Eastern Area underground deposits. The associated 2017 Technical Report was SEDAR-filed on November 29, 2017 and also discloses the details of the 2015 IFS as Case B, which was considered still current and relevant as of the date of the 2017 Technical Report.

## *Case A and Case B Development Options*

### Case A

The primary purpose of the 2017 Technical Report is to disclose the PFS information regarding the feasibility of advancing the Project through mining the Eastern Area at 5,000 stpd using underground mining techniques. This project is referred to as Case A (“Case A”) in the 2017 Technical Report.

### Case B

The 2015 IFS contemplated an integrated 70,000 stpd process plant and associated infrastructure, in respect of which an average of 63,500 stpd of mill feed was from an open pit mine, with the remaining 6,500 stpd from an underground mine. This “Integrated Project” is referred to as Case B (“Case B”) in the 2017 Technical Report, and a detailed summary of the 2015 IFS is contained in section 24 of the 2017 Technical Report.

The scientific and technical information and assumptions contained in the 2015 IFS relating to Case B have not changed to any material degree and Case B remains a relevant and viable development option for the Project.

The Pumpkin Hollow Project encompasses both the Case A and Case B development options. Both Case A and Case B projects have been fully permitted since NCU desired to retain optionality for the Pumpkin Hollow Project development.

The Case A and Case B Projects are considered viable, relevant and mutually exclusive development options for the development of the Pumpkin Hollow Project. The 2017 Technical Report therefore considers and discloses in summary form:

- A. a PFS on the Case A development; and
- B. a feasibility study on the Case B development.

The 2017 Technical Report describes Case A for the first time, and presents Case B in summary form in Section 24. The 2017 Technical Report Authors make recommendations for further work relating to Case A and Case B in Section 26 of the 2017 Technical Report, but do not make a recommendation in relation to proceeding with either Case A or Case B.

## **Project Description, Location and Access**

### *Property Description and Location*

The Pumpkin Hollow Project is located approximately seven miles southeast of Yerington, Nevada, in Lyon County. Yerington is an approximate 80-mile drive southeast of Reno. The Project is located in the north-south trending Mason Valley situated between the Singatse and Wassuk mountain ranges.

The mineral and surface rights held or controlled by NCU consist of:

- Fee Land and Patented Claims held under the Lease Agreement;
- Private surface and mineral rights acquired from the Federal government in 2015;
- RGGGS patented claims and fee land totals just over 1,537 acres, with total mineral rights held by NCU totaling 17,513 acres; and
- Unpatented mining claims held by NCU.

As a result of the Yerington Land Conveyance in 2015, whereby Nevada Copper indirectly acquired Federal lands surrounding the area of the Case A and Case B projects, all of the proposed facilities are contained entirely on the private lands owned and controlled by NCU and will not require approval by the federal BLM pursuant to their Surface Regulations for Mining (43CFR3809).

NCU has received the Nevada state permits needed to construct and operate either the Case A or Case B projects, with some design changes expected to meet the design requirements in the current permits and regulations. No Federal permits are required. These design changes are considered “engineering design changes” (“EDCs”), or minor modifications, to the permit and are not a new permit or “major modification” that require a new application and public notice and review.

#### *Accessibility, Climate, Local Resources, Infrastructure and Physiography*

Yerington, the Lyon County seat, is approximately 7 miles northwest of the Project and Reno is an 80 minute drive away. Local services can support a mining project as demonstrated by the closed Anaconda open pit mine nearby which operated into the 1970’s.

The area is accessible by a sealed state road network. A 120kV power line exists east of the site. A rail line runs north of the site. All three infrastructure networks are proposed to be used to support both the Case A and B developments.

Infrastructure on the site consists of initial mine development infrastructure including:

- a production-sized 1,900 foot deep 24-foot diameter concrete lined production shaft, production-sized headframe, over 600 feet of initial lateral mine development, hoist house with 12 foot diameter hoist, compressors, dewatering wells, diesel storage facility, explosives magazine, monitoring wells;
- existing buildings including mine operations office, mine warehouse, mine workshop and mine dry;
- manufactured offices trailer complex, core storage buildings, a small ranch house, a local non-drinkable water source;
- minor roads/tracks;
- five existing rapid infiltration basins, a lined pond and an irrigation area west of the shaft, some ponds, and four ponds for dewatering the current underground workings south-southwest of the shaft;
- 25kV incoming line and switchyard; and
- laydown yard.

A skilled workforce is available and abundant.

The climate is arid with hot summers and relatively mild winters. Nearby mining operations have no problem working year round.

The Project consists of private lands owned by NCU, the Fee Land and Patented Claims leased from RGGGS and unpatented U.S. mineral claims. NCU has surface rights to patented claims and private land through lease agreements with owners. Surface rights to unpatented U.S. mineral claims are provided through leases with the federal BLM but these unpatented claims are not needed for the Case A or B developments.

#### *Property Agreements and Encumbrances*

For more information on the Company’s obligations under the Lease Agreement, see “Description of the Business – General Description”.

There is an existing offtake contract covering 25.5% of the copper concentrates produced from the Underground Project. There are no offtake contracts or sales agreements in place for the stand-alone Open Pit Project copper concentrates.

## **History**

Substantial exploration activity has been carried out on the Pumpkin Hollow Project land holdings and surrounding areas since the initial US Steel Corporation (“USS”) discovery of high grade iron skarn mineralization and later copper mineralization. From 1960 to present, 1,185,147 feet has been drilled across 797 drill holes. This drilling has been undertaken by USS, Anaconda Corp, Conoco Inc, Plexus Resources, Cyprus Metals Exploration, International Taurus Resources and NCU.

Nevada Copper gained ownership of the Pumpkin Hollow Project in 2006.

In June 2006, a NI 43-101 mineral resource estimate, prepared by NCU in accordance with NI 43-101, was disclosed for the Project. The mineral resource estimate was based on all drillhole and geological data collected through the year 1999.

Since October 2006, NCU has drilled over 600,000 feet of resource, hydrologic, and geotechnical drillholes with the objective of advancing the potential mine development options. In addition, NCU initiated a program to assay and re-assay selected historic core and drill rejects for copper, gold, silver, and molybdenum. Traditionally, previous operators had not always assayed for gold, silver, and molybdenum, and some core with visible chalcopyrite had not been assayed, even though it was within the limits of projected mining boundaries. NCU has completed several drill programs since 2006. The drilling has been considered successful in achieving its objectives: expanding the resource base and upgrading the mineral classifications. An updated resource was completed after each drill campaign and formed the data basis for a preliminary assessment disclosed on SEDAR in March 2008 with an update in January 2010.

Between 1960 and 1982, eight major geophysical surveys accentuating magnetic and electrical geophysical systems of various types were attempted on the claims, by USS, Anaconda, and Conoco. Much of the data has been lost over time or is not available. An aeromagnetic survey was flown over the property in December 1998.

## **Geological Setting, Mineralization and Deposit Types**

### *Geological Setting and Mineralization*

The Property is located within the western Great Basin of the Basin and Range Province on the east side of the Sierra Nevada in Lyon County, Nevada. The east slope of the range is cut by a number of major north-trending normal faults delineating north-trending ranges which are connected to the main mass of the Sierra Nevada on their south ends but diverge from the range northward. The Singatse Range, which forms the western boundary of the Mason Valley, and the Wassuk Range, which forms its eastern boundary, reflect two block ranges of this type. The Pumpkin Hollow Project is located in the basin between these two ranges.

The Yerington district, which includes the Pumpkin Hollow Project, is located in the approximate west-central portion of Mason Valley and underlain by a sequence of Mesozoic meta-volcanic and sedimentary rocks which have been intruded and mineralized by the Jurassic-age Yerington batholith. The Mesozoic rocks were deeply eroded during Late Cretaceous and early Tertiary time and overlain by a thick sequence of Tertiary volcanic and sedimentary lithologies. All units have been tilted steeply to the west and displaced into numerous blocks by easterly dipping listric normal faults.

Granodiorite to diorite rocks belonging to the Jurassic Yerington Batholith intrude the limestones of the Triassic Mason Valley Formation and calcareous argillites and siliceous shales, siltstones and limestones of the Gardnerville Formation. Associated with this intrusive episode is the development of large areas of iron oxide-copper-gold mineralization dominantly skarn with associated copper and magnetite mineralization with varying levels of gold and silver. The skarn occurs primarily in the middle to lower portion of the Gardnerville Formation and the upper part of the Mason Valley Formation as well as within the intrusive granitoid itself.

### *Deposit Type*

The deposits are grouped into two areas: 1) Western Area deposits which are considered open pit minable and 2) Eastern Area deposits, which are considered underground mineable. The Western Area deposits include: North, South and Southeast deposits. The Eastern Area deposits include the East-north, East-south, and E2 deposits and the JK34 zone. The northern area of mineralization is located 1,500 feet north of the South deposit and is centered on a



sub-horizontal, pipe-like, Cu-rich, magnetite-poor skarn breccia body hosted by hornfels of the Gardnerville Formation (Northwest deposit).

The South deposit, in the Western Area, was the first discovery on the Pumpkin Hollow Project claims, and is a magnetite-chalcopyrite body closely associated with an intrusive contact of granodiorite into limestone of the Mason Valley Formation.

The Southeast deposit, located 2,000 feet southeast of the South deposit, is a 300-foot wide lens of chalcopyrite-magnetite-garnet-actinolite skarn developed within limestone of the Mason Valley Formation. The zone is unique for the Pumpkin Hollow Project due to its higher than average magnetite grades (locally up to 75%).

The East deposit, 7,000 feet east of the North deposit, measures approximately 2,000 feet by 1,200 feet and consists of flat-lying to gently dipping, bedding-controlled, stacked, mineralized zones within the limestone of the Mason Valley Formation at depths of 1,400 to 2,200 feet.

The E2 deposit is a steeply northwest-dipping lens of high-grade copper-magnetite skarn breccia within the Mason Valley limestone, which lies on the hanging wall of an endoskarn sill. The chalcopyrite-magnetite mineralization follows the marble front, similar to the East deposit. A major east-trending rotational fault appears to exist between the two deposits and results in a significant variation in the deposit orientation.

## **Exploration**

The Company continues to explore the Project. The Project has been explored by major mining companies since the discovery of iron and copper mineralization by USS in the 1960's. The Company's exploration activities began in 2006 when the Company acquired the Project. Exploration by the Company has mainly focused on resource expansion through drilling. The following describes the geological, sampling and geophysical exploration completed on the Project:

- After reviewing the past geological interpretations and modelling the geology was standardized and the model refined.
- The past magnetic surveys were reviewed and additional magnetic survey lines were added. The geophysical data was remodeled.
- Because the mineralization does not crop out, selected samples from core were taken for alteration and mineralogical information.
- The past geological mapping was reviewed and field checked. There were areas on the edge of the property which had not been geologically mapped. Initial mapping and select rock chip sampling was completed.

## **Drilling**

From 1960 to 2018, previous operators and NCU have drilled a total of 826 drillholes for 1,224,253 feet on the Project. Of that total, Nevada Copper, since 2006, has drilled approximately 49%.

Within the Eastern Area, a total of 9,728 feet of drilling was completed with 10 underground drill holes and one geotechnical hole within the East and E2 deposits. The limited amount of 2015 drilling had no material effect on the existing mineral resource model's geometry and grades. These holes are not included in the current mineral resource estimate, leaving the statement of April 15, 2015 unchanged.

The Western Area had 25 exploratory and 6 metallurgical holes that were drilled in the Western deposits in 2015 and 26 holes were drilled in 2018. These 2015 Western deposit holes had no material effect on the current mineral resources. The stepout exploration holes confirmed that the edge of the existing model was properly defined. The infill holes also confirmed the current mineralized areas grade and geometry. These holes are not included in the current Mineral Resource estimate, leaving the statement of April 15, 2015 unchanged.

NCU drillholes at the Project are usually pre-collared through un-mineralized rock with a reverse circulation drill rig and followed up with core tails in the mineralized zones. Occasionally, shallow mineralization (less than 500ft)

drilling is completed using only a reverse circulation rig. This makes up less than 1% of the mineralized sample intervals. Due to the competency of the rock, core recoveries were usually greater than 95%. The drill holes were surveyed using a gyro as the magnetite content of the rock types will have a negative effect on standard camera surveys

## **Sampling, Analysis and Data Verification**

### *Sample Preparation, Analyses and Security*

Following multiple site visits and a diligent review of standard procedures, the applicable 2017 Technical Report Authors formed the conclusion that NCU's sample preparation, analysis, and security protocols meet CIM standards and definitions for defining Mineral Resources. The historic drill data prior to 2006 was kept very organized and well preserved by previous operators. Verification of the historic data was assessed by external experts on several occasions and the results of this external work were validated by qualified persons in establishing the initial mineral resource estimate in June 2006.

Core samples were marked by NCU geologists prior to delivery to the analytical laboratory. The sawed core splits were placed into sample bags for drying and processing. For the previous drilling the core samples were marked and split on site. The core was bagged and delivered to the analytical lab. All assaying and whole rock geochemistry done by NCU are processed at American Assay Laboratories ("AAL"), an independent laboratory in Sparks, Nevada.

AAL is ISO/IEC 17025 certified for the methods used in assaying samples and has successfully completed Canadian proficiency testing. Samples are delivered from the core logging facility to AAL by AAL personnel. A quality assurance/quality control ("QA/QC") assay protocol has been implemented by NCU whereby blanks and standards are inserted into the sampling stream for every 20-30 samples. Drill core and reverse circulation samples are under the control of either NCU or AAL personnel once the samples are picked up from the drill rigs.

### *Data Verification*

The historic drill data prior to 2006 including core and records was kept very organized and well preserved by previous operators. Verification of the historic data was assessed by external experts, including ACA Howe, SRK and others, and the results of this external work were validated by qualified persons in establishing the initial mineral resource estimate in June 2006.

NCU's current data collection procedures and analytical QA/QC program have been reviewed and observed by the applicable 2017 Technical Report Authors. The procedures in place at the Project meet current industry standards and requirements. NCU staff are experienced and well versed in both the importance of procedures and the protocols to follow in order to ensure that the data being collected is of the highest quality.

NCU is following a QA/QC program of inserted standards and blanks and periodic re-assay of core (duplicates) at their primary lab and also at secondary labs (check-assays). One of the 2017 Technical Report Authors completed "spot" checks of four core drillholes selected at random during a site visit. This was followed by a detailed review of the complete quality assurance and quality control data, including geologic logs, check assays and assay certificates and no significant discrepancies with the existing drillhole geologic logs were found.

## **Mineral Processing and Metallurgical Testing**

Several metallurgical test work programs commencing in 2007 and continued into 2014 yielded substantial information regarding the physical properties of ore grade mineralization in the Eastern and Western deposits and their response to comminution, rougher and cleaner flotation, thickening and filtration. Results from these programs were used to develop process design criteria for the copper concentrators, to beneficiate ore for both Case A and Case B. Some additional testwork undertaken since 2014 has also been included in the Case A assessment. The ore responds favourably to conventional flotation methods.

Testwork results indicated that ores from the Western and Eastern deposits generally responded favourably to rougher flotation. The grind-recovery results for the underground ore indicate that the rougher flotation recovery generally increased with decreasing grind size.

A primary grind to P80 100 µm, with a cleaner regrind to P80 28 µm, in the proposed processing plant is expected to achieve an estimated 92% copper flotation recovery for the underground ores. Gold recovery is expected to be 78% and silver recovery 70%. Concentrate moisture is expected to be <10%, and tailings cake moisture is expected to be <15%.

## Mineral Resource and Reserve Estimates

### Mineral Resource Estimates

The Mineral Resource estimates were prepared by Tetra Tech based on the results of all drilling up to the end of 2013. The effective date of the Mineral Resource estimate contained in the 2017 Technical Report is April 15, 2015. The Mineral Resource estimate for the Western Area deposits has been updated from estimates stated in 2013 and the Eastern Area deposits have been updated from estimates stated in 2013. The 2015 drilling has not been used to modify the current mineral resource estimate. Tetra Tech confirmed that there has been no material change in the current Mineral Resources estimate. In addition, there has been no change in sampling protocols. This includes drilling, sample preparation, analytical method, verification, and security measures. Tetra Tech has deemed that no revision to the current Mineral Resource estimate is required.

Geologic and grade models for the deposits in the Pumpkin Hollow Project area have been generated for this estimate. The Western Area contains three deposits, referred to as the North, South, and Southeast. The Eastern Area consists of the East and E2 deposits.

The Western Area has been modelled and presented as being amenable to surface mining methods, whereas the Eastern Area has been modelled and presented as being amenable to underground mining methods. For this reason, different cut-off grades have been used for each of the Western and Eastern Areas.

Table 1-1 and Table 1-2 detail the Mineral Resources of the Eastern Underground Area and Western Open Pit Areas, respectively. In addition to cut-off grade, Mineral Resources of the Western Area have been constrained to an optimized pit shell and Mineral Resources of the Eastern Area have been limited to the 0.5% Cu mineralized shell interpretation.

Table 1-1: Mineral Resource Underground Eastern Area

Category	Cutoff Grade %Cu	Tons (million)	Grade %Cu	Contained Cu lb (million)	Grade Au oz/st	Contained Au ozs (thousand)	Grade Ag oz/st	Contained Ag ozs (thousand)	Grade %Fe	Contained Fe Tons (million)
Measured	0.75	12.1	1.60	389	0.006	74	0.127	1,541	18.7	2.3
Indicated	0.75	41.9	1.33	1,114	0.005	217	0.112	4,716	17.6	7.4
Measured + Indicated	0.75	54.1	1.39	1,503	0.005	291	0.116	6,257	17.8	9.6
Inferred	0.75	29.2	1.09	636	0.003	87	0.064	1,875	12.8	3.7

Notes:

- Includes East and E2 deposits,
- Measured and Indicated Resources are stated as inclusive of reserves,
- Columns may not total due to rounding,
- Resources are constrained by a 0.5% Cu mineralized interpretation.

Table 1-2: Mineral Resource Open Pit Western Area

Category	Cutoff Grade %Cu	Tons (million)	Grade %Cu	Contained Cu lb (million)	Grade Au oz/st	Contained Au ozs (thousand)	Grade Ag oz/st	Contained Ag ozs (thousand)	Grade %Fe	Contained Fe Tons (million)
Measured	0.15	271.3	0.42	2,299	0.001	394	0.048	12,932	16.1	43.6
Indicated	0.15	295.1	0.43	2,541	0.001	356	0.046	13,690	11.2	33.2
Measured + Indicated	0.15	566.4	0.43	4,840	0.001	750	0.047	26,621	13.6	76.8
Inferred	0.15	8.0	0.52	83	0.001	6	0.052	414	6.1	0.5

Notes:

- Includes North, South, and Southeast deposits

- Measured and Indicated Mineral Resources are stated as inclusive of those Mineral Resources that were converted to Mineral Reserves,
- Columns may not total due to rounding,

### *Mineral Reserve Estimates*

#### Underground Reserves

The estimation of proven and probable mineable reserves involved the application of several modifying factors to the measured and indicated mineral resource values as provided in the block models. The parameters included net smelter return (“NSR”) cut-off determination, stope design, external dilution and mining recovery.

#### Case A

For Case A, the Mineral Reserve base was limited to the Mineral Resources of the Eastern Area deposits. After application of the modifying factors to the Mineral Resource, the resulting estimated Proven and Probable Mineral Reserves totaled in Table 1-3 below.

An NSR cut-off value of \$US 46 per short ton (“st”) ore was used, reflecting estimated costs for mining, processing and G&A, based on a contractor-miner scenario until steady-state production is achieved, followed by an owner-miner scenario thereafter. The NSR cut-off value is not a break-even value, rather an elevated value intended to target higher grade material. Metal pricing assumptions are \$3.00/lb, \$1,343/oz. and \$19.86/oz. for copper, gold and silver, respectively. Mineable Shape Optimizer was used to interrogate the resource block models to determine preliminary economic stope shapes with design considerations given to rock mechanics, mining method and equipment manoeuvring capabilities.

The transverse longhole stoping method has been selected as optimal for all zones (EN, ES and E2), based on safety, mining recovery and dilution, productivity and the ability to mine large spans given the ground conditions. Stopes will be extracted through a bottom up sequence, reducing lead time and requirements for upfront development in most instances. In the E2 zone, there are some narrower parts of the orebody which have been identified as being favorable for longitudinal longhole stoping methods, since this will provide maximum efficiency in operating lateral development.

Approximately 51% of the total measured and indicated mineral resource in the Eastern Area deposits were converted to a mineral reserve by the mine plan, due to the targeting of higher grade ore within the deposits. The stated proven and probable reserves estimate has been shown to be economic on the basis of reasonable cost assumptions and NSR values assigned to the resource model.

Table 1-3 Case A Mineral Reserve Estimate (Underground)

Category	Tons	Cu	Au	Ag
	(million)	%	oz/ton	oz/ton
<b>Total Reserves</b>				
<b>Proven</b>	7.4	1.85	0.007	0.144
<b>Probable</b>	16.5	1.47	0.006	0.138
<b>Net Reserves</b>	<b>23.9</b>	<b>1.59</b>	<b>0.006</b>	<b>0.139</b>

Dilution was estimated to be between 2.5% and 5.0% for primary stopes, and 10% for secondary stopes. An external dilution grade of 0.75% copper was applied to primary stopes, and a range of 0.19% to 0.38% copper dilution grade was applied to secondary stopes. These external dilution grades were assigned based on the Case A underground mining method and geologic wireframe boundaries. A mining recovery ranging from 94.9% to 95.7% was then applied to the diluted stope shapes.

#### Case B

For Case B, the underground Mineral Reserve base was limited to the Mineral Resources of the East Area deposits. After application of the modifying factors to the Mineral Resource, the resulting Proven and Probable Mineral Reserves totaled 32.6 million tons grading 1.29% copper, 0.005 oz/ton for gold and 0.113 oz/ton for silver, limited to the East deposit.

An NSR cut-off value of \$29/st ore was used, with metal pricing of \$3.00/lb, \$1,250/oz. and \$18.00/oz. for copper, gold and silver respectively. Stopes were digitized around the target areas with design considerations give to rock mechanics and equipment manoeuvring capabilities.

Approximately 60% of the total Measured and Indicated Mineral Resource in the East deposit was converted to a Mineral Reserve by the mine plan. The reserves have been shown to be economic and are reasonable for the statement of Proven and Probable Mineral Reserves.

The Eastern Area deposits Mineral Reserve listed in Table 1-4 was generated from the Mineral Resource after the application of the NSR cut-off, stope design, external dilution, recovery, and other modifying factors.

Table 1-4 Case B Mineral Reserve Estimate (Underground)

Category	Tons	Cu	Au	Ag
	(million)	%	oz/ton	oz/ton
<b>Total Reserves</b>				
<b>Proven</b>	8.9	1.59	0.006	0.124
<b>Probable</b>	23.7	1.17	0.005	0.109
<b>Total Reserves</b>	<b>32.6</b>	<b>1.29</b>	<b>0.005</b>	<b>0.113</b>

Dilution was estimated to be between 1.4% and 2.4% for primary stopes, and 10.7% to 11.4% for secondary stopes. An external dilution grade of 0% copper was used for primary and secondary stopes. These grades were assigned to the external dilution material based on the geologic wireframe boundaries. An expected mining recovery of 95% was then applied to the diluted stope shapes.

#### Open-Pit Reserves

##### Case A

There is no open pit mining in Case A.

##### Case B

The open pit portion of Case B includes mine plans (including open pit mine and dump design, production plans, mining equipment selection, and mine operating cost estimates) and determination of mine capital and operating cost estimates. The open pit mining operations are located on the west half of the property area and include the mine rock storage facility (“MRSF”) and two open pits - the North Pit and the South Pit.

Pit shells were determined using Whittle optimization. A breakeven cut-off was applied to obtain pit shells, then mining costs were removed within the shells to make more material economic, given the material needs to be mined and moved as ore or waste once within the shells. Copper grade was used as the only determining revenue factor.

The North cone used a breakeven cut-off grade of 0.162% copper, and an internal cut-off grade of 0.134% copper. The South cone used a breakeven cut-off grade of 0.165% copper, and an internal cut-off grade of 0.137% copper. Both the breakeven cut-off and the internal cut-off were calculated using \$2.80 per pound copper price. All pit optimization results tabulated in the 2017 Technical Report are determined on a 0.15% copper cut-off, this is slightly more conservative than the calculated internal cut-offs and match the cut-off used in the resource reporting.

The ultimate pit proven and probable reserves are provided in Table 1-5. These reserves are based on the pit designs discussed in later sections of this study. The reserves have been shown to be economic and are reasonable for the statement of proven and probable reserves.

Table 1-5: Case B Mineral Reserve Estimate Western Area (Open Pit)

Category	Tons	Cu	Au	Ag
	(million)	%	oz/ton	oz/ton
<b>Total Reserves</b>				
<b>Proven</b>	265.5	0.397	0.001	0.046
<b>Probable</b>	273.8	0.384	0.001	0.043
<b>Total Reserves</b>	<b>539.3</b>	<b>0.390</b>	<b>0.001</b>	<b>0.044</b>

## **Mining Operations**

### Case A

The underground mine was planned as a 5,000 stpd operation.

Case A has one mining area. The Eastern Area is planned to be mined by underground methods, specifically longhole stoping, with predominantly cemented paste fill methods.

Underground mining zones included in the mine plan extend between the 1040 and 2840 Levels. Access to the mine will be via a vertical shaft. Mining will be performed using the productive mechanized transverse longhole mining method, with cemented paste fill (“CPF”) in the primary and some secondary stopes, and uncemented paste fill (“UPF”) or unconsolidated rock fill of remaining secondary stopes. While waste rock can be hoisted to the surface and disposed of on the waste rock stockpile, this is only planned during initial development, until the surface paste fill plant is commissioned. Once at steady-state production, all waste rock is planned to remain underground to be used as backfill for secondary stopes.

One production/service shaft and three ventilation/emergency egress shafts are included in the mine design. Stopes will be 100 ft high by 50 ft wide for East South and E2 zones, and 75 ft high by 50 ft wide for East North zone.

Mining will be carried out using longhole drilling and blasting, with ore and waste material mucked using load, haul, dump machines (“LHDs”), direct to ore passes or to remuck bays situated for optimum materials handling. Ore material will be transported via haul trucks and/or ore passes to the Coarse Ore Bins (“COBs”) for storage before being hoisted out of the mine. Haul trucks will be used to transport ore material from the remuck bays to the COBs, or to transport waste to the backfill levels. The majority of the underground mobile mining fleet will be battery powered. Primary crushing is located on the surface.

Un-crushed rock will be conveyed to skips and hoisted to the surface, then crushed and stockpiled, for either direct-feed to the processing plant or stockpiling to the low grade stockpile.

For all stopes that will be backfilled using CPF or UPF, a bulkhead will be constructed at all access points and the stope will be filled with paste delivered by a piping network from the paste plant. The paste plant will be located on the surface and booster pumps will be used where necessary to transfer paste fill through the mine workings to the fill point.

### Case B

Case B has two separate mining areas. The Eastern Area is planned to be mined by underground methods (longhole stoping with paste backfill) and the Western Area is planned to be mined by open pit mining methods (conventional truck and shovel). During this period the underground mine will produce as much plant feed as possible and the open pit will supplement to provide an even feed rate of material into the process plant.

### Case B Underground

The underground mine was planned as a 6,500 stpd operation.

Underground mining zones included in the mine plan occur at depths ranging from approximately 800 ft to 2,800 ft. Access to the mine will be via a vertical shaft and mining will be performed using a productive mechanized transverse longhole mining method with paste fill. When available, excess waste rock will be used as backfill when paste fill is not required.

One production/service shaft and two ventilation/emergency egress shafts are included in the mine design. Stopes will be 100 ft high by 50 ft wide for East South and E2 zones, and 75 ft high by 50 ft wide for East North zone.

Mining will be carried out using longhole drilling and blasting, with ore and waste material mined by LHDs. The LHDs will then transfer the material to haul trucks at remuck bays situated for optimum haulage distance. Haul trucks will be used to transport mined material to ore passes feeding jaw crushers. The underground mining fleet will be diesel powered. Primary crushing is located underground.

Crushed rock will be conveyed to skips and hoisted to the surface and transported by haul truck to the processing plant or a waste rock dump.

Once a stope is mined out, a bulkhead will be constructed at the access point and the stope will be filled with paste delivered by a piping network. The paste plant will be located on the surface and booster pumps will be used where necessary to transfer paste fill through the mine workings to the fill point.

### Case B Open Pit

The open-pit mine was planned as a 63,500 stpd operation.

The open pit mine has been planned using diesel single pass blasthole drills, Ultra-class haul trucks and rope shovels. Production blasthole drilling for both ore and waste material will utilize Atlas PV-271 diesel drills (with the extended 65 foot mast). Primary mine production is achieved using P&H 4100 electric rope shovels along with CAT 797 haul trucks.

The open pit ore zones comprise the North and South deposits. The open pit deposits will be developed sequentially. The North open pit deposit will be developed first, starting with a pre-strip once mining equipment has arrived and been assembled at site, and when electric power is available to the shovel. Ore is mined and delivered to a primary gyratory crusher located adjacent to the pit and then conveyed to the mill. Open pit mill feed will come from the North deposit for the first 13 years when mining will transition to the South deposit.

All waste material is hauled by truck out of the pit and directly to the MRSF. The total MRSF design will contain 100% of the expected waste material planned to be generated - approximately 1.9 billion tons of material. The current MRSF design is approximately 650 ft high, located to the west of the pits.

A stockpile of the ore uncovered and removed during the initial “pre-stripping” period of waste movement from the North Pit area along with surplus low grade ore mined during standard mining operations is planned to be placed near the Processing Area’s Feed Ore Stockpile. This pile will initially contain approximately 3.6 million short tons (“Mst”) of above cut-off ore material. At its maximum the stockpile will contain upwards of 10 Mst at times. These stockpiled tons will be used as a “surge pile” to smooth the small production “bumps” that occur during the regular production periods of the open pit mine.

## **Processing and Recovery Operations**

### Case A

The processing plant has been designed to process 5,000 stpd of copper ore. The plant and the unit operations therein are designed to produce a marketable concentrate targeted at 26.0% copper.

The plant will consist of a coarse ore storage facility, a semi-autogenous grinding (“SAG”) mill, a ball mill comminution circuit, rougher flotation, regrind circuit, and cleaner flotation; to liberate, recover, and upgrade copper from underground ore. Flotation concentrate will be thickened, filtered, and sent to a concentrate load out stockpile for subsequent transport/shipping.

Dry stack tailings (“DST”), in conjunction with underground paste backfill, are the preferred means of final deposition having substantially less water contained than tailings discharged directly from a concentrator. DST will be produced by thickening and filtering the final flotation tailings. The underground paste backfill portion of the tailings will be thickened, classified, filtered and combined with cement before being deposited in the underground mine workings.

Thickening and filtration of tailings allows for better process water management and control. Process water will be recycled from the tailings and concentrate thickener overflows. Fresh water will generally be used only for pump gland service, mill lube cooling, SAG mill ring motor cooling, reagent preparation, and safety showers / eyewash stations.

The processing plant will consist of the following unit operations and facilities:

- a coarse ore receiving and storage area from the underground mine. Ore will have already passed through primary crushing on the surface. A radial stacker can stockpile direct to the coarse ore stockpile, or slew to stack low grade for transport to the adjacent low grade stockpile;
- a coarse ore stockpile and reclaim system;
- a combined SAG/ball mill grinding circuit incorporating cyclones for classification;
- a SAG mill pebble crushing circuit;
- a rougher flotation circuit;
- a rougher concentrate regrinding circuit;
- a 1st cleaner, 2nd cleaner, and cleaner-scavenger flotation circuit;
- concentrate thickening and filtration circuits, including a concentrate storage shed;
- tailings thickening and filtration circuits;
- tailings disposal at a dry-stack storage facility; and
- a paste-backfill plant to be used on a regular but intermittent basis.

#### Case B

The processing plant has been designed to process 70,000 stpd of ore; the sum of the combined output from the surface mining (approximately 63,500 stpd) operations and the underground mining (6,500 stpd) operations. The SPF and the unit operations therein are designed to produce a marketable concentrate targeted at 25.5% Cu or greater.

The SPF will consist of a coarse ore storage facility, a semi-autogenous grinding (SAG) mill/twin ball mill comminution circuit, rougher flotation, regrind circuit, and cleaner flotation; to liberate, recover, and upgrade copper from the run of mine ores. Flotation concentrate will be thickened, filtered, and sent to a concentrate load out stockpile for subsequent transport/shipping.

DST, in conjunction with underground paste backfill, are the preferred means of final deposition having substantially less water contained than tailings discharged directly from a concentrator. DST will be produced by thickening and filtering the final flotation tailings. The underground paste backfill portion of the tailings will be thickened and combined with cement and fly ash before being deposited in the underground mine workings.

Thickening and filtration of tailings allows for better process water management and control. Process water will be recycled from the tailings and concentrate thickener overflows. Fresh water will generally be used only for pump gland service, mill lube cooling, SAG mill ring motor cooling, reagent preparation, and safety showers / eyewash stations.

The processing plant will consist of the following unit operations and facilities:

- a coarse ore receiving and storage area from the open pit and underground mines. The surface and underground ores will have their own independent stockpile. Ore will have already been passed through primary crushing in separate crushing areas;
- a coarse ore stockpile reclaim system accommodating the surface and underground ore stockpiles. The reclaim from these stockpiles will then be blended together prior to feeding the ores into the process facility;



- a combined SAG/ball mill grinding circuit incorporating hydrocyclones for classification;
- a SAG mill pebble crushing circuit;
- a rougher flotation circuit;
- a rougher concentrate regrinding circuit;
- a 1st cleaner, 2nd cleaner, and cleaner scavenger flotation circuit;
- a concentrate thickening and filtration circuit including a concentrate stockpile and dispatch area;
- tailings thickening and filtration circuits;
- underground tailings paste plant; and
- tailings disposal at a DST facility.

## **Infrastructure, Permitting and Compliance Activities**

### *Infrastructure*

#### Case A

Infrastructure at the Project is well developed. County Road (“CR”) 827 and CR 208 provide existing paved access to the site. Access to the site is proposed via minor upgrades to E Pursel Lane from this sealed road network adjacent to the site. The City of Yerington, Nevada and Yerington Municipal Airport are both approximately eight miles from the site. The Reno-Tahoe International Airport is an 80 mile drive from the site.

Key aspects of the layout design include:

- Minimization of movement of bulk materials (low grade ore, waste ore and tailings) to reduce operating costs; and
- Minimization of interaction between light vehicles (including delivery trucks) and heavy vehicles (moving low grade ore and/or dry stacked tailings) and minimization of interaction between pedestrians and vehicles for improved safety.

The layout was developed taking into account the location of the existing production shaft and winder house, and other existing surface facilities, existing topography and features, including the existing roads, the existing 120kV power line and the Case B footprint.

Access within the site will be via unsealed roads. The site and relevant facilities within the site will be fenced.

Proposed support facilities include an administration complex, parking areas, process plant workshop and store, process plant dry, concentrate storage shed, truck scales, sewage treatment plant treating a gravity only sewerage reticulation system, potable water treatment plant, fuel facility and truck wash.

A waste rock stockpile, mine operations office, mine warehouse, mine workshop, mine dry and explosive storage compound currently exist on the site and are intended to be kept in-situ.

Fresh water supply is sourced from dewatering wells. Potable water will be sourced from well WW-01 after treatment through a reverse osmosis treatment plant. A sewage treatment plant, meeting the City’s standards, will dispose of treated effluent into the tailings thickener.

Several diversion channels have been proposed to divert surface water run on to minimize non-contact and potential contact water volumes to be managed. There are currently existing pipelines with three destinations for disposal of

non-contact mine dewatering water, all terminating in water reuse, rapid infiltration basins or irrigation to pasture. The following is proposed to manage other non-contact water:

- two new basins are proposed adjacent to Little Pumpkin Hollow;
- an additional lined sedimentation pond will be constructed in parallel to Pond E4, to allow each to be dried offline to de-silt by excavator or loader during operations;
- two mine stormwater management basins adjacent to the processing facilities and the mine waste rock stockpile respectively.

A total of two potential contact water ponds or secondary containment ponds will be required; one pond will be located next to the processing facilities, the other adjacent to the DST pad.

The 120 kV transmission line runs from a service point on the NV Energy system to the proposed 120 kV switchyard. The main substation will have an incoming 120 kV source serving a 30 MVA power transformer. The voltage will be stepped down to a utilization voltage for distribution at 4.16kV. This voltage will be fed into substations to supply the various electrical demands for surface and underground.

Concentrate will be trucked to a transload facility at Wabuska for transfer by rail to either:

- a west coast terminal (the ports of Vancouver, Oakland or Stockton were considered) for shipping to Asia or Europe; or
- a North American market.

Being a shaft accessed underground mine, two skip hoisting through the Main Shaft will be used to transport ore and waste material out of the mine. A loadout conveyor and skip loading system will transfer material from the COBs and place it into the skips.

Other underground infrastructure will include: a workshop, battery charging/change out station, explosives magazine, mine dewatering system, power supply reticulation, compressed air supply network, potable water supply network, IT and communications network, and escape ways.

### Case B

Infrastructure at the Project is well developed. CR 827 and CR 208 provide existing paved access to the site. A new access road will be constructed to the north to connect directly to U.S. Highway 95A, a major north-south route in central Nevada. A rail line runs approximately 13 line miles north of the site. The City of Yerington, Nevada and Yerington Municipal Airport are both approximately eight miles from the site. The Reno-Tahoe International Airport is an 80 mile drive from the site.

The main surface facilities that support the mining and processing operations include a power substation, mine rock pile, fuel storage tank, raw water tanks, covered storage and yard, paste thickener, MRSF, process facility, pebble crushing, DST Facility, process and mine office buildings, administration building, parking area, truck shop, tailings filtration plant, truck scale, site entrance security building, wastewater treatment plant, potable water treatment plant, powder magazines, and settling basins.

Initial road surfacing will be provided by a local quarry. Once production starts, road surfacing for maintenance and future roads will use on-site materials. When possible, proposed access roads will follow topography and existing roads. Newly constructed and altered roads will be designed and constructed per Lyon County standards. Existing roads will be regraded and capped with an all-weather surface. Road capping material will come from a nearby quarry and will be supplied by a third party contractor. Signage is required to meet the design requirements; this includes regulatory, preventative and informative signage. Speed limits will be posted on-site for safety and will be strictly enforced.

A package sewage treatment plant, meeting State of Nevada standards for publicly owned treatment works will be supplied by a qualified vendor and contractor and constructed west of the filtration area. Sewage will be collected at

main working areas and package lift stations will be constructed to pump sewage water to the treatment plant. After the wastewater is treated, effluent water will be used for plant process water and will be stored until process water is needed. When process make-up water is not required from the sewage treatment plant and the effluent water storage tank is full, effluent will drain by gravity to a nearby infiltration basin.

Process make-up water will be delivered from wells on site or piped 6 miles from an existing pipeline takeoff point. This water pipeline, which is connected to the City of Yerington water supply, is shared with an existing user but has been oversized to allow for Nevada Copper's future usage. From the pipeline takeoff point, a new extension will be constructed to the site and water will be distributed within the mine site through the potable water pipeline or the raw water pipeline.

Electrical service will be delivered via a 120 kV overhead line that will enter the site near the northeast corner of the site. For the purposes of the 2017 Technical Report this location is referenced as "Metering Point Switchyard" as this location will be where Nevada Energy installs its revenue metering. From the Metering Point Switchyard one portion of the 120 kV transmission line (with 13.8 kV underbuild) continues south to the East Shaft Substation (approximately 0.83 miles). Two 13.8 kV distribution lines (approximately 0.96 miles each), emanating from the East Shaft Substation, extend to the south to provide service to the associated above ground electrical facilities at the E2 Vent location.

Another 120 kV line (with 13.8 kV underbuild) begins at the Metering Point Switchyard and continues west to the Tailings/Filtration Substation (approximately 1.35 miles). From the Tailing/Filtration Substation, the line continues west then south to the Process Facility Substation (approximately 2.97 miles). From the Process Facility Substation, two parallel 13.8 kV distribution lines will extend out to the edge of the North and South Pits (approximately 0.45 miles) where they will split to continue on into the pits (approximately 3.40 miles total in length).

NCU plans to transport concentrate from site to the U.S. west coast where the concentrate will be exported to East Asia. They will be trucked approximately 20 miles to a new rail loading facility to be constructed on UP tracks. The truck route is via a new mine access road north to State Highway 95A and on to the train loading facility. Concentrates will be railed to a west coast bulk port for shipping to smelters.

Preferred options are to transport concentrate to a proposed new terminal to be constructed at a site in the eastern San Francisco Bay area or the existing bulk terminal at the Port of Vancouver, Washington. The Bay area site is about 330 miles by rail closer than the Vancouver Washington terminal, the terminal has been proposed with the operational date of 2017 to 2018.

## **Environmental Studies, Permitting and Social or Community Impact**

### *Permitting*

Both Case A and Case B have been fully permitted since NCU desired to retain optionality for the Project development. Therefore, the permit applications were structured to include:

- a stand-alone 6,500 stpd (maximum) underground mine and dedicated process facility;
- a stand-alone 62,500 stpd (maximum) open pit mine with a different, dedicated process facility; or
- a combined 70,000 stpd (maximum) underground and open pit mine with a single process facility.

The location of the process facility for the 6,500 stpd or 62,500 stpd cases are the same, but the throughput is different. In any case, the permits are for the "maximum throughput". Any configuration with a lower throughput, such as Case A, does not require a revised permit, as long as:

- the process is fundamentally the same (mine, crush, grind, float, filtered tailings, dry stack tailings disposal facility), and
- the environmental controls are the same for containment of process fluids and control of emissions from air emissions sources.

Most developments require changes during final design and Cases A and B will also require changes from the original permit. These changes are permit compliance items that require notification and submission of revised designs to the respective Nevada state agencies. Items include any changes in location, configuration and/or size of environmental control facilities to ensure that the changes meet design requirements in the permits and regulations. These design changes are considered EDCs or minor modifications to the permit and are not a new permit or “major modification” that require a new application and public notice and review.

Both Case A and Case B developments will be completed on 100% privately-owned lands as a result of the Yerington Land Conveyance. Both Case A and B developments are now under local and Nevada state oversight. There is no other nexus under federal statutes and regulations that require federal environmental permits or preparation of an environmental impact statement pursuant to the National Environmental Policy Act. There are no endangered species located on or near the property, no surface waters, no jurisdictional waters of the U.S. that require a permit, no designated wilderness near the property, no Class I air quality designations, no critical habitat areas, no sage grouse (a species of concern in Nevada), and no wildlife migration zones that cause environmental constraints.

Archaeological surveys were performed on all of the private lands owned or controlled by NCU, including the Case A and B areas, in 2011 and 2012. There are currently three prehistoric sites and two historic sites, a total of five sites, within the federal lands that were conveyed to NCU that are either recommended for eligibility on the national register of historic places (three sites) or require further evaluation (two sites). These sites are now administered by the Nevada State Historical Preservation Office (“SHPO”) pursuant to a Memorandum of Understanding amongst the SHPO, BLM, the City of Yerington and NCU, and will be evaluated and mitigated (data recovery, recordation and collection and recovery of artifacts (if necessary)) prior to any disturbance. In any event, none of these are within the area of disturbance of the Project. The Project area does not affect any Native American Reservation Lands or sacred sites.

Case A will require approvals, permits and licenses for various components of the work.

Case B has received its key construction and operating permits but will require routine approvals, permits and licenses of lesser importance for other components of the work.

#### *Compliance Activities*

The Case A and B developments occur entirely within Lyon County, Nevada, which has historically had the highest unemployment rate in the state. The site is expected to bring more than 500-600 direct and indirect jobs to the area.

A major element of the work leading up to the Case A design included approval of the Special Use Permit (“SUP”) by the Lyon County Board of Commissioners. On June 11, 2013 the Lyon County Planning Commission recommended approval for a 6,500 stpd underground mine by a unanimous vote. Subsequently, on June 20, 2013, the Lyon County Commission unanimously approved the County SUP for an underground development. Approval of the SUP was a critical milestone for obtaining the permits necessary to support Case A and is notable in that they confirm that there is strong local support for the site. An additional SUP is not required for future stages of mine development at the Pumpkin Hollow Project since both the Case A and B developments now lay entirely within the City’s boundaries as a result of annexation by the City after the Federal land acquisition in 2015.

In addition to the local advocacy as described by the SUP above, there have been no formal objections to either the Case A or Case B from environmental groups or other non-governmental organizations.

The area within the Case A perimeter fence is approximately 1,200 acres. Of this area, a total of approximately 220 acres will be disturbed as part of mining operation. A portion of this area will not be reclaimed - permanent water management diversion channels and select infrastructure that will be retained for post-mining industrial use. Reclaimed areas will include the waste rock stockpile, low grade stockpile, DST facility, reclamation material stockpiles, infrastructure which will be removed at closure, and water management features which will be reclaimed at closure.

The area within the Case B perimeter fence is approximately 6,700 acres. Of this area, a total of approximately 4,500 acres will be disturbed as part of mining operation. A portion of this area will not be reclaimed, including the north and south pits, permanent water management diversion channels, and select infrastructure that will be retained

for post-mining industrial use. A total area of approximately 3,300 acres will be reclaimed, including the MRSF, DST facility, reclamation material stockpiles, infrastructure which will be removed at closure, and water management features which will be reclaimed at closure.

*Market Studies and Contracts*

Case A

There a number of possibilities for marketing the concentrates, including Asian, US domestic and European smelters, the latter likely under a concentrates swap arrangement. For cashflow purposes, average concentrate transportation costs are estimated at \$75 per wet metric tonne based on product moved:

- via the Port of Vancouver, Washington or another west coast port; and
- to North American consumers.

There is an existing offtake contract covering 25.5% of the Case A copper concentrates.

Case B

The most likely markets for the NCU concentrates are in Asia, specifically Japan, Korea and China. While the West Coast ports are the shipping options, future alternatives for shipping some copper concentrates to other markets in North America by truck or rail have not been ruled out.

There is an existing offtake contract covering 25.5% of the copper concentrates derived from underground mining component of Case B.

**Capital and Operating Costs**

Initial Capital Costs

The capital cost estimate (“CAPEX”) consists of direct costs, indirect costs (including owner costs) and contingency. The Initial CAPEX for the Case A Project development option of the Pumpkin Hollow Project is approximately \$182.4 million, subject to qualifications, assumptions, and exclusions, all of which are detailed Section 21 of the 2017 Technical Report. The initial capex estimate is at a pre-feasibility level with an accuracy of +/-25%.

The Initial Capital Costs Summary and distribution are shown in Table 1-6 below.

Table 1-6: Initial Capital Costs Summary

Item	US\$ millions
<b>Direct Costs</b>	
Underground mining	42.3
Process Plant (including Concentrate Handling)	59.9
Infrastructure and Tailings	49.9
<b>Indirect Costs</b>	
Infrastructure - EPCM Costs	7.0
Sales & Tax Use Tax on Purchased Equipment	Included in Directs
Construction Indirects	4.6
Owner's Costs	8.8
Spares and First Fills	0.6
Commissioning and Start up	0.4
<b>Total Indirect Costs</b>	<b>21.7</b>
<b>Total Direct and Indirect Costs</b>	<b>173.4</b>

<b>Contingency</b>	<b>9.0</b>
<b>Total Initial Capital</b>	<b>182.4</b>

### Sustaining Capital

Sustaining capital over mine life totals \$110.6 million and includes: replacement of, and additions to, underground mobile equipment; lease costs for the initial mining fleet; reclamation costs; and expenditures on the tailings storage facility. Table 1-7 shows the breakdown of the sustaining capital costs. The sustaining Capex estimate is at a pre-feasibility level with an accuracy of +/-25%.

Table 1-7: Life of Mine (“LOM”) Total Sustaining Capital Expenditures

<b>Area</b>	<b>US\$ millions</b>
<b>Underground Mine Development</b>	<b>67.7</b>
<b>Process Plant, Infrastructure and Tailings</b>	<b>32.3</b>
<b>Deferred Capital</b>	<b>3.5</b>
<b>Contingency</b>	<b>7.1</b>
<b>Total Sustaining Capital</b>	<b>110.6</b>

### Operating Costs

The LOM operating costs average \$44.52 per ton milled. The first 1.5 years of costs are higher with use of a mining contractor. LOM site unit operating cash costs are as summarized in the Table below.

Table 1-8: LOM Unit Operating Cost Summary

<b>Area</b>	<b>LOM operating cost US\$/ton-ore milled (Contractor Miner)</b>	<b>LOM Operating Cost US\$/ton-ore milled (Owner Miner)</b>
<b>Mining</b>	<b>35.33</b>	<b>27.20</b>
<b>Processing</b>	<b>12.65</b>	<b>12.65</b>
<b>General and Administrative</b>	<b>4.57</b>	<b>3.98</b>
<b>Total</b>	<b>52.55</b>	<b>43.83</b>

### Case B

#### Initial Capital Costs

The CAPEX consists of four main parts: direct costs, indirect costs, contingency, and owner’s costs, as described below. The CAPEX estimate for the Case B development option for the Pumpkin Hollow Project is approximately \$1,041 million, subject to qualifications, assumptions, and exclusions, all of which are detailed in Section 24 of the 2017 Technical Report. The capital cost summary and distribution are shown in Table 1-9. The initial Capex estimate is at a feasibility level with an accuracy of +/-15%.

Table 1-9: Initial Capital Costs (\$000s)

Cost Category	Initial (\$000s)
<b>Direct Costs</b>	
100 Open Pit Mine	\$262,709
200 Underground Mine	\$80,611
300 Ore Handling	\$12,169
400 Process Facility	\$267,910
500 DST Facility	\$69,229
600 Infrastructure	\$88,171
700 Water Management	\$17,815
800 Environmental and Reclamation	\$12,418
<b>Total Directs</b>	<b>\$811,032</b>
<b>Indirect Costs</b>	
911 Construction Indirects	\$65,595
912 Spares and Warehouse Inventory	\$9,825
913 Initial Fills	\$4,500
914 Freight and Logistics	\$14,947
915 Commissioning and Start-Up	\$2,354
916 EPCM	\$57,910
917 Vendor and Consulting Assistance	\$798
<b>Total Indirects</b>	<b>\$155,929</b>
<b>Subtotal</b>	<b>\$966,961</b>
Contingency	\$67,066
Owner Costs	\$6,699
<b>Total Capital</b>	<b>\$1,040,727</b>

Sustaining Capital

Sustaining capital over mine life totals approximately \$634 million. The sustaining Capex estimate is at a feasibility level with an accuracy of +/-15%.

Open pit mine, underground mine, process facility, and DST facility all utilize leased mobile equipment. Leases are capitalized during the pre-production period, then reported in the operating costs during the production.

Table 1-10: Sustaining Capital Costs (\$000s)

Cost Category	Sustaining (\$000s)
<b>Direct Costs</b>	
100 Open Pit Mine	\$222,143
200 Underground Mine	\$157,597
300 Ore Handling	\$2,434
400 Process Facility	\$52,325
500 DST Facility	\$78,694
600 Infrastructure	\$0
700 Water Management	\$1,582
800 Environmental and Reclamation	\$41,293
<b>Total Directs</b>	<b>\$556,068</b>
<b>Indirect Costs</b>	
911 Construction Indirects	\$35,280
912 Spares and Warehouse Inventory	\$2,358
913 Initial Fills	\$0
914 Freight and Logistics	\$1,487
915 Commissioning and Start-Up	\$0
916 EPCM	\$0
917 Vendor and Consulting Assistance	\$0
<b>Total Indirects</b>	<b>\$39,125</b>
<b>Subtotal</b>	<b>\$595,193</b>
Contingency	\$38,938
Owner Costs	\$0
<b>Total Capital</b>	<b>\$634,130</b>

### Operating Costs

LOM operating costs are summarized in Table 1-11. Further details are available in Section 24 of the 2017 Technical Report. The operating cost estimate is at a feasibility level of accuracy.

Table 1-11: LOM Operating Costs

Cost Category	Unit Cost (\$/st-ore)	Unit Cost (\$/st-waste)	Unit Cost (\$/st-milled)
Open Pit Mining-Ore	\$1.575	-	-
Open Pit Mining-Waste	-	\$1.165	-
Underground Mining	\$24.059	-	-
Underground Haul	\$1.250	-	-
Process Facility	-	-	\$4.732
Tailings Management	-	-	\$0.171
Water Management	-	-	\$0.003
Environmental and Reclamation	-	-	\$0.014
GandA	-	-	\$0.400
<b>Subtotal</b>	-	-	<b>\$11.796</b>
OP Equipment Lease	\$0.162	\$0.160	-
UG Equipment Lease	\$0.349	-	\$0.020
Process Equipment Lease	-	-	\$0.0002
Tailings Equipment Lease	-	-	\$0.010
<b>Subtotal</b>	-	-	<b>\$12.520</b>
Nevada State Minerals Tax	-	-	\$0.284
<b>Total Operating Costs</b>	-	-	<b>\$12.805</b>

Refining charges, transportation, and royalties are not included in the operating cost estimate.



## Economic Analysis

### Case A

#### Base Case

Base Case metal prices employed the mean of analyst's consensus prices for copper gold and silver from 2017 to 2021, thereafter the prices were held constant. These Base Case metals prices are shown in the table below:

Table 1-12: Base Case Metal Prices

		2017	2018	2019	2020	2021	2022+
<b>Consensus Copper Prices</b>	\$/lb	\$2.62	\$2.66	\$2.83	\$3.05	\$3.14	\$3.20
<b>Consensus Gold Prices</b>	\$/oz	\$1,254	\$1,268	\$1,276	\$1,285	\$1,284	\$1,325
<b>Consensus Silver Prices</b>	\$/oz	\$17.31	\$18.21	\$18.77	\$19.40	\$19.53	\$20.01
<b>Source: Consensus Economics Inc. - August 2017</b>							

In addition to the Base Case prices, the economics were also examined with alternate metals price scenarios with copper prices lower and higher than current spot prices as shown below. Gold and silver prices were held constant at the levels shown due to their low importance relative to copper. All prices were held constant.

Table 1-13: Alternate Metal Price Scenarios

		Low	High
<b>Copper</b>	\$/lb	\$2.60	\$3.50
<b>Gold</b>	\$/oz	\$1,300	\$1,300
<b>Silver</b>	\$/oz	\$17.00	\$17.00

The economic analysis of the Case A development at a copper price of \$3.00/lb, results in an after tax Net Present Value at a discount rate of 5% ("NPV 5%") of \$247 million; an Internal Rate of Return of 22.9% and a capital payback period of 4.9 years. The life of the mine is 13.1 years. Other metal price sensitivity cases are summarized below.

Table 1-14: Comparison of economic analysis

		Low Case	Base Case	High Case
Copper Price	\$/lb	\$2.60	Consensus**	\$3.50
Gold Price	\$/oz	\$1,300	Consensus**	\$1,300
Silver Price	\$/oz	\$17	Consensus**	\$17
		<b>US\$M</b>	<b>US\$M</b>	<b>US\$M</b>
Net Smelter Revenue*, after royalty	LOM	\$1,582	\$1,941	\$2,150
Operating Margin	LOM	\$518	\$876	\$1,085
Operating Margin	Avg/Yr	\$40	\$67	\$83
Undiscounted Net Cashflow	Pre-tax	\$224	\$582	\$791
NPV 0%	After-tax	\$212	\$496	\$658
NPV 5%	Pre-tax	\$108	\$356	\$510
NPV 5%	After-tax	\$100	\$301	\$421
IRR	Pre-tax	13.4%	27.2%	36.8%
IRR	After-tax	12.8%	25.2%	33.6%
Payback - years	After-tax	6.50	4.75	4.00

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

\*\* Consensus prices as shown on Table 1-12.

### Case B

The Case B development option is at a feasibility level of study and the cost estimates and economics are prepared on a quarterly basis for the calendar years for production years 1 to 4 and annually thereafter. Based upon design criteria presented in this report, the level of accuracy of the estimate is considered  $\pm 15\%$ .

Case B economics are summarized below based upon the inputs disclosed primarily in Section 24 of the 2017 Technical Report and in other sections of the 2017 Technical Report:

		Low Case	Base Case	High Case
<b>Copper Price</b>	\$/lb	\$2.85	<b>\$3.15</b>	\$3.75
<b>Gold Price</b>	\$/oz	\$1,200	<b>\$1,200</b>	\$1,200
<b>Silver Price</b>	\$/oz	\$18	<b>\$18</b>	\$18
<b>(In Millions of US Dollars)</b>				
<b>Net Smelter Revenue, after royalty</b>		\$10,768	<b>\$11,990</b>	\$14,434
<b>Net Cash Flow</b>	Pre-tax	\$1,831	<b>\$2,992</b>	\$5,315
<b>Net Cash Flow</b>	After-tax	\$1,584	<b>\$2,514</b>	\$4,249
<b>Annual Net Cash Flow</b>	Yr. 1-5 avg.	\$204	<b>\$262</b>	\$366
<b>Pre-tax Operating Margin*</b>	Yr. 1-5 avg.	\$300	<b>\$380</b>	\$540
<b>NPV 5%</b>	Pre-tax	\$659	<b>\$1,362</b>	\$2,768
<b>NPV 5%</b>	After-tax	\$534	<b>\$1,100</b>	\$2,155
<b>IRR</b>	Pre-tax	11.30%	<b>17.50%</b>	28.80%
<b>IRR</b>	After-tax	10.40%	<b>15.60%</b>	24.60%
<b>Payback - years</b>	Pre-tax	7.9	<b>4.2</b>	2.8
<b>Payback - years</b>	After-tax	8.2	<b>4.7</b>	3.2

LOM is 23 years with cash costs (excluding equipment leases and Nevada State Minerals tax) of \$1.67/lb-copper, \$1.49/lb- copper net of by-product credits; and initial capital of \$1.04 billion, sustaining capital of \$634 million, and total capital of \$1.67 billion.

All costs and economic results are presented in Q2 2015 US dollars. Quantities and values are presented using US Customary units unless otherwise specified. No escalation has been applied to capital or operating costs. No gearing apart from equipment leasing is assumed in the analysis.

Technical economic tables and figures presented above require subsequent calculations to derive subtotals, totals, and weighted averages. Such calculations inherently involve a degree of rounding. Where these occur they are not considered to be material.

## **Exploration, Development and Production**

### Underground Project Development

As at the date of this AIF, the Underground Project is progressing in its construction phase with a target of first production in the fourth quarter of 2019. Underground works consisting of the production shaft and shaft stations, the ventilation shaft, and lateral development are being built and in progress. Surface works consisting of the processing plant, dry stack storage and all other surface facilities are also under construction. The earthworks are completed for the primary dry stack facilities and concrete foundations for the grinding and cyclone areas are well underway.

### Exploration

The Company is currently mapping and sampling newly acquired claims on the eastern edge of the Property. The new prospects expand the Property to the east.

## **DIVIDENDS**

The Company has not declared any dividends since incorporation and does not anticipate that it will do so in the foreseeable future. The present policy of the Company is to retain all available funds for use in its operations and the expansion of its business.

## **DESCRIPTION OF CAPITAL STRUCTURE**

The authorized capital of the Company consists of an unlimited number of Common Shares without par value. All of the authorized Common Shares are of the same class and, once issued, rank equally as to dividends, voting powers, and participation in assets. Holders of Common Shares are entitled to one vote for each share held of record on all matters to be acted upon by the shareholders. Holders of Common Shares are entitled to receive such

dividends as may be declared from time to time by the Board, in its discretion, out of funds legally available therefor.

Upon liquidation, dissolution or winding up of the Company, holders of Common Shares are entitled to receive pro rata the assets of the Company, if any, remaining after payments of all debts and liabilities. No Common Shares have been issued subject to call or assessment. There are no pre-emptive or conversion rights and no provisions for redemption or purchase for cancellation, surrender, or sinking or purchase funds.

Provisions as to the modification, amendment or variation of such shareholder rights or provisions are contained in the British Columbia *Business Corporations Act*. Unless the British Columbia *Business Corporations Act* or the Company's Notice of Articles or Articles of Incorporation otherwise provide, any action to be taken by a resolution of the members may be taken by an ordinary resolution or by a vote of a majority or more of the Common Shares represented at the shareholders' meeting.

There are no restrictions on the repurchase or redemption of Common Shares while there is any arrearage in the payment of dividends or sinking fund installments.

### **MARKET FOR SECURITIES**

The Common Shares trade on the TSX, under the stock symbol "NCU".

### **Trading Price and Volume**

The following table lists the monthly volume of trading and high and low prices, in Canadian dollars, for the Common Shares, which are listed for trading on the TSX, for the most recently completed financial year ending December 31, 2018.

**Monthly High and Low Share Prices and Volume  
for the Financial Year Ended December 31, 2018**

<b>Month</b>	<b>High C\$</b>	<b>Low C\$</b>	<b>Volume</b>
Jan-18	\$0.82	\$0.71	1,034,218
Feb-18	\$0.80	\$0.64	639,935
Mar-18	\$0.75	\$0.65	398,927
Apr-18	\$0.71	\$0.63	708,475
May-18	\$0.71	\$0.62	4,383,741
Jun-18	\$0.72	\$0.60	7,206,341
Jul-18	\$0.63	\$0.52	3,072,871
Aug-18	\$0.56	\$0.44	3,882,018
Sep-18	\$0.55	\$0.45	2,307,980
Oct-18	\$0.54	\$0.36	1,773,800
Nov-18	\$0.45	\$0.35	3,138,185
Dec-18	\$0.45	\$0.33	3,168,599

*Source: Bloomberg*

### **Prior Sales**

The following table provides a list of outstanding Common Share purchase warrants that were outstanding but not listed or quoted on a marketplace as at December 31, 2018:

Number of Warrants	Exercise Price C\$	Grant Date	Expiry Date
2,500,000	\$1.20	June 3, 2016	June 3, 2019
2,500,000	\$0.97	March 7, 2017	March 7, 2020

The following table provides a list of outstanding Common Share purchase incentive stock options that were outstanding but not listed or quoted on a marketplace as at December 31, 2018:

Number of Options	Exercise Price C\$	Grant Date	Expiry Date
190,000	\$1.96	January 14, 2010	November 12, 2019
395,000	\$1.95	September 26, 2012	November 12, 2019
885,000	\$0.69	August 10, 2016	August 10, 2021
2,998,500	\$0.69	November 9, 2016	November 9, 2021
1,120,000	\$0.80	February 13, 2018	February 13, 2021
16,753,000	\$0.67	May 16, 2018	May 16, 2023
1,081,000	\$0.67	December 12, 2018	December 12, 2023
<b>23,422,500</b>			

### ESCROWED SECURITIES

No securities of the Company were held in escrow during the financial year ended December 31, 2018.

### DIRECTORS AND EXECUTIVE OFFICERS

Directors and Executive Officers  
As at March 29, 2019

Name, Current Position with the Company, Province or State and Country of Residence	Principal Occupation during the Past Five Years <sup>(1)</sup>	Period as a Director of the Company	Common Shares Beneficially Owned or Controlled <sup>(1)</sup>
Tom Albanese <sup>(3)(4)(5)</sup> Lead Director New Jersey, USA	Currently a Director of Franco-Nevada Corporation, a gold royalty and streaming company; Chief Executive Officer and a Director of Vedanta Resources plc and Vedanta Limited, a natural resource company from 2014 to 2017; Chief Executive Officer of Rio Tinto plc, a metals and mining corporation, from 2007 to 2013.	Since May 4, 2018; Appointed Lead Director August 13 2018	1,100,000
Michael Brown <sup>(4)</sup> Director Paarl, Western Cape, South Africa	Managing Partner for Palaris in the Africa Region since October 1, 2017; Managing Director of Pala Investments Ltd., an investment company focused on the mining sector, May 6, 2014 to September 28, 2017; Senior Vice President of Pala Investments Ltd. from July 2011 to May 2014.	Since August 8, 2013	250,000

Name, Current Position with the Company, Province or State and Country of Residence	Principal Occupation during the Past Five Years <sup>(1)</sup>	Period as a Director of the Company	Common Shares Beneficially Owned or Controlled <sup>(1)</sup>
Justin Cochrane <sup>(2)</sup> Director Ontario, Canada	President and Chief Operating Officer of Cobalt 27 Capital Corp. from March 2017 to Current; Executive Vice President of Abingdon Capital Corp. from Oct 2015 to March 2017; Executive Vice President of Sandstorm Gold Ltd. from December 2010 to October 2015.	Since May 4, 2018	100,000
Raffaele (Lucio) Genovese <sup>(2)(5)</sup> Director Zug, Switzerland	Chief Executive Officer of NAGE Capital Management since 2004.	Since May 27, 2016	0
Stephen Gill <sup>(3)</sup> Non-Executive Chairman and Director Zug, Switzerland	Managing Partner at Pala Investments Ltd., an investment company focused on the mining sector, since January 2009.	Since January 28, 2016	0 <sup>(6)</sup>
Evgenij Iorich <sup>(5)</sup> Director Zug, Switzerland	Managing Partner at Pala Investments Ltd., an investment company focused on the mining sector, since September 2006.	Since January 28, 2016	0 <sup>(6)</sup>
G. Ernest (Ernie) Nutter <sup>(2)(3)(5)</sup> Director Ontario, Canada	Retired; Former mining analyst at Capital Group from 2004 until his retirement in 2017.	Since May 4, 2018	500,000
Phillip Day <sup>(4)(7)</sup> Director Zug, Switzerland	Chief Operating Officer of the Company from November 2017 to March 28, 2019; Currently Senior Vice President, Technical and Operations Team at Pala Investments Ltd., an investment company focused on the mining sector, since May 2014; Vice President Engineering at AMEC Foster Wheeler from August 2011 to May 2014.	Since March 28, 2019	0 <sup>(6)</sup>
Mathew Gili <sup>(4)</sup> President and CEO, and Director Nevada, USA	Currently CEO of the Company since May 1, 2018; previously with Barrick Gold Inc. from October 2013 to May 2018 where he served as Executive General Manager for the Cortez District in Nevada and then as Chief Technical Officer and Senior Vice President, Operations Projects.	Since May 17, 2018	121,038
Abraham (Braam) Jonker CFO British Columbia, Canada	Currently CFO of the Company since October 1, 2018; Interim President and CEO of the Company from February 15, 2018 to May 17, 2018; and a Corporate Director of various reporting issuers since 2011.	Since May 23, 2017	0
David Swisher <sup>(8)</sup> Senior Vice President Operations Nevada, USA	Currently Senior Vice President, Operations of the Company since March 28, 2019; Vice President, Operations of the Company from March 2018 to March 28, 2019; General Manager, Stillwater Mining Company from January 2016 to October 2017; President, Swisher Professional Services LLC from October 2013 to December 2015.	Since March 28, 2019	14,000

Notes:

- (1) The information as to principal occupation, business or employment and Common Shares beneficially owned or controlled is not within the knowledge of the management of the Company and has been furnished by the respective directors and officers.
- (2) Member of Audit Committee.
- (3) Member of Compensation Committee.
- (4) Member of Health, Safety, Environment and Technical Committee.
- (5) Member of Governance and Nomination Committee.
- (6) Pala Investments Ltd. holds 241,614,102 (36.5%) Common Shares.
- (7) Mr. Day was Chief Operating Officer of the Company until March 28, 2019.
- (8) Mr. Swisher was the Vice President, Operations of the Company from March 2018 to March 28, 2019, when he became Senior Vice President, Operations of the Company.

As at the date hereof, all the directors and executive officers as a group beneficially own, control or direct, directly or indirectly, an aggregate of 2,085,038 Common Shares representing less than 1% of the Company's outstanding Common Shares.

The directors have served in their respective capacities as directors since their election and/or appointment and will serve until the next Annual General Meeting or until a successor is duly elected, unless the office is vacated in accordance with the Articles of Incorporation of the Company.

The Senior Management serves at the pleasure of the Board.

**Cease Trade Orders, Bankruptcies, Penalties or Sanctions**

Except as described below, no director or executive officer of the Company is, as at the date of this AIF, or was within 10 years before the date of this AIF, a director, chief executive officer or chief financial officer of any company (including the Company), that:

- (a) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days, that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or
- (b) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days, that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

No director or executive officer of the Company, and no shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company:

- (a) is, as at the date of this AIF, or has been within the 10 years before the date of this AIF, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (b) has, within 10 years before the date of this AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

Mr. Jonker was Director, President and Interim CFO of EastCoal Inc. ("EastCoal") when EastCoal filed a Notice of Intention to Make a Proposal pursuant to the provisions of Part III of the *Bankruptcy and Insolvency Act* (Canada) on November 5, 2013. EastCoal emerged from creditor protection on May 21, 2014 following the successful

implementation of a compromise agreement with creditors, in which the creditors agreed to reduce the claim amount providing for the full and final settlement of all the claims against the company.

No director or executive officer of the Company, and no shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company has been subject to:

- (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

On October 17, 2017, the SEC filed civil charges against each of Rio Tinto plc, Tom Albanese and the former CFO of Rio Tinto plc, alleging, among other things, violations of the anti-fraud, reporting, books and records and internal control provisions of U.S. federal securities laws in connection with conduct at Rio Tinto plc and certain of its subsidiaries while Mr. Albanese was the CEO of Rio Tinto plc. On March 2, 2018, the Australian Securities and Investments Commission (“ASIC”) commenced proceedings in the Federal Court of Australia against each of Rio Tinto Limited, Tom Albanese and the former CFO of Rio Tinto Limited relating to statements which ASIC alleges were misleading contained in the annual report of Rio Tinto Limited for 2011. The Corporation is aware of the allegations and will continue to monitor the progress of the situation.

#### **LEGAL PROCEEDINGS AND REGULATORY ACTIONS**

During the most recently completed financial year, and as at the date of this AIF, the Company is not a party to any, nor is the Company aware of any pending or contemplated, material legal proceedings or regulatory actions.

#### **INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS**

Other than as set forth herein and other than transactions carried out in the ordinary course of business of the Company or any of its subsidiaries, none of the directors or executive officers of the Company, any shareholder directly or indirectly beneficially owning, or exercising control or direction over, shares carrying more than 10% of the voting rights attached to the shares of the Company, nor an associate or affiliate (as defined in the British Columbia *Securities Act*) of any of the foregoing persons has since January 1, 2015 any material interest, direct or indirect, in any transactions that materially affected or would materially affect the Company or any of its subsidiaries.

#### **TRANSFER AGENT AND REGISTRARS**

The registrar and transfer agent for the Company is Computershare Investor Services Inc. of 510 Burrard Street, 3<sup>rd</sup> Floor, Vancouver, British Columbia, Canada, V6C 3B9.

#### **MATERIAL CONTRACTS**

The Company has entered into the following material contracts:

- a. Lease Agreement between 607792 BC and RGGGS for the Project, dated May 4, 2006 – see “Mineral Projects”.
- b. Assignment and Assumption Agreement between 607792 BC and the Company dated January 4, 2008 – 607792 assigned all of its rights, title and interest in the Lease Agreement between 607792 and RGGGS to the Company.
- c. First Amendment to Lease Agreement between the Company and RGGGS, dated April 10, 2008 – RGGGS granted water rights to the Company.
- d. 2<sup>nd</sup> 3<sup>rd</sup> 4 and 5<sup>th</sup> amendments to the Lease Agreement between the Company and RGGGS.
- e. Water Service Agreement between NCI and City of Yerington dated August 10, 2009 – the City of Yerington reserved 2,000 acre feet for use by NCI for 30 years.

- f. First Amendment to Water Service Agreement between NCI and City of Yerington, dated July 25, 2011 – the City of Yerington reserved an additional 1,500 acre feet of water (totaling 3,500 acre feet) for use by NCI.
- g. An equipment financing lease was executed on October 1, 2013 between the Company and Caterpillar Financial Services Corporation for the amount of \$24 million.
- h. Amended and Restated Loan and Security Agreement between Nevada Copper Corp., and EXP T1 Ltd. dated December 21, 2017. See “General Development of the Business – Three Year History – The Restructuring”.
- i. Stream Agreement dated December 21, 2017 between the Company, NCI and Triple Flag in connection with the Stream Deposit. See “General Development of the Business – Three Year History – The Restructuring”.
- j. The Investor Rights Agreement dated December 21, 2017 between the Company and Pala in connection with the Pala Debt Conversion. See “General Development of the Business – Three Year History – The Restructuring”.

## **INTERESTS OF EXPERTS**

### **Name of Experts**

The following are names of persons or companies that have prepared or certified a report, valuation, statement or opinion described or included in a filing, or referred to in a filing, made under NI 51-102 – *Continuous Disclosure Obligations* by the Company during, or relating to, the Company’s most recently completed financial year end and whose profession or business gives authority to the report, valuation, statement or opinion made by the person or company.

Pricewaterhouse Coopers LLP (“PWC”), Chartered Professional Accountants, located at 250 Howe Street, Suite 1400, Vancouver, BC, V6C 3S7 provided an auditor’s report dated March 27, 2019, in respect of the Company’s consolidated financial statements for the financial year ended December 31, 2018. PWC is independent of Nevada Copper Corp. in accordance with the Code of Professional Conduct of the Chartered Professional Accountants of British Columbia.

Smythe LLP, Chartered Professional Accountants, located at 475 Howe Street, Suite 1700, Vancouver, BC, V6C 2B3 provided an auditor’s report dated March 28, 2018, in respect of the Company’s consolidated financial statements for the financial years ended December 31, 2017 and December 31, 2016. Smythe LLP is independent of Nevada Copper Corp. in accordance with the Code of Professional Conduct of the Chartered Professional Accountants of British Columbia.

The technical information regarding the Project set out in this AIF is taken directly from the 2017 Technical Report for the Project, as prepared by the 2017 Technical Report Authors each of whom is a “qualified person” and each of whom, other than Timothy Arnold, Robert McKnight and Greg French, is “independent”, as such terms are defined in NI 43-101.

To the knowledge of Nevada Copper, no expert held more than 1% of the outstanding securities of the Company or of any associate or affiliate thereof as of the date hereof, when they were involved in the preparation of the technical information contained in this AIF or following the preparation of such technical information. No firm or person received, or will receive, any direct or indirect interest in any securities of the Company or of any associate or affiliate thereof in connection with the preparation of such technical information.

## **AUDIT COMMITTEE**

National Instrument 52-110 - *Audit Committees* (“NI 52-110”) requires the Company to disclose annually certain information concerning the constitution of its audit committee and its relationship with its independent auditor, as set forth in the following. The text of the Company’s audit committee charter is attached as Schedule “A” hereto.



## **Composition of the Audit Committee**

As of the date hereof, the members of the audit committee are Raffaele (Lucio) Genovese, Justin Cochrane and Ernie Nutter, each of whom is financially literate and independent for audit committee purposes under NI 52-110.

## **Relevant Education and Experience**

Mr. Genovese has 29 years of experience in both the merchant and financial sectors of the metals and mining industry. Mr. Genovese is the CEO of Nage Capital Management in Baar, Switzerland. He is also Chairman of Firestone Diamonds plc and a member of the board of Mantos Copper S.A., Ferrous Resources Limited, and Ferrexpo AG. He was previously employed at Glencore International AG where he held several senior positions including CEO of the CIS region and manager of the Moscow office. Mr. Genovese is a Chartered Accountant and has Bachelors of Commerce and Accounting degrees from the University of Witwatersrand, Johannesburg (South Africa).

Mr. Cochrane is the President and COO of Cobalt 27 Capital Corp. ("Cobalt 27") and he has over 16 years of royalty and stream financing, M&A and corporate finance experience. Prior to Cobalt 27, he served as Executive Vice President and Head of Corporate Development for Sandstorm for five years. At Sandstorm, he was responsible for the structuring, negotiation and execution of over \$500 million of royalty and stream financing contracts around the world, across dozens of projects. Prior to Sandstorm, he spent nine years in investment banking and equity capital markets with National Bank Financial where he covered the resource, clean-tech and energy technology sectors. In addition, Mr. Cochrane is currently a board member of Duke Royalty Limited. Mr. Cochrane is a Chartered Financial Analyst and a registered and licensed security advisor in Canada.

Mr. Nutter is a highly regarded mining analyst, formerly with one of the world's largest money managers, Capital Group, from 2004 until his retirement in 2017. Prior to this, he spent over 13 years with the Royal Bank of Canada (RBC) where he was Managing Director of RBC Capital Markets, Director of RBC's Global Mining Research team and former Chairman of RBC Dominion Securities' (now RBC Capital Markets) Strategic Planning Committee. Mr. Nutter holds a Bachelor of Science degree in Geology from Dalhousie University.

As a result of their business experience, Messrs Genovese, Cochrane and Nutter (i) have an understanding of the accounting principles used by the Company to prepare its financial statements, (ii) have the ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and reserves, (iii) have experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company's financial statements, or experience actively supervising one or more individuals engaged in such activities, and (iv) have an understanding of internal controls and procedures for financial reporting.

## **Audit Committee Oversight**

The audit committee has not made any recommendations to the Board to nominate or compensate any external auditor.

## **Pre-Approval Policies and Procedures**

The audit committee has not adopted specific policies and procedures for the engagement of non-audit services.

## **External Auditor Service Fees**

The audit committee has reviewed the nature and amount of the non-audit services provided by its auditors to the Company to ensure auditor independence. Fees paid to PWC and Smythe LLP for audit and non-audit services in 2018 and 2017 are outlined in the following table.

<b>Nature of Services</b>	<b>Fees Paid to Auditor in the Period Ended December 31, 2018</b>	<b>Fees Paid to Auditor in the Period Ended December 31, 2017</b>
Audit Fees <sup>(1)</sup>	\$102,000	\$44,000
Audit-Related Fees <sup>(2)</sup>	\$101,704	\$15,000
Tax Fees <sup>(3)</sup>	\$272,090	\$8,000
All Other Fees <sup>(4)</sup>	\$16,750	-
<b>Total</b>	<b>\$492,544</b>	<b>\$67,000</b>

Notes:

- (1) “Audit Fees” include fees necessary to perform the annual audit and quarterly reviews of the Company’s consolidated financial statements. Audit Fees include fees for review of tax provisions and for accounting consultations on matters reflected in the financial statements. Audit Fees also include audit or other attest services required by legislation or regulation, such as comfort letters, consents, reviews of securities filings and statutory audits.
- (2) “Audit-Related Fees” include services that are traditionally performed by the auditor. These audit-related services include transition to IFRS reviews, employee benefit audits, due diligence assistance, accounting consultations on proposed transactions, internal control reviews and audit or attest services not required by legislation or regulation.
- (3) “Tax Fees” include fees for all tax services other than those included in “Audit Fees” and “Audit-Related Fees”. This category includes fees for tax compliance, tax planning and tax advice. Tax planning and tax advice includes assistance with tax audits and appeals, tax advice related to mergers and acquisitions, and requests for rulings or technical advice from tax authorities.
- (4) “All Other Fees” include all other non-audit services.

### **ADDITIONAL INFORMATION**

Additional information relating to the Company can be found on SEDAR at [www.sedar.com](http://www.sedar.com). Shareholders may contact the Company at Suite 598, 999 Canada Place, Vancouver, British Columbia, V6C 3E1, telephone 604-683-8992 to request copies of the Company’s financial statements and MD&A. Financial information is provided in the Company’s comparative financial statements and MD&A for its most recently completed financial year. Additional information including directors’ and officers’ remuneration and indebtedness, principal holders of the Company’s securities and securities authorized for issuance under equity compensation plans will be contained in the Company’s Information Circular (which will be filed on SEDAR at [www.sedar.com](http://www.sedar.com)) in connection with its Annual Meeting of Shareholders to be held later this year. .

## **SCHEDULE “A”**

### **NEVADA COPPER CORP. (the “Corporation”)**

#### **AUDIT COMMITTEE CHARTER**

##### **A. PURPOSE**

The overall purpose of the Audit Committee (the “Committee”) is to ensure that the Corporation’s management has designed and implemented an effective system of internal financial controls, to review and report on the integrity of the consolidated financial statements of the Corporation, to review the Corporation’s compliance with regulatory and statutory requirements as they relate to financial statements, taxation matters and disclosure of material facts and to review and report on the Corporation’s risk mitigation strategies.

##### **B. COMPOSITION, PROCEDURES AND ORGANIZATION**

1. Each member of the Committee shall be a member of the Board of Directors (the “Board”), in good standing, and each of the members of the Committee shall be independent, as that term is defined in National Instrument 52-110 (“NI 52-110”), in order to serve on this Committee.
2. All of the members of the Committee shall be financially literate, as that term is defined in NI 52-110.
3. Members shall be appointed by the Board and shall serve until they resign, cease to be a director, or are removed or replaced by the Board.
4. The Board shall designate one of the Members as chair of the Committee (the “Chair”), provided that if the Board has not designated a Chair, then the Committee members may elect one of the members as Chair.
5. The members of the Committee shall appoint, from among their number, a secretary of the Committee (the “Secretary”).
6. The Committee shall meet at least four times per year, and each time the Corporation proposes to issue a press release with its quarterly or annual earnings information. These meetings may be combined with regularly scheduled meetings, or more frequently as circumstances may require. The Committee may ask members of the Corporation’s management (the “Management”) or others to attend the meetings and provide pertinent information as necessary. Any member of the Committee may call a meeting of the Committee.
7. Unless waived by all members of the Committee, a notice of each meeting of the Committee confirming the date, time, place, and agenda of the meeting, together with any supporting materials, shall be forwarded to each member at least three days before the date of the meeting.
8. The quorum for each meeting of the Committee is a majority of the members of the Committee. The Chair of the Committee shall chair each meeting. In the absence of the Chair, the other members may appoint one of their number as chair of a meeting. The chair of a meeting shall not have a second or casting vote.
9. The Chair of the Committee or his or her delegate shall report to the Board following each meeting of the Committee.
10. The Secretary or his or her delegate shall keep minutes of all meetings of the Committee, including all resolutions passed by the Committee. Minutes of meetings shall be distributed to the members of the Committee and the other directors of the Company after preliminary approval thereof by the Chair of the Committee.

11. The Committee shall be authorized to conduct executive sessions with the outside auditors, outside counsel, and anyone else as desired by the Committee.
12. The Committee shall be authorized to hire outside counsel or other consultants as necessary (this may take place any time during the year). Outside auditors shall be authorized to communicate directly with the Committee, without going through management of the Corporation.

**C. ROLES AND RESPONSIBILITIES**

1. The overall duties and responsibilities of the Committee shall be as follows:
  - (a) to review the Committee's charter annually, reassess the adequacy of this charter, and recommend any proposed changes to the Board. Consider changes that are necessary as a result of new laws or regulations;
  - (b) to review and evaluate the performance of the independent auditors and review with the full Board any proposed discharge of the independent auditors;
  - (c) to ensure that the management of the Corporation has designed, implemented and is maintaining an effective system of internal financial controls; and
  - (d) to report regularly to the Board on the fulfillment of its duties and responsibilities.
2. The duties and responsibilities of the Committee as they relate to the independent auditors shall be as follows:
  - (a) to approve any non-audit services provided by the independent auditors, including tax services;
  - (b) to review with the independent auditor, the audit scope and plan of the independent auditors;
  - (c) to address the coordination of the audit efforts to assure the completeness of coverage, reduction of redundant efforts, and the effective use of audit resources;
  - (d) to review with the independent auditor that performs an audit:
    - (i) all critical accounting policies and practices used by the Corporation; and
    - (ii) all alternative treatments of financial information within generally accepted accounting principles that have been discussed with the Management, the ramifications of each alternative and the treatment preferred by the Corporation.
3. The duties and responsibilities of the Committee as they relate to the Management shall be as follows:
  - (a) to review with the Management, the policies and procedures with respect to offices' expense accounts and perquisites, including their use of corporate assets, and consider the results of any review of these areas by the independent auditor;
  - (b) to consider, with Management, the rationale for employing accounting firms rather than the principal independent auditors; and
  - (c) to review with the Management, the independent auditors annual financial report before it is filed with the regulatory authorities.
3. The duties and responsibilities of the Committee as they relate to the internal control procedures of the Corporation are to:
  - (a) periodically review the Corporation's code of conduct to ensure that it is adequate and up-to-date;

- (b) review the procedures for the receipt, retention, and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters that may be submitted by any party internal or external to the organization;
  - (c) review any complaints that might have been received, current status, and resolution if one has been reached;
  - (d) review procedures for the confidential, anonymous submission by employees of the organization of concerns regarding questionable accounting or auditing matters; and
  - (e) review any submissions that have been received, the current status, and resolution if one has been reached.
4. The Committee is also charged with the responsibility to:
- (a) inquire regarding the “quality of earnings” of the Corporation from a subjective as well as an objective standpoint;
  - (b) review with the independent accountants:
    - (i) the adequacy of the Corporation’s internal controls including computerized information system controls and security; and
    - (ii) any related significant findings and recommendations of the independent auditors together with the Management’s responses thereto;
  - (c) perform such other functions as assigned by law, the British Columbia Business Corporations Act, the Corporation’s by-laws, articles, or the Board;
  - (d) to inquire of the Management and the independent auditors about significant risks or exposures facing the Corporation; assess the steps the Management has taken or proposed to take to minimize such risks to the Corporation; and periodically review compliance with such steps;
  - (e) to conduct a bi-annual review of the general risk register of the Corporation, as prepared by Management, and provide feedback to Management;
  - (f) to review with Management and the independent auditor, the effect of any regulatory and accounting initiatives, as well as off-balance-sheet structures, if any; and
  - (g) to review with the Management and the independent auditors:
    - (i) the Corporation’s annual financial statements and related footnotes;
    - (ii) the independent auditors’ audit of the financial statements and their report thereon;
    - (iii) the independent auditor’s judgements about the quality, not just the acceptability, of the Corporation’s accounting principles as applied in its financial reporting;
    - (iv) any significant changes required in the independent auditor’s audit plan; and
    - (v) any serious difficulties or disputes with the Management encountered during the audit.