



NEVADA COPPER CORP.

ANNUAL REPORT FOR THE YEAR ENDED JUNE 30, 2009

NEVADA COPPER CORP.
Management's Discussion & Analysis
For the year June 30, 2009, as of September 22, 2009

General

This Management's Discussion and Analysis of Nevada Copper Corp. (the "Corporation") has been prepared by management as of September 22, 2009 and should be read in conjunction with the Corporation's audited annual financial statements and related notes for the year ended June 30, 2009. All amounts are expressed in Canadian Dollars unless otherwise indicated.

Forward-Looking Statements

Certain statements contained in the following Management's Discussion and Analysis may be deemed forward-looking statements. All statements other than statements of historical facts, including the likelihood of commercial mining and possible future financings are forward-looking statements. Although the Corporation believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include unsuccessful exploration results, changes in commodity prices, changes in the availability of funding for mineral exploration, unanticipated changes in key management personnel and general economic conditions. Mining is an inherently risky business. Accordingly the actual events may differ materially from those projected in the forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statements were made, and readers are advised to consider such forward-looking statements while considering the risks set forth below.

Description of Business

The Corporation is an exploration stage mining company engaged in the identification, acquisition, exploration and development of copper and other mineral properties located in the United States.

Nevada Copper Corp. (the "Corporation" or "Nevada Copper"), is an exploration stage mining company engaged in the identification, acquisition and exploration of copper and other mineral properties located in the United States.

Nevada Copper was incorporated on June 16, 1999, under the Business Corporations Act of the Yukon as African Venture Corporation and changed its name to Astron Resources Corporation on July 26, 1999, and subsequently to Nevada Copper Corp. on November 16, 2006. The Corporation's common shares are listed on the Toronto Stock Exchange ("TSX") under the NCU symbol.

The principal asset of the Corporation is a 100% interest in the Pumpkin Hollow property located in north-western Nevada, approximately one hundred miles southeast of Reno. The property is located within a contiguous 22 square mile land package held by the Corporation comprised of patented and unpatented claims.

Overview of Performance

Since the acquisition of 607792 BC on August 15, 2006, the Corporation has embarked on a systematic fast-track program to develop its advanced stage Pumpkin Hollow property located in Nevada. During 2007, a 19,000 meters drill program was completed and in November 2007 the Corporation completed an updated independent National Instrument ("NI") 43-101 compliant resource estimate with copper and iron resources increased while adding gold and silver to the overall resource. On March 17, 2008 the Corporation completed a 43-101 compliant Preliminary Economic Assessment (the "PEA") of its Pumpkin Hollow property. The PEA was filed on SEDAR on April 3, 2008.

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

An updated NI 43-101 compliant resource estimate was completed in July 2009 adding significant copper, gold and iron resources and showing substantial increase in the Measured and Indicated categories.

The Corporation has also assembled a team of industry leading project development professionals to assist its technical team with the collection of geotechnical, hydrological, environmental, metallurgical and geological data to support and facilitate project feasibility and permitting.

Resulting from a period of unprecedented market turbulence in the capital markets Nevada Copper reviewed its operations in detail with a view of preserving treasury while still allowing for the systematic advancement of the Pumpkin Hollow Copper property on a basis that will reflect and capture the significant project developments achieved during the 2008 program.

In June, 2009 the Corporation successfully closed an US\$2,000,000 convertible debenture agreement with Zhongtiaoshan Non-ferrous Metals Group Co. (“ZTS”). The convertible debenture will mature on December 25, 2010 and bear interest at a rate of 7% per annum calculated monthly and payable in full on maturity. The debenture is convertible to common shares at a deemed price of CDN\$1.00. As part of the agreement, ZTS also received from the Corporation 100,000 share purchase warrants exercisable at a purchase price of CDN\$1.00 per share until January 6, 2011.

Selected Information

The following table sets forth selected consolidated annual financial information of the Corporation for and as of the end of the last three fiscal years. The selected consolidated financial information should be read in conjunction with the Consolidated Financial Statements of the Corporation.

	June 30,		
	2009	2008	(Restated) 2007
	\$	\$	\$
Net (loss)	(2,589,017)	(2,575,910)	(3,212,073)
Net loss per share	(0.06)	(0.07)	(0.11)
Total cash and cash equivalents	2,567,280	6,307,602	5,496,900
Working capital	2,263,278	5,704,453	5,064,648
Total liabilities	2,526,143	660,689	488,637
Total assets	21,172,451	20,497,696	12,702,817
Shareholders' equity	18,646,308	19,837,007	12,214,180

Results of Operations

For the year ended June 30, 2009, the Corporation had a net loss of \$2,589,017 or \$0.06 per share compared to a net loss of \$2,575,910 or \$0.07 per share with the corresponding fiscal period of 2008. General administrative expenses totaled \$701,355 (2008 - \$1,556,686) and business development totalled \$222,948 (2008 - \$473,258) reflecting the decreased business activities during the current period. Stock-based compensation of \$1,081,502 (2008 - \$707,000) was recognized for options granted to directors, employees and consultants representing a significant portion of the loss in the year. The increase in stock-based compensation expense was the result of higher number of options being granted this fiscal year. A total of \$5,271,049 (2008 - \$6,782,091) was spent in property acquisition and exploration related activities and \$70,780 was spent on property and equipment (2008 - \$200,931). Short-term investments generated interest income totalled \$52,473 for the current fiscal year compared to \$154,651 during the same period of 2008.

Summary of Quarterly Results

Selected consolidated financial information for the most recent eight financial quarters is as follows:

(In thousand of dollars except amounts per share)	2009			2008			2007	
	Jun. 30	Mar. 31	Dec. 31	Sept. 30	Jun. 30	Mar. 31	Dec. 31	Sept. 30
	\$	\$	\$	\$	\$	\$	\$	\$
Cash	2,567	1,220	1,984	4,131	6,308	2,508	3,796	4,850
Working capital	2,263	753	2,543	4,123	6,604	2,982	4,567	5,758
Total assets	21,172	19,334	20,044	20,762	20,498	13,320	12,830	12,855
Shareholder's equity	18,646	18,823	19,670	19,808	19,837	12,777	12,600	12,787
Net loss	(1,303)	(842)	(134)	(310)	(202)	(660)	(555)	(1,159)
Net loss per share	(0.03)	(0.02)	(0.00)	(0.01)	(0.01)	(0.02)	(0.02)	(0.03)

Liquidity and Capital Resources

The Corporation's working capital as at June 30, 2009 was \$2,263,278 compared with a working capital position of \$5,704,453 as at June 30, 2008. During the current fiscal period financing and exercise of warrants generated funding of \$282,416 (2008 – \$9,435,492) offset by exploration and capital expenditures of \$5,341,829 (2008 - \$6,983,022) at the Pumpkin Hollow project. Use of funding to support operating activities totalled to \$1,136,309 (2008 – \$1,641,768). During the fiscal year ended June 30, 2009, \$253,800 proceeds were generated from the disposal of an investment.

On April 30, 2008 the Corporation closed a bought deal private placement of 2,400,000 units at a purchase price of \$2.70 per Unit for gross proceeds of \$6,480,000 with a syndicate of underwriters, led by Acumen Capital Finance Partners Limited and including Fraser Mackenzie Limited. Each unit consisted of one common share and one-half of a transferable common share purchase warrant. Each whole warrant is exercisable into one common share for a period of 18 months from closing at a price of \$3.20 per share expiring October 30, 2009.

During the year ended June 30, 2008 1,940,020 share purchase warrants were exercised at \$1.50 per share and 95,324 share purchase warrants were exercised at \$1.05 per share for a gross proceed of \$3,010,120. The Corporation also issued 21,589 common shares as compensation to a consultant with market value equivalent to \$56,245.

During the year ended June 30, 2009, 188,349 share purchase warrants were exercised for gross proceed of \$282,416.

In June, 2009 the Corporation successfully closed an US\$2,000,000 convertible debenture agreement with Zhongtiaoshan Non-ferrous Metals Group Co. ("ZTS"). The convertible debenture will mature on December 25, 2010 and bear interest at a rate of 7% per annum calculated monthly and payable in full on maturity. The debenture is convertible to common shares at a deemed price of CDN\$1.00. As part of the agreement, ZTS also received from the Corporation 100,000 share purchase warrants exercisable at a purchase price of CDN\$1.00 per share until January 6, 2011.

Transactions with Related Parties

During the year ended June 30, 2009, the Corporation incurred general and administration services expenses of \$136,000 (2008 - \$140,663) to a company with common directors.

The Corporation entered into management agreements with certain members of senior management. In the event that there is a change of control, the Corporation is committed to pay severance payments equivalent to 3 years of salary.

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

Accounts payable and accrued liabilities include amounts owed to an officer of \$3,179 (2008 - \$15,502).

Commitments

The Corporation entered into an Option Agreement to acquire a ten-year lease for mining rights (the "Lease"), effective May 4, 2006 and expiring May 4, 2016, to the Pumpkin Hollow Copper Development Property.

Under the terms of the Lease, the Corporation is required to make the following lease payments:

<u>Due Date</u>	<u>US\$</u>	
May 4, 2007	75,000	(Paid)
May 4, 2008	100,000	(Paid)
May 4, 2009	125,000	(Paid)
May 4, 2010	150,000	
May 4, 2011	150,000	
	<u>600,000</u>	

Following May 4, 2011, the Corporation is required to pay advance royalty payments of US\$600,000 annually until the expiry of the Lease on May 4, 2016. Total advance royalty payments under this obligation are US\$3,000,000.

The Corporation is obligated to make exploration and development expenditures on the Property of at least US\$4,000,000 during the first three years of the Lease, with expenditures of at least US\$500,000 each year, and an additional US\$4,000,000 during the 4th through 6th years of the Lease, with expenditures of at least US\$500,000 each year. As at June 30, 2009, the Corporation has incurred cumulative expenditures of \$17,833,994 on exploration development, property and equipment since acquiring the property.

Pursuant to the First Amendment to Lease Agreement to the Lease dated April 10, 2008, the Corporation agreed to acquire from the optionor of the Lease, certain water rights to consume a maximum of 500 acre feet of water for its mining operations on the Property in exchange for making 80 quarterly payments payable over a period of 20 years with US\$47,262 each from July 1, 2008 to April 1, 2028. At June 30, 2009, payments totaling US\$189,049 had been paid. The first Amendment to the Lease Agreement also contains provisions allowing the Corporation to accelerate and reduce the payments required.

Fourth Quarter

The Corporation reported a loss of \$1,303,466 or \$0.03 per share during the fourth quarter of 2009 compared to a loss of \$201,795 or \$0.01 per share for the same period in 2008. General administration expenses for this quarter totalled to \$195,254 which was offset by interest income of \$973. Stock-based compensation expense for this quarter was \$1,081,502 which was primarily a result of year-to-date adjustment.

Off-Balance Sheet Arrangements

The Corporation has no off-balance sheet arrangement.

Internal Controls over Financial Reporting

The Chief Executive Officer and Chief Financial Officer have instituted a system of controls for the Corporation to provide reasonable assurance as to the reliability of the financial information and that the financial statements are prepared, for external purpose, in accordance with GAAP. The limited number of employees within the Corporation facilitates access to real time information about developments in the business for the person responsible for drafting disclosure documents. All documents are circulated to responsible members of management and the board of directors according to the disclosure time-lines contained within the disclosure policy. The disclosure controls conform with the Corporation's Corporate Governance policies.

The Chief Executive Officer and Chief Financial Officer, after evaluating the effectiveness of the Corporation's disclosure controls and procedures have concluded that, as of such date, the Corporation's disclosure controls and

procedures were effective to ensure that material information relating to the Corporation was made known to them by others within the Corporation during the period.

Disclosure Controls and Procedures

Disclosure controls and procedures are designed to ensure that information required to be disclosed by our Corporation is recorded, processed, summarized and reported within the time periods specified. The Chief Executive Officer and the Chief Financial Officer are responsible for establishing and maintaining disclosure controls and procedures for the Corporation.

The Chief Executive Officer and the Chief Financial Officer have concluded, based on an evaluation as of June 30, 2009, that the disclosure controls and procedures for the Corporation was effective to provide reasonable assurance that material information related to the Corporation is made known. It should be noted that while the Corporation's Chief Executive Officer and the Chief Financial Officer believe that the Corporation's disclosure controls and procedures provide a reasonable level of assurance that the system of internal control are effective, they do not guarantee that the disclosure controls and procedures will prevent all errors and fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

Critical Accounting Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingencies at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates. Significant areas requiring the use of management estimates relate to the determination of the recoverability of mineral property deferred costs, valuation of investments, future income tax assets and liabilities, assumptions used in valuing options and warrants in stock-based compensation calculations and assumptions used in valuing the liability and variable conversion feature of convertible debenture.

Risk Factors

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

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

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

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

There is no certainty that the expenditures made or to be made by the Corporation in the exploration of its properties will result in discoveries of 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 a combination of experience, knowledge and careful evaluation may not be able to overcome. The business of mining is subject to a variety of risks such as industrial accidents, flooding, environmental hazards such as fires, technical failures, labour disputes and other accidents at the mine facilities. Such occurrences, against which the Corporation cannot or may elect not to insure, may delay production, increase production costs or result in liability. The payment of such liabilities may have a material adverse effect on the Corporation's financial position.

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

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

- ***If the Corporation's programs are successful, additional funds will be required for the development of an economic ore body and to place it into commercial production.***

The business of mineral exploration and extraction involves a high degree of risk with very few properties that are explored ultimately achieving commercial production. As a mining company in the exploration stage, the future ability of the Corporation to conduct exploration and development will be affected principally by its ability to raise adequate amounts of capital through equity financings, debt financings, joint venturing of projects and other means. In turn, the Corporation's ability to raise such funding depends in part upon the market's perception of its management and properties, but to a great degree upon the mineral prices and the marketability of securities of speculative exploration and development mining companies.

The development of any ore deposits found on the Corporation's exploration properties depends upon the Corporation's ability to obtain financing through any or all of equity financing, debt financing, the joint venturing of projects, or other means. There is no assurance that the Corporation will be successful in obtaining the required financing.

- ***Title Matters***

In those jurisdictions where the Corporation has property interests, the Corporation makes a search of mining records in accordance with mining industry practices to confirm satisfactory title to properties in which it holds or intends to acquire an interest, but does not obtain title insurance with respect to such properties. The possibility exists that title to one or more of its properties, particularly title to undeveloped properties, might be defective because of errors or omissions in the chain of title, including defects in conveyances and defects in locating or maintaining such claims, or concessions. The ownership and validity of mining claims and concessions are often uncertain and may be contested. There is, however, no guarantee that title to the Corporation's properties and concessions will not be challenged or impugned in the future. The properties may be subject to prior unregistered agreements or transfers, and title may be affected by undetected defects.

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

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

- ***Currency risk***
The Corporation is exposed to currency fluctuations in the acquisition of foreign currencies. The Corporation holds balances in cash and cash equivalents, accounts payable, accrued liabilities and convertible debenture in foreign currencies (US dollars) and is therefore exposed to gain or losses on foreign exchange.
- ***The Corporation's activities on the Pumpkin Hollow Property are subject to environmental regulations.***
All phases of the Corporation's operations are subject to environmental regulation in the various jurisdictions in which it operates. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Corporation's operations, or its ability to develop its properties economically. Before production may commence on any property, the Corporation must obtain regulatory and environmental approvals and permits. There is no assurance such approvals and permits will be obtained on a timely basis, if at all. Compliance with environmental and other regulations may reduce profitability, or preclude economic development of a property entirely.
- ***The Corporation is in competition with other mining companies that have greater resources and experience.***
The resource industry is intensely competitive in all of its phases, and the Corporation competes with many companies possessing greater financial resources and technical facilities. Competition could adversely affect the Corporation's ability to acquire suitable producing properties or prospects for exploration in the future.
- ***The Corporation is dependent on key personnel and the absence of any of these individuals could result in a significantly negative effect on the Corporation.***
The success of the Corporation and its ability to continue to carry on operations is dependent upon its ability to retain the services of certain key personnel. The loss of their services to the Corporation may have a material adverse effect on the Corporation. The Corporation does not presently have "key person" life insurance for any of its officers.
- ***Some of the directors of the Corporation are involved with other mineral resource companies and may have a conflict of interest in negotiations on a project that is also of interest to the Corporation.***
Certain of the directors of the Corporation are directors of other mineral resource companies and, to the extent that such other companies may be interested in a project also of interest to the Corporation, or may in the future participate in one or more ventures in which the Corporation participates, such directors may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. In the event that such a conflict of interest arises, at a meeting of the directors of the Corporation, a director who has such a conflict will abstain from voting for or against the approval of such acquisition or participation. In the appropriate cases, the Corporation will establish a special committee of independent directors to review a matter in which several directors, or management, may have a conflict. From time to time several companies may participate in the acquisition, exploration and development of natural resource properties thereby allowing for their participating in larger programs, permitting involvement in a greater number of programs and reducing financial exposure in respect of any one program.
- ***Legal Proceedings Against Foreign Directors.***
The Corporation is incorporated under the laws of British Columbia, Canada, and some of the Corporation's directors and officers are residents of Canada. Consequently, it may be difficult for United States investors to effect service of process within the United States upon the Corporation or upon its directors or officers, or to realize in the United States upon judgments of United States courts predicated upon civil liabilities under the United States Securities Exchange Act of 1934, as amended. Furthermore, it may be difficult for investors to enforce judgments of U.S. courts based on civil liability provisions of the U.S. federal securities laws in a foreign court against the Corporation or any of the Corporation's non-U.S. resident officers or directors.
- ***Shareholder Dilution***
It is likely that additional capital required by the Corporation will be raised through the issuance of additional equity securities, resulting in dilution to the Corporation's shareholders.

Changes in Accounting Policy

Effective July 1, 2008, the Corporation adopted the following new accounting standards issued by the Canadian Institute of Chartered Accountants (CICA). The new standards and accounting policy changes are as follows:

(i) Assessing going concern

Effective July 1, 2008, the Corporation adopted the amended CICA Handbook Section 1400 "General Standards of Financial Statement Presentation". This amended section includes requirements for management to assess and disclose an entity's ability to continue as a going concern, and if applicable, management's plans to address any going concern issues. The adoption of this standard has no material impact on the Corporation's financial statements.

(ii) Capital disclosure

Effective July 1, 2008, the Corporation adopted the new CICA Handbook Section 1535 "Capital Disclosures". The objective of this new standard is to disclose information concerning the Corporation's capital and how it is managed as well as any externally imposed capital requirements. The adoption of this standard had no effect on the Corporation's financial position, operations or cash flows. Disclosure relating to this standard is included in note 14.

(iii) Financial Instruments

On July 1, 2008 the Corporation adopted the new CICA Handbook Sections 3862 "Financial Instruments - Disclosures" and 3863 "Financial Instruments - Presentation". The objective of these disclosure standards is to provide information about the significance of financial instruments to the Corporation's financial position and performance, the nature and extent of risks arising from financial instruments to which the Corporation is exposed and how the Corporation manages those risks. Disclosures relating to these standards are included in note 13.

Recent Accounting Pronouncements

(i) CICA Handbook Section 3064, "Goodwill and Intangible Assets"

In February 2008, the CICA issued new CICA Handbook Section 3064, "Goodwill and Intangible Assets", replacing CICA 3062, Goodwill and Other Intangible Assets, and CICA 3450, Research and Development Costs. Collectively, these changes bring Canadian practice closer to International Financial Reporting Standards ("IFRS") and U.S. GAAP. The effective date of adopting this standard for the Corporation is July 1, 2009. This standard is not expected to impact the Corporation's financial statements.

(ii) CICA Handbook Section 1582, "Business Combinations"

In January 2009, the CICA issued Section 1582, "Business Combinations", which replaces former guidance on business combinations. Section 1582 establishes principles and requirements of the acquisition method for business combination and related disclosures. The Section applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 2011 with earlier adoption permitted. The Corporation does not expect that the adoption of this standard will have a material impact on its financial statements.

(iii) CICA Handbook Section 1601, "Consolidated Financial Statements", and 1602, "Non-controlling Interest"

In January 2009, the CICA issued Section 1601, "Consolidated Financial Statements", and 1602, "Non-controlling Interests", which replaces existing guidance. Section 1602 provides guidance on accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. These standards are effective on or after the beginning of the first annual reporting period on or after January 2011 with earlier adoption permitted. The Corporation does not expect that the adoption of this standard will have a material impact on its financial statements.

(iv) Adoption of International Financial Reporting Standards (“IFRS”)

The CICA's Accounting Standards Board has announced that Canadian publicly accountable enterprise will adopt IFRS as issued by the International Accounting Standards Board effective January 1, 2011. The Corporation is in the process of developing a plan for the implementation of IFRS and will assess the impact of the differences in accounting standards on the Corporation's consolidated financial statements. The Corporation expects to make changes to processes and systems before the 2011 fiscal year, in time to enable the Corporation to record transactions under IFRS, including previous years financial statements presented for comparative purposes in the 2011 financial year.

Outlook

The Corporation will continue to focus the majority of its exploration and development efforts in the United States for purposes of the acquiring, exploring and developing high-grade copper projects.

As a development stage company the future liquidity of the Corporation will be affected principally by the level of its development expenditures and by its ability to raise an adequate level of capital through the capital markets. In management's opinion the Corporation's current working capital position will be sufficient for purposes of completing its current development program at the Pumpkin Hollow property.

The Corporation will continue to evaluate its funding requirements on a going forward basis in an effort to meet its future development and growth initiatives.

NEVADA COPPER CORP.

Consolidated Financial Statements
Years ended June 30, 2009 and 2008

Together with Auditors' Report



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CHARTERED ACCOUNTANTS

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AUDITORS' REPORT

To the Shareholders of
Nevada Copper Corp.

We have audited the consolidated balance sheets of Nevada Copper Corp. as at June 30, 2009 and 2008 and the consolidated statements of operations, comprehensive loss and deficit and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at June 30, 2009 and 2008 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

/s/ "*Manning Elliott LLP*"

CHARTERED ACCOUNTANTS

Vancouver, British Columbia

September 11, 2009

NEVADA COPPER CORP.
CONSOLIDATED BALANCE SHEETS
(In Canadian Dollars)
As of June 30, 2009 and 2008

	2009	2008
	\$	\$
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	2,567,280	6,307,602
Amounts receivable	8,038	30,434
Prepaid expenses	22,750	27,106
	<u>2,598,068</u>	6,365,142
INVESTMENT (note 4)	-	900,000
PROPERTY AND EQUIPMENT (note 5)	195,815	169,203
MINERAL PROPERTIES (note 6)	<u>18,378,568</u>	13,063,351
	<u>21,172,451</u>	20,497,696
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	<u>334,790</u>	660,689
LONG-TERM LIABILITIES		
Convertible debenture (note 8)	1,860,626	-
Variable conversion feature (note 8)	<u>330,727</u>	-
	2,191,353	-
SHAREHOLDERS' EQUITY		
Share capital (note 9)	22,319,346	22,036,930
Contributed surplus (note 10)	4,778,443	3,662,541
Deficit	<u>(8,451,481)</u>	(5,862,464)
	<u>18,646,308</u>	19,837,007
	<u>21,172,451</u>	20,497,696

NATURE OF OPERATIONS (note 1)
COMMITMENTS (notes 6 and 7)

APPROVED ON BEHALF OF THE BOARD,

Signed: Giulio T. Bonifacio
Director
Signed: Brian P. Kirwin
Director

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

NEVADA COPPER CORP.**CONSOLIDATED STATEMENTS OF OPERATIONS, COMPREHENSIVE LOSS AND DEFICIT**

(In Canadian Dollars)

For the year ended June 30,

	2009	2008
	\$	\$
EXPENSES		
General and administrative (note 12)	701,355	1,556,686
Business development	222,948	473,258
Foreign exchange	(17,508)	(6,383)
Stock-based compensation (note 9)	1,081,502	707,000
	<u>1,988,297</u>	<u>2,730,561</u>
OTHER INCOME (EXPENSES)		
Interest income	52,473	154,651
Interest on convertible debt (note 8)	(3,718)	-
Loss on change of fair value of derivative liabilities (note 8)	(3,275)	-
Loss on disposal of investment (note 4)	(646,200)	-
	<u>(600,720)</u>	<u>154,651</u>
LOSS AND COMPREHENSIVE LOSS FOR THE YEAR	(2,589,017)	(2,575,910)
DEFICIT, beginning of the year	(5,862,464)	(3,286,554)
DEFICIT, end of the year	(8,451,481)	(5,862,464)
LOSS PER COMMON SHARE		
Basic and diluted	<u>(0.06)</u>	<u>(0.07)</u>
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING	40,564,287	36,967,199

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

NEVADA COPPER CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Canadian Dollars)

For the years ended June 30,

	2009	2008
	\$	\$
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Loss for the year	(2,589,017)	(2,575,910)
Items not affecting cash		
Loss on investment disposal	646,200	-
Interest on convertible debt	3,718	-
Loss on change of fair value of derivative liabilities	3,275	-
Foreign exchange on convertible debt	17,160	-
Stock-based compensation	1,081,502	763,245
	(837,162)	(1,812,665)
Changes in non-cash working capital items		
Amounts receivable	22,396	1,346
Prepaid expenses	4,356	(2,501)
Accounts payable and accrued liabilities	(325,899)	172,052
	(1,136,309)	(1,641,768)
INVESTING ACTIVITIES		
Proceeds on disposal of investment (note 4)	253,800	-
Property and equipment (note 5)	(70,780)	(200,931)
Mineral properties (note 6)	(5,271,049)	(6,782,091)
	(5,088,029)	(6,983,022)
FINANCING ACTIVITY		
Issuance of convertible debenture net of issue costs (note 8)	2,201,600	-
Issuance of common shares, net of issue costs (note 9)	282,416	9,435,492
	2,484,016	9,435,492
INCREASE (DECREASE) IN CASH	(3,740,322)	810,702
CASH AND CASH EQUIVALENTS, beginning of the year	6,307,602	5,496,900
CASH AND CASH EQUIVALENTS, end of the year	2,567,280	6,307,602
SUPPLEMENTARY INFORMATION:		
Interest Paid	-	-
Interest Received	52,473	154,651
Income Tax Paid	-	-
NON CASH FINANCING TRANSACTIONS:		
Shares issued for business development services (note 9)	-	56,245

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

NEVADA COPPER CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(In Canadian Dollars)

For the years ended June 30, 2009 and 2008

1. NATURE OF OPERATIONS

Nevada Copper Corp. (the “Corporation” or “Nevada Copper”), is an exploration stage mining company engaged in the identification, acquisition and exploration of copper and other mineral properties located in the United States.

Nevada Copper was incorporated on June 16, 1999 under the Business Corporations Act of the Yukon as African Venture Corporation and changed its name to Astron Resources Corporation on July 26, 1999, and subsequently to Nevada Copper Corp. on November 16, 2006. The Corporation’s common shares are listed on the Toronto Stock Exchange (“TSX”) under the NCU symbol.

These consolidated financial statements have been prepared on a going concern basis in accordance with Canadian generally accepted accounting principles. The Corporation will be required to raise additional funding to complete its long-term business objectives. Failure to raise additional funding may require the Corporation to reduce operations.

2. SIGNIFICANT ACCOUNTING POLICIES

Principles of consolidation

The consolidated financial statements include the accounts of the Corporation and its wholly-owned subsidiaries 607792 BC, which was dissolved on February 4, 2008, and Nevada Copper, Inc. (formerly “Pumpkin Copper Inc.”) incorporated in Nevada, United States. All significant inter-company transactions and balances have been eliminated.

Use of estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingencies at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates. Significant areas requiring the use of management estimates relate to the determination of the recoverability of mineral property costs, determination of future income tax assets and liabilities, assumptions used in valuing the liability and equity components of convertible debentures, assumptions used in estimating the fair values of options and warrants in stock-based compensation calculations, and estimating accrued liabilities.

Foreign currency translation

The reporting and functional currency of the Corporation and its Canadian subsidiary 607792 BC is the Canadian dollar. The Corporation’s foreign subsidiary (Nevada Copper, Inc.) is dependent on funding from the Corporation.

Accordingly, the temporal method of translating the accounts of the foreign subsidiary has been adopted. Under this method, monetary assets and liabilities are translated to Canadian dollars at the prevailing year end exchange rate. Non-monetary assets and liabilities are translated at historical exchange rates. Revenue and expense items are translated at the rates of exchange in effect at the time of the transactions. Translation gains and losses are included in the statement of operations and deficit.

Cash and cash equivalents

Cash and cash equivalents consist of cash on deposit with banks or highly liquid short-term interest bearing securities that are readily convertible to known amounts of cash and those that have maturities of three months or less when acquired.

Financial Instruments

The Corporation’s financial instruments consist of cash and cash equivalents, accounts payable, convertible debenture and commitments. The fair values of cash and cash equivalents and accounts payable approximate their carrying values due to the relatively short-term maturity of these instruments.

NEVADA COPPER CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(In Canadian Dollars)

For the years ended June 30, 2009 and 2008

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Instruments (continued)

The Corporation classifies financial assets and liabilities as held-for-trading, available-for-sale, held-to-maturity, loans and receivables or other financial liabilities depending on their nature. Financial assets and financial liabilities are recognized at fair value on their initial recognition, except for those arising from certain related party transactions which are accounted for at the transferor's carrying amount or exchange amount in accordance with the Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3840 "Related Party Transactions".

Financial assets and liabilities classified as held-for-trading are measured at fair value, with gains and losses recognized in net income. Financial assets classified as held-to-maturity, loans and receivables, and financial liabilities other than those classified as held-for-trading are measured at amortized cost, using the effective interest method of amortization. Financial assets classified as available-for-sale are measured at fair value, with unrealized gains and losses being recognized as other comprehensive income until realized, or if an unrealized loss is considered other than temporary, the unrealized loss is recorded in income.

The Corporation classified its cash and cash equivalents as held-for-trading and its accounts payable and convertible debentures as other financial liabilities.

Financial instruments that potentially subject the Corporation to concentration of credit risks consist principally of cash and cash equivalents. To minimize the credit risk the Corporation places these instruments with high credit quality financial institutions.

The Corporation has operations in the United States which are transacted into U.S. dollars. Accordingly, the Corporation is exposed to foreign exchange risk in respect to these transactions. The Corporation has not undertaken hedging activities to mitigate this risk.

Mineral properties and deferred exploration costs

Costs related to mineral activities, which include the investigation, acquisition, exploration, and development of mining properties, are capitalized on a property-by-property basis until such time as the Corporation determines that economically recoverable reserves are established or the property is evaluated as non-productive or uneconomical.

Costs relating to non-productive or uneconomical properties are charged to earnings and written down to their net recoverable amounts. The recovery of the carrying amount of mineral properties is dependent upon the future commercial success of the properties or from proceeds of disposition. The amounts shown for mineral properties represent costs incurred to date and are not intended to reflect present or future values.

Asset retirement obligations and reclamation costs

The Corporation recognizes and records the fair value of the liability for an asset retirement obligation in the period in which it is incurred and records a corresponding increase in the carrying value of the related asset using the present value of the estimated future cash outflows. The liability is subsequently adjusted for the passage of time, and the increase in the carrying value of the asset is amortized on the same basis as exploration properties.

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

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(In Canadian Dollars)

For the years ended June 30, 2009 and 2008

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred acquisition costs

The Corporation defers costs of proposed acquisitions if such acquisitions are considered more than likely to be completed. Deferred acquisition costs are applied towards the cost of the acquisition when it is completed or expensed if the acquisition is abandoned.

Property and equipment

Property and equipment are stated at cost which includes the acquisition price and any direct costs to bring the asset into productive use at its intended location.

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

Building	10 years
Equipment	5 years
Mobile equipment	3 years
Computer equipment	2 years

Impairment of long-lived assets

The Corporation monitors the recoverability of long-lived assets, based on factors such as current market value, future asset utilization, business climate and future undiscounted cash flows expected to result from the use of the related assets. The Corporation's policy is to record an impairment loss in the period when it is determined that the carrying amount of the assets may not be recoverable. The impairment loss is calculated as the amount by which the carrying amount of the assets exceeds the discounted estimate of future cash flows from use or disposal of the asset.

Income taxes

The Corporation accounts for income taxes under the asset and liability method. Under this method, temporary differences arising from the difference between the tax basis of an asset or liability and its carrying amount are used to calculate future income tax assets or liabilities. Future income tax assets or liabilities are measured using tax rates anticipated to be in effect in the periods that the temporary differences are expected to be settled or realized. A valuation allowance is provided to the extent that it is more likely than not that future income tax assets will not be realized. The effect of a change in income tax rates on future income tax assets and liabilities is recognized in income in the period that the change occurs.

Stock-based compensation

The Corporation applies the fair value method to stock-based payments for all awards that are direct awards of stock, that call for settlement in cash or other assets or are stock appreciation rights that call for settlement by the issuance of equity instruments. Compensation expense is recognized over the applicable vesting period with a corresponding increase in contributed surplus. When the options are exercised, the exercise price proceeds together with the related contributed surplus are credited to share capital.

Loss per share

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

NEVADA COPPER CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(In Canadian Dollars)

For the years ended June 30, 2009 and 2008

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Segmented information

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

3. CHANGES IN ACCOUNTING POLICIES AND RECENT ACCOUNTING PRONOUNCEMENTS

(a) Effective July 1, 2008, the Corporation has adopted the following new accounting standards issued by the Canadian Institute of Chartered Accountants (CICA). The new standards and accounting policy changes are as follows:

(i) Assessing going concern

Effective July 1, 2008, the Corporation adopted the amended CICA Handbook Section 1400 "General Standards of Financial Statement Presentation". This amended section includes requirements for management to assess and disclose an entity's ability to continue as a going concern, and if applicable, management's plans to address any going concern issues. The adoption of this standard has no material impact on the Corporation's financial statements.

(ii) Capital disclosure

Effective July 1, 2008, the Corporation adopted the new CICA Handbook Section 1535 "Capital Disclosures". The objective of this new standard is to disclose information concerning the Corporation's capital and how it is managed as well as any externally imposed capital requirements. The adoption of this standard had no effect on the Corporation's financial position, operations or cash flows. Disclosure relating to this standard is included in note 14.

(iii) Financial Instruments

Effective July 1, 2008 the Corporation adopted the new CICA Handbook Sections 3862 "Financial Instruments - Disclosures" and 3863 "Financial Instruments - Presentation". The objective of these disclosure standards is to provide information about the significance of financial instruments to the Corporation's financial position and performance, the nature and extent of risks arising from financial instruments to which the Corporation is exposed and how the Corporation manages those risks. Disclosures relating to these standards are included in note 13.

(b) Recent Accounting Pronouncements

(i) CICA Handbook Section 3064, "Goodwill and Intangible Assets"

In February 2008, the CICA issued new CICA Handbook Section 3064, "Goodwill and Intangible Assets", replacing CICA 3062, Goodwill and Other Intangible Assets, and CICA 3450, Research and Development Costs. Collectively, these changes bring Canadian practice closer to International Financial Reporting Standards ("IFRS") and U.S. GAAP. The effective date of adopting this standard for the Corporation is July 1, 2009. This standard is not expected to impact the Corporation's financial statements.

(ii) CICA Handbook Section 1582, "Business Combinations"

In January 2009, the CICA issued Section 1582, "Business Combinations", which replaces former guidance on business combinations. Section 1582 establishes principles and requirements of the acquisition method for business combination and related disclosures. The Section applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 2011 with earlier adoption permitted. The Corporation does not expect that the adoption of this standard will have a material impact on its financial statements.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(In Canadian Dollars)

For the years ended June 30, 2009 and 2008

3. CHANGES IN ACCOUNTING POLICIES AND RECENT ACCOUNTING PRONOUNCEMENTS (continued)

- (iii) CICA Handbook Section 1601, “Consolidated Financial Statements”, and 1602, “Non-controlling Interest”

In January 2009, the CICA issued Section 1601, “Consolidated Financial Statements”, and 1602, “Non-controlling Interests”, which replaces existing guidance. Section 1602 provides guidance on accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. These standards are effective on or after the beginning of the first annual reporting period on or after January 2011 with earlier adoption permitted. The Corporation does not expect that the adoption of this standard will have a material impact on its financial statements.

- (iv) Adoption of International Financial Reporting Standards

The CICA's Accounting Standards Board has announced that Canadian publicly accountable enterprise will adopt IFRS as issued by the International Accounting Standards Board effective January 1, 2011. The Corporation is in the process of developing a plan for the implementation of IFRS and will assess the impact of the differences in accounting standards on the Corporation's consolidated financial statements. The Corporation expects to make changes to processes and systems before the 2011 fiscal year, in time to enable the Corporation to record transactions under IFRS, including previous years financial statements presented for comparative purposes in the 2011 financial year.

4. INVESTMENT

On August 15, 2006, when the Corporation acquired its subsidiary, it acquired, among other assets and liabilities, 900,000 common shares of Pak-It Technologies Inc., a private company.

During March 2009, the Corporation disposed of the 900,000 shares of Pak-It Technologies Inc. for gross proceeds of \$270,000 and paid a finder's fee of \$16,200 resulting in a net loss of \$646,200.

5. PROPERTY AND EQUIPMENT

	Cost	Accumulated Amortization	2009 Net Carrying Amount	2008 Net Carrying Amount
	\$	\$	\$	\$
Building	115,792	18,633	97,159	108,738
Equipment	45,064	15,992	29,072	24,741
Mobile equipment	41,879	26,381	15,498	25,918
Computer equipment	68,976	14,890	54,086	9,806
Balance, end of year	271,711	75,896	195,815	169,203

6. MINERAL PROPERTIES

Pumpkin Hollow Copper Development Property

On December 1, 2005, the Corporation entered into an Option Agreement to acquire a ten-year lease for mining rights (the “Lease”), effective May 4, 2006 and expiring May 4, 2016, to the Pumpkin Hollow Copper Development Property (the “Property”) located in north-western Nevada, United States, approximately one hundred miles southeast of Reno. The Property is located within a contiguous 22 square mile land package comprised of patented and unpatented claims. During the 2006 fiscal year, the Corporation paid \$90,722 (US\$80,000) to the optionor in full payment for the option and obtained a 100% interest in the Property pursuant to the lease terms. The Corporation has the option to extend this lease for up to three additional ten-year terms. A small non-core portion of the unpatented claims is subject to an assertion of a prior claim by a third party. The Corporation has taken steps to remedy this matter.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(In Canadian Dollars)

For the years ended June 30, 2009 and 2008

6. MINERAL PROPERTIES (continued)

Under the terms of the Lease, the Corporation is required to make the following lease payments:

<u>Due Date</u>	<u>US\$</u>
May 4, 2007	75,000 (Paid)
May 4, 2008	100,000 (Paid)
May 4, 2009	125,000 (Paid)
May 4, 2010	150,000
May 4, 2011	150,000
	<u>600,000</u>

Following May 4, 2011, the Corporation is required to pay advance royalty payments of US\$600,000 annually until the expiry of the Lease on May 4, 2016. Total advance royalty payments under this obligation are US\$3,000,000.

The Property is subject to a 5% royalty on the net return value of products other than copper, and a sliding scale royalty of 4% to 6% on the net return value of copper based on the copper price per pound. The advance royalty payments are offset against this royalty obligation.

The Corporation is obligated to make exploration and development expenditures on the Property of at least US\$4,000,000 during the first three years of the Lease, with expenditures of at least US\$500,000 each year, and an additional US\$4,000,000 during the 4th through 6th years of the Lease, with expenditures of at least US\$500,000 each year. As at June 30, 2009 the Corporation has satisfied this obligation and incurred cumulative expenditures of \$17,833,994 on exploration and development since acquiring the property.

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

Project expenditures capitalized as of June 30, 2009 and 2008 consisted of the following:

	<u>June 30,</u>		<u>June 30,</u>		<u>June 30,</u>
	<u>2007</u>	<u>Expenditures</u>	<u>2008</u>	<u>Expenditures</u>	<u>2009</u>
	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Property payments	344,479	113,226	457,705	145,900	603,605
Water rights	-	47,262	47,262	165,418	212,680
Exploration	1,022,312	970,366	1,992,678	1,024,855	3,017,533
Engineering	147,701	1,227,165	1,374,866	576,961	1,951,827
Drilling	4,473,604	4,124,757	8,598,361	2,999,931	11,598,292
Permit/Environmental	101,735	133,805	235,540	101,834	337,374
Equipment	146,546	4,302	150,848	43,569	194,417
Property Caretaking	13,155	57,317	70,472	49,347	119,819
Amortization	-	31,728	31,728	44,169	75,897
Administration	-	103,891	103,891	163,233	267,124
Total	6,249,532	6,813,819	13,063,351	5,315,217	18,378,568

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(In Canadian Dollars)

For the years ended June 30, 2009 and 2008

6. MINERAL PROPERTIES (continued)

Pumpkin Hollow Copper Development Property – Water Rights

Pursuant to the First Amendment to Lease Agreement dated April 10, 2008, the Corporation agreed to acquire from the optionor of the Lease, certain water rights to consume a maximum of 500 acre feet of water for its mining operations on the Property in exchange for making 80 quarterly payments of US\$47,262 each payable over a period of 20 years from July 1, 2008 to April 1, 2028. The first Amendment to the Lease Agreement also contains provisions allowing the Corporation to accelerate and reduce the payments required.

7. RELATED PARTY TRANSACTIONS

During the year ended June 30, 2009, the Corporation incurred general and administration services expenses of \$136,000 (2008 - \$140,663) to a company with common directors.

The Corporation entered into management agreements with certain members of senior management. In the event that there is a change of control, the Corporation is committed to pay severance payments equivalent to 3 years of salary.

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

Accounts payable and accrued liabilities include amounts owed to an officer of \$3,179 (2008 - \$15,502).

8. CONVERTIBLE DEBENTURE

On June 25, 2009, with the approval of the TSX, the Corporation entered into an agreement (the “Agreement”) with Zhongtiaoshan Non-ferrous Metals Group Co., Ltd. (“ZTS”) whereby gross proceeds of USD\$2,000,000 (the “Principal”) were received for issuance of a convertible debenture (the “Convertible Debenture”).

The Convertible Debenture matures on December 25, 2010 (the “Maturity Date”) and bears interest at a rate of 7% per annum calculated monthly and payable in full on the Maturity Date. The Corporation has the option at any time after December 25, 2009 to re-pay the then outstanding amount of the Convertible Debenture plus accrued interest.

The Principal outstanding under the Convertible Debenture is convertible into common shares at a deemed price of CAD\$1.00 per share by ZTS at any time up to the day immediately preceding the Maturity Date. If the Corporation’s common shares trade at a price greater than CAD\$1.35 per share for a period of 20 consecutive trading days, the Corporation may, at its option any time after October 26, 2009 force conversion of the Principal outstanding under the Convertible Debenture in whole or in part into common shares at a deemed price of CAD\$1.00 per share. Any common shares issued prior to October 27, 2009 pursuant to the conversion feature will be subject to an escrow agreement whereby the shares will be restricted from trading until October 27, 2009.

The terms of the Convertible Debenture also limit the shares that can be issued under the conversion feature to the number of shares that can be issued on conversion of USD\$2,000,000 using the specified June 25, 2009 US dollar foreign exchange rate, with any additional shares that would otherwise be issuable based on a higher actual foreign exchange rate at the conversion date, to be settled in cash.

The Corporation determined that the convertible debenture contains an embedded derivative in the form of a contractual obligation to deliver a variable number of its own equity instruments because the foreign exchange effect of the conversion feature is uncertain. Accordingly this conversion feature has been treated as a liability and not as an equity instrument. The Corporation estimated the fair value of the debt element using an effective interest rate of 17% which resulted in 1,978,548 (USD \$1,716,000) being initially recognized as debt, with the balance of \$327,452 (USD\$284,000) being initially recorded as variable conversion feature.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(In Canadian Dollars)

For the years ended June 30, 2009 and 2008

8. CONVERTIBLE DEBENTURE (continued)

The Corporation also determined that the Convertible Debenture contained an embedded derivative related to the cash settlement amount for any additional shares that would otherwise be required to be issued should the conversion date foreign exchange rate exceed the specified June 25, 2009 foreign exchange rate. This element is dependant on an underlying variable not specific to any party to the contract. The Corporation will recognize and record the value of this embedded derivative liability to its fair value at each reporting date. As at June 30, 2009, the fair value of this derivative liability was not significant and no amount has yet been recognized for it.

The Convertible Debenture is comprised as follows:

	\$
Recognized as debt on issue date	1,978,548
Cash debt issuance costs	(104,400)
Warrants granted as issuance cost	(34,400)
Accrued interest	3,718
Foreign exchange loss on translation	17,160
	<u>1,860,626</u>

The variable conversion feature is comprised as follows:

	\$
Variable conversion feature on issue	327,452
Foreign exchange loss on translation	3,275
	<u>330,727</u>

As part of the Agreement, the Corporation issued 100,000 share purchase warrants to ZTS (the "Warrants") which entitle ZTS to purchase up to 100,000 common shares of the Corporation at a purchase price of Cdn\$1.00 per share at any time until January 6, 2011. Any common shares issued upon exercise of the Warrants will be subject to a four month hold, expiring November 1, 2009. The fair value of these warrants was determined to be \$34,400, which was treated as debt issuance costs (see note 9).

9. SHARE CAPITAL

Authorized

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

Issued

	Number of Common Shares	Amount
		\$
Balance, June 30, 2007	35,553,138	13,078,802
Private placement financing, gross proceeds	2,400,000	6,480,000
Fair value of proceed allocated to warrants	-	(768,000)
Share issue costs	-	(746,628)
Shares issued for services	21,589	56,245
Exercise of warrants	2,035,344	3,010,120
Options exercised	380,000	523,000
Contributed surplus reallocated on exercise of warrants and options	-	403,391
Balance, June 30, 2008	40,390,071	22,036,930
Exercise of warrants	188,349	282,416
Balance, June 30, 2009	40,578,420	22,319,346

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(In Canadian Dollars)

For the years ended June 30, 2009 and 2008

9. SHARE CAPITAL (continued)

On April 30, 2008 the Corporation closed a bought deal private placement (the "Offering") of 2,400,000 units ("Units") at a purchase price of \$2.70 per Unit for gross proceeds of \$6,480,000 with a syndicate of underwriters, led by Acumen Capital Finance Partners Limited and including Fraser Mackenzie Limited (the "Underwriters"). Each Unit consisted of one common share and one-half of a transferable common share purchase warrant (a "Warrant"). Each whole Warrant is exercisable into one common share for a period of 18 months from closing at a price of \$3.20 per share expiring October 30, 2009. In the event the Corporation's common shares trade on the Toronto Stock Exchange at a price of \$4.00 or greater for a period of 20 consecutive trading days, notice shall be provided to the Warrant holders advising them of an accelerated Warrant expiry deadline of 30 days from the date of notice. Management determined that the fair value of the Warrants was \$768,000, and recoded this amount to contributed surplus.

The Underwriters were paid a cash commission of \$453,600. The Underwriters were also issued 168,000 compensation options ("agent's warrants") under the private placement. Each compensation option entitles the Underwriters to acquire a Unit at a price of \$2.70 per Unit for a period of 18 months from closing expiring October 30, 2009, with each Unit having the same terms as the Units issued to investors under the Offering. The fair value of the compensation options was \$169,000. The Corporation also incurred other cash issue costs of \$124,028.

All securities issued in connection with the private placement were subject to a four month hold period expiring September 1, 2008.

During the year ended June 30, 2008, the Corporation issued 2,035,344 common shares for gross proceeds of \$3,010,120 on share purchase warrants exercised, and 380,000 common shares for gross proceeds of \$523,000 on stock options exercised. The Corporation also issued 21,589 common shares at fair value of \$56,245 as compensation to a consultant for business development services.

During the year ended June 30, 2009, the Corporation issued 188,349 common shares for gross proceeds of \$282,416 on share purchase warrants exercised.

Options

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

As of June 30, 2009 the Corporation has stock options outstanding to directors, officers, employees and consultants and exercisable to acquire an aggregate of 4,045,000 common shares summarized as follows. All of these options vested upon grant. The options have a weighted average remaining life of 3.59 years.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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9. SHARE CAPITAL (continued)

Options (continued)

	Number of Options	Weighted Average Exercise Price	Expiry Date
Balance, June 30, 2007	3,059,000	\$1.12	
Granted	546,000	\$1.90	August 30, 2012
Exercised	(380,000)	\$1.38	
Cancelled	(20,000)	\$2.60	May 2, 2012
Balance, June 30, 2008	3,205,000	\$1.22	
Granted	830,000	\$1.00	July 2, 2018
Cancelled	(200,000)	\$1.00	August 15, 2011
Granted	210,000	\$0.75	November 13, 2018
Balance, June 30, 2009	4,045,000	\$0.99	

During the year ended June 30, 2009, 1,040,000 (2008 - 546,000) stock options were granted which resulted in compensation expense of \$1,021,500 (2008 - \$707,000) being charged to operations. Of the \$1,021,500 compensation expense, \$785,324 (2008 - \$538,667) related to directors and officers of the Corporation. The Corporation uses the Black-Scholes option pricing model to value stock options which requires management to make estimates that are subjective and may not be representative of actual results. Changes in assumptions can materially affect estimates of fair values. For purposes of the calculation, the following weighted average assumptions were used in deriving the weighted average grant date fair value of \$1.51 (2008 - \$1.29) per option.

	<u>2009</u>	<u>2008</u>
Risk free interest rate	3.25%	4.28%
Expected dividend yield	0%	0%
Expected stock price volatility	80%	103%
Expected life in years	4.0	4.5

On December 19, 2008, the Board of Director of the Corporation approved the re-pricing of 1,516,000 stock options currently outstanding under the Corporation's Stock Option Plan from exercise prices of \$1.50 - \$2.60, to \$1.00. Accordingly, stock based compensation of \$23,502 was incurred regarding to this re-pricing.

The following table summarizes the stock options outstanding and exercisable as at June 30, 2009:

Number of Options	Exercise Price	Expiry Dates
2,319,000	\$1.00	August 15, 2011
35,000	\$1.00	December 19, 2011
125,000	\$1.00	May 2, 2012
526,000	\$1.00	August 30, 2012
830,000	\$1.00	July 2, 2018
210,000	\$0.75	November 13, 2018
4,045,000	\$0.99	

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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For the years ended June 30, 2009 and 2008

9. SHARE CAPITAL (continued)

Warrants

As of June 30, 2009 the Corporation has share purchase warrants outstanding for an aggregate of 1,718,000 common shares. The warrants have a weighted average remaining life of 0.54 years:

	Number of Warrants	Exercise Price	Expiry Date
Balance, June 30, 2007	6,648,105		
Warrants granted on financing	1,200,000	\$3.20	October 30, 2009
Agent's warrants granted on financing	168,000*	\$2.70	October 30, 2009
Warrants exercised	(1,940,020)	\$1.50	August 15, 2008
Agent warrants exercised	(95,324)	\$1.05	August 15, 2008
Balance, June 30, 2008	5,980,761		
Warrants exercised	(188,109)	\$1.50	August 15, 2008
Agent warrants exercised	(240)	\$1.05	August 15, 2008
Warrants expired	(3,360,583)	\$1.50	August 15, 2008
Warrants expired	(1,063,829)	\$2.90	May 29, 2009
Agent warrants granted	250,000	\$2.10	October 1, 2010
Warrants granted on financing	100,000	\$1.00	January 6, 2011
Balance, June 30, 2009	1,718,000		

* Each of the 168,000 agent's warrants entitles the holder to acquire a unit for \$2.70 consisting of one common share and one-half of a transferrable warrant to acquire one additional common share for \$3.20. The additional 84,000 warrants to be issued on exercise of the agent's warrants and have not been included in the above table as they are not considered outstanding until the agent's warrants to acquire the units have been exercised.

During the year ended June 30, 2008 the Corporation issued 168,000 agent's warrants with a value of \$169,000. This amount was charged to share issues costs.

During the year ended June 30, 2009, the Corporation issued 250,000 warrants in connection with investor relations services expenses. The fair value of the warrants issued was determined to be \$36,500 using the Black-Scholes option pricing model, and using the following weighted average assumptions:

	<u>2009</u>	<u>2008</u>
Risk free interest rate	2.79%	2.73%
Expected dividend yield	0%	0%
Expected stock price volatility	70%	95%
Expected life in years	2	1

The fair value of agent's warrants granted during the year ended June 30, 2009 was \$0.15 (2008 – \$1.01) per warrant.

On June 26, 2009 the Corporation entered into an agreement with Zhongtiaoshan Non-ferrous Metals Group Co., Ltd. whereby US\$2,000,000 has been received in exchange for a convertible debenture. As part of the agreement, the Corporation issued 100,000 common share purchase warrants to ZTS to purchase up to 100,000 common shares of the Corporation at a purchase price of Cdn\$1.00 per share at any time until January 6, 2011 (note 8).

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(In Canadian Dollars)

For the years ended June 30, 2009 and 2008

9. SHARE CAPITAL (continued)

Warrants (continued)

The fair value of the share purchase warrants was determined to be \$34,400 using the Black-Scholes option pricing model based on the following weighted average assumptions:

	<u>Share purchase Warrants</u>
Risk free interest rate	1.20%
Expected dividend yield	0%
Expected stock price volatility	120%
Expected life in years	1.5

The following table summarizes the share purchase warrants outstanding and exercisable as at June 30, 2009:

<u>Number of Warrants</u>	<u>Exercise Price</u>	<u>Expiry Dates</u>
1,200,000	\$3.20	October 30, 2009
168,000	\$2.70	October 30, 2009
250,000	\$2.10	October 1, 2010
100,000	\$1.00	January 8, 2011
1,718,000		

10. CONTRIBUTED SURPLUS

The continuity of the Corporation's contributed surplus is as following:

	<u>Amount</u>
	\$
Balance, June 30, 2007	2,421,932
Fair value of stock options granted	707,000
Fair value of units warrant issued	768,000
Fair value of agent's warrants issued	169,000
Reallocation on agent's warrants exercised	(47,889)
Reallocation on options exercised	(355,502)
Balance, June 30, 2008	3,662,541
Warrant granted	36,500
Fair value of stock options granted	1,021,500
Adjustment to stock option re-pricing	23,502
Fair value of warrants granted on convertible debenture (note 8)	34,400
Balance, June 30, 2009	4,778,443

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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For the years ended June 30, 2009 and 2008

11. INCOME TAXES

The following table reconciles the amount of income tax recoverable on application of the statutory Canadian federal and provincial income tax rates:

	<u>2009</u>	<u>2008</u>
Canadian statutory income tax rate	<u>30.25%</u>	<u>32.31%</u>
	\$	\$
Income tax recovery at statutory rate	783,178	832,277
(Decrease) increase resulting from:		
Stock-based compensation	(327,154)	(228,432)
Share issue costs	31,580	186,632
Non-deductible items	(187,899)	-
Taxable capital gain	(40,838)	-
Decrease in income tax rates	(261,499)	(110,018)
Valuation allowance	2,632	(680,459)
Income tax recoverable	<u>-</u>	<u>-</u>

The tax effects of temporary differences that give rise to significant portions of the future income tax assets (liabilities) at June 30, 2009 and 2008 are as follow:

	<u>2009</u>	<u>2008</u>
	\$	\$
Non-capital losses carried forward	1,086,900	1,008,300
Share issue costs	178,500	270,900
Property and equipment	(6,600)	(17,700)
Valuation allowance	(1,258,800)	(1,261,500)
	<u>-</u>	<u>-</u>

The Corporation has approximately \$4,165,200 (2008 - \$3,135,400) in non-capital losses carried forward, which can be applied to reduce future taxable income. If unused, these losses expire as following:

	\$
2013	56,700
2014	49,800
2015	71,200
2025	6,700
2026	60,100
2027	780,100
2028	2,110,800
2029	1,029,800
	<u>4,165,200</u>

In addition, Nevada Copper Inc. has approximately US\$156,700 (2008 – US\$133,700) in non-capital losses carried forward, which can be applied to reduce future taxable income and expire commencing 2027 to 2029.

The Corporation has recognized a valuation allowance against all of its future income tax assets because it is unlikely that sufficient taxable income will be realized during the carry-forward periods to utilize all future income tax assets.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(In Canadian Dollars)

For the years ended June 30, 2009 and 2008

12. GENERAL AND ADMINISTRATION

<u>Year Ended June 30,</u>	<u>2009</u>	<u>2008</u>
	\$	\$
Salaries and benefits	284,212	750,059
Regulatory filing, transfer fees and investor relations	246,091	540,231
TSX listing and related costs	-	99,100
Professional fees	59,217	96,492
Office expenses	55,766	41,043
Insurance	56,069	29,761
	<u>701,355</u>	<u>1,556,686</u>

13. FINANCIAL INSTRUMENTS

Financial risk factors

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

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

a) Market risks

i) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Cash and cash equivalents bear interest at market rates. Other current financial assets and liabilities are not exposed to interest rate risk because of their short-term nature and non-interest bearing.

ii) Currency risk

The Corporation is exposed to currency fluctuations in the acquisition of foreign currencies. The Corporation holds balances in cash and cash equivalents, accounts payable and accrued liabilities and convertible debenture in foreign currencies (US dollars) and is therefore exposed to gain or losses on foreign exchange. A significant change in the currency exchange rate between the Canadian dollar relative to the US dollars could have an effect on the Corporation's results of operations, financial position and/or cash flows. The Corporation has not hedged its exposure to currency fluctuations.

As at June 30, 2009, the Corporation had convertible debenture of \$2,191,353 denominated in U.S. dollars. A change in +/- 5% in the USD exchange rate could have an impact of approximately +/- \$117,000 on convertible debenture and variable conversion feature liability.

b) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Financial instruments that potentially subject the Corporation to credit risk consist of cash and cash equivalent. The Corporation has reduced its credit risk by investing its cash and cash equivalents in high quality Canadian and US chartered banks.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(In Canadian Dollars)

For the years ended June 30, 2009 and 2008

13. FINANCIAL INSTRUMENTS (continued)

c) Liquidity risk

Liquidity risk is the risk that the Corporation will not be able to meet the obligations associated with its financial liabilities. At the end of June 2009, the Corporation had enough funds available to meet its financial liabilities and future financial liabilities under its current commitments. The Corporation handles liquidity risk through the management of its capital structure.

14. MANAGEMENT OF CAPITAL

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

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

To effectively manage the entity's capital requirements, the Corporation has in place a rigorous planning and budgeting process to help determine the funds required to ensure the Corporation has the appropriate liquidity to meet its objectives. The Corporation may issue new shares or seek debt financing to ensure that there is sufficient working capital to meet its short-term business requirements. The Corporation is not subject to externally imposed capital requirements.

CORPORATE INFORMATION

DIRECTORS

Giulio T. Bonifacio
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Vancouver, Canada

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Reno, United States

Brian P. Kirwin
Reno, United States

Paul Matysek
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OFFICERS

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Joseph Kircher
Vice President and Chief Operating Officer

Joe Chan
Vice President and Chief Financial Officer

Greg French
Project Manager

Catherine Tanaka
Corporate Secretary

REGISTRAR AND TRANSFER AGENT

Computershare Trust Company of Canada
Vancouver, Canada

SHARES LISTED

TSX Exchange: NCU

CAPITALIZATION

(As at September 28, 2009)
Shares Issued and Outstanding: 40,578,420

AUDITOR

Manning Elliott LLP, Chartered Accountants
Vancouver, Canada

LEGAL COUNSEL

Axium Law Corporation
Vancouver, Canada

WEBSITE

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

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