



**NEVADA COPPER CORP.**

**ANNUAL REPORT FOR THE YEAR ENDED JUNE 30, 2008**

**NEVADA COPPER CORP.**  
**Management's Discussion & Analysis**  
**For the year ended June 30, 2008, as of September 22, 2008**

**General**

This Management's Discussion and Analysis of Nevada Copper Corp. (the "Corporation") has been prepared by management as of September 22, 2008 and should be read in conjunction with the Corporation's audited annual financial statements and related notes for the year ended June 30, 2008. 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.

The Corporation 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 23, 1999. On August 15, 2006, the Corporation acquired its subsidiary of 607792 British Columbia Ltd. ("607792 BC"), a British Columbia incorporated company, through an exchange of shares and completed its Qualifying Transaction and commenced trading on the TSX Venture Exchange ("TSX-V") on August 17, 2006. On November 16, 2006 Astron Resources Corporation changed its name to Nevada Copper Corp. and commenced trading under the new symbol of "NCU". The Corporation also continued to carry on its business in British Columbia under the Business Corporations Act (British Columbia) on November 16, 2006. On August 16, 2007 the Corporation's common shares were approved for listing and commenced trading on the Toronto Stock Exchange ("TSX") under its current stock symbol "NCU" and it delisted from TSX-V.

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. The 19,000 meters drill program is now completed and in November 2007, the Corporation completed an updated independent National Instrument ("NI") 43-101 compliant resource estimate. 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 ("PEA") of its Pumpkin Hollow property. The PEA was filed on SEDAR on April 3, 2008.

In January 2008 the Corporation commenced its next phase of a 40,000 meter drilling program to focus on following up the several areas where copper mineralization remains open in several directions. 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.

### 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.

	<b>June 30,</b>		
	<b>(Restated)</b>		
	<b>2008</b>	<b>2007</b>	<b>2006</b>
			(Note 1)
	\$	\$	\$
Net profit/(loss)	(2,575,910)	(3,212,073)	(80,073)
Net loss per share	(0.07)	(0.11)	(0.00)
Total cash and cash equivalents	6,307,602	5,496,900	344,716
Working capital	5,704,453	5,064,648	282,640
Total liabilities	660,689	488,637	65,021
Total assets	20,497,696	12,702,817	754,126
Shareholders' equity	19,837,007	12,214,180	689,105

### Results of Operations

For the year ended June 30, 2008, the Corporation had a net loss of \$2,575,910 or \$0.07 per share compared to a net loss of 3,212,073 or \$0.11 per share with the corresponding fiscal period of 2007. General administrative expenses totaled \$1,556,686 (2007 - \$606,386) and business development totalled \$473,258 (2007 - \$275,898) reflecting the increased business activities during the current period. Stock-based compensation of \$707,000 (2007 - \$2,373,200) was recognized for options granted to directors, employees and consultants representing a significant portion of the loss in the year. The reduction in stock-based compensation was the result of lower number of options being granted this fiscal year. A total of \$6,782,901 (2007 - \$5,918,049) was spent in property acquisition and exploration related activities and \$200,931 was spent on property and equipment (2007 - nil). Short-term investments generated interest income totalled \$154,651 for the current fiscal year compared to \$127,602 during the same period of 2007.

### Summary of Quarterly Results

Selected consolidated financial information for the most recently completely quarters is as follows:

	<b>Interest income</b>	<b>Net loss</b>	<b>Net loss per share</b>
	\$	\$	\$
June 30, 2008	35,340	(201,795)	(0.01)
March 31, 2008	24,968	(660,327)	(0.02)
December 31, 2007	43,666	(554,578)	(0.02)
September 30, 2007	50,677	(1,159,210)	(0.03)
June 30, 2007	30,574	(984,404)	(0.03)
March 31, 2007	32,865	(239,152)	(0.01)
December 31, 2006	41,809	(512,311)	(0.02)
September 30, 2006	22,354	(1,476,206)	(0.07)

Reference is made to Note 1 of the consolidated financial statements.

## **Liquidity and Capital Resources**

The Corporation's working capital as at June 30, 2008 was \$5,704,453 compared with a working capital position of \$5,064,648 as at June 30, 2007. During the current fiscal period financing and exercise of warrants generated funding of \$9,435,492 (2007 - \$11,695,324) offset by exploration and capital expenditures of \$6,983,022 (2007- \$5,880,760) at the Pumpkin Hollow project. Use of funding to support operating activities totalled to \$1,641,768 (2007 - \$662,380).

On January 10, 2007 the Corporation completed a non-brokered private placement of 1,000,000 units at the price of \$1.25 per unit for gross proceeds of \$1,250,000 with Longview Capital Partners Incorporated ("Longview Capital"). Each unit consisted of one common share and one-half of one common share purchase warrant. Each whole common share purchase warrant entitled the holder to purchase an additional common share of the Corporation at a price of \$1.50 per share for a period of 18 months expiring July 9, 2008. All securities issued in connection with the private placement were subject to a four month hold period which expired May 10, 2007.

On May 29, 2007 the Corporation closed a non-brokered private placement of 2,127,658 units at a purchase price of \$2.35 per unit for gross proceeds of \$5,000,000 with the Blackfish-Investec Resources Special Situations Fund and Investec Bank (UK) Limited. Each unit consists of one common share and one-half of one common share purchase warrant. Each whole common share purchase warrant entitles the holder to purchase an additional common share of the Corporation at a purchase price of \$2.90 per share for a period of 24 months expiring May 29, 2009. All securities issued in connection with the private placement were subject to a four month hold period which expired September 29, 2007.

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. In addition 380,000 options were exercised for a gross proceed of \$523,000.

Subsequent to June 30, 2008, 188,349 warrants were exercised for \$282,416 and 3,360,583 warrants expired unexercised. An additional 830,000 options were granted to employees and officers with option price of \$2.00 and expiring July 2, 2018.

### **Transactions with Related Parties**

During the year ended June 30, 2008, the Corporation incurred general and administration services expenses of \$140,663 (2007 - \$115,000) 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 \$15,203 (Subsequently paid).

## 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	
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 4<sup>th</sup> through 6<sup>th</sup> years of the Lease, with expenditures of at least US\$500,000 each year. As at June 30, 2008 the Corporation has incurred cumulative expenditures of \$12,558,384 on exploration and development 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, 2008, the July 1, 2008 payment of US\$47,262 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 \$201,795 or \$0.01 per share during the fourth quarter of 2008 compared to \$984,404 for the same period in 2007. General administration expenses for this quarter totalled to \$327,683 which was offset by interest income of \$35,340 and a credit adjustment to stock-based compensation expense of \$142,700.

## 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. Our Chief Executive Officer and our Chief Financial Officer are responsible for establishing and maintaining disclosure controls and procedures for our Corporation.

The Chief Executive Officer and the Chief Financial Officer have concluded, base on an evaluation as of June 30, 2008, 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 and assumptions used in valuing options and warrants in stock-based compensation calculations.

## **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 effect 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, and accounts payable and accrued liabilities 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, 2007, the Corporation adopted new CICA Handbook Sections 3855 "Financial Instruments - Recognition and Measurement", CICA 3861 "Financial Instruments - Disclosure and Presentation", CICA 3865 "Hedges", CICA 1530 "Comprehensive Income", CICA 3051 "Investments" and CICA 3251 "Equity". These new Handbook Sections establish standards governing the recognition and measurement of financial instruments, when and how hedge accounting may be applied, and the reporting and presentation of comprehensive income, which is defined as the change in equity from transactions and other events from non-owner sources. Under these new standards, all financial instruments are included on the consolidated balance sheet and are measured either at their

fair value or, in limited circumstances, at cost or amortized cost as described in Note 2. The adoption of these new standards had no impact on opening deficit.

Effective July 1, 2007, the Corporation adopted the CICA Handbook section 1506, "Accounting Changes", permitting accounting policy changes only in the event a change is made within a primary source of GAAP, or where a change is warranted to provide more relevant and reliable information. All accounting policy changes are to be applied retroactively, unless impracticable. Any prior period errors identified also require retroactive application. The revised standards did not impact deficit or financial position.

### **Recent Accounting Pronouncements**

In January 2006, the CICA Accounting Standards Board ("AcSB") adopted a strategic plan for the direction of accounting standards in Canada. As part of that plan, accounting standards in Canada for public companies will converge with International Financial Reporting Standards ("IFRS"). On February 13, 2008, the AcSB confirmed that the standards will become effective for all publicly accountable enterprises in interim and annual financial statements for fiscal years beginning on or after January 1, 2011. The Corporation continues to monitor and assess the impact of convergence of Canadian GAAP and IFRS.

In 2008, the CICA issued Handbook Section 3064, "Goodwill and Intangible Assets", which replaces Section 3062, "Goodwill and Intangible Assets", and Section 3450, "Research and Development Costs". Section 3064 establishes standards for the recognition, measurement and disclosure of goodwill and intangible assets. This new standard is effective for the Corporation's interim and annual consolidated financial statements commencing July 1, 2009. The Corporation is evaluating the impact that the adoption of this standard will have on its financial statements.

In June 2007, the CICA revised Handbook Section 1400 *General Standards of Financial Statement Presentation* to provide guidance on management's responsibility to assess and disclose the Corporation's ability to continue as a going concern. This revised standard is effective for the Corporation's interim and annual consolidated financial statements commencing July 1, 2008. The Corporation is evaluating the impact that the adoption of this standard will have on its financial statements.

In May 2007, the Accounting Standards Board issued CICA Handbook Section 3031, "Inventories". Section 3031 introduces changes to the measurement and disclosure of inventory and converges with international financial reporting standards and is effective for interim and annual periods relating to fiscal years beginning on or after July 1, 2008. The Corporation does not expect that the adoption of this standard will have a material impact on its financial statements.

In December 2006, the Accounting Standards Board issued CICA Handbook Section 3862, "Financial Instruments - Disclosure" and Section 3863, "Financial Instruments - Presentation" which replace Section 3861, "Financial Instruments - Disclosure and Presentation". Section 3862 increases the emphasis on recognition and management of the risks associated with recognized and unrecognized financial instruments. This section carries forward the former presentation requirements and is effective for fiscal years beginning on or after July 1, 2008. The Corporation does not expect that the adoption of this standard will have a material impact on its financial statements.

In October 2006, the Accounting Standards Board issued CICA Handbook Section 1535, "Capital Disclosures", which establishes standards for disclosing information about an entity's capital and how it is managed. This standard is effective for interim and annual financial statements for fiscal years beginning on or after July 1, 2008. The Corporation does not expect that the adoption of this standard will have a material impact on the Corporation's financial statements and has adopted this standard in the 2008 fiscal year (see Note 13).

### **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 an exploration stage company the future liquidity of the Corporation will be affected principally by the level of its development and exploration 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 planned exploration and development programs at the Pumpkin Hollow exploration property.

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

**Subsequent Events**

Subsequent to June 30, 2008, the Corporation issued 188,349 common shares for gross proceeds of \$282,416 on exercise of warrants.

Subsequent to June 30, 2008, 3,360,583 warrants expired unexercised.

Subsequent to June 30, 2008, 830,000 options were granted to purchase 830,000 common shares at an exercise price of \$2.00 per share, expiring July 2, 2018.

**NEVADA COPPER CORP.**

Consolidated Financial Statements  
Years ended June 30, 2008 and 2007

Together with Auditors' Report



**MANNING ELLIOTT**  
CHARTERED ACCOUNTANTS

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## **AUDITORS' REPORT**

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To the Shareholders of  
Nevada Copper Corp.

We have audited the consolidated balance sheets of Nevada Copper Corp. as at June 30, 2008 and 2007 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, 2008 and 2007 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 22, 2008

**NEVADA COPPER CORP.**  
**CONSOLIDATED BALANCE SHEETS**

(In Canadian Dollars)

As of June 30	2008	2007
		(Restated - Note 14)
	\$	\$
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	6,307,602	5,496,900
Amounts receivable	30,434	31,780
Prepaid expenses	27,106	24,605
	<u>6,365,142</u>	5,553,285
INVESTMENT (Notes 4 and 14)	900,000	900,000
PROPERTY AND EQUIPMENT (Note 5)	169,203	-
MINERAL PROPERTIES (Note 6)	13,063,351	6,249,532
	<u>20,497,696</u>	12,702,817
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities (Note 7)	660,689	488,637
<b>SHAREHOLDERS' EQUITY</b>		
Share capital (Note 8)	22,036,930	13,078,802
Contributed surplus (Note 9)	3,662,541	2,421,932
Deficit	(5,862,464)	(3,286,554)
	<u>19,837,007</u>	12,214,180
	<u>20,497,696</u>	12,702,817

NATURE OF OPERATIONS (Note 1)

COMMITMENTS (Notes 6 and 7)

SUBSEQUENT EVENTS (Note 15)

**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 years ended June 30,**

	<b>2008</b>	<b>2007</b>
	\$	\$
<b>EXPENSES</b>		
General and administrative (Note 11)	<b>1,556,686</b>	606,386
Business development	<b>473,258</b>	275,898
Exploration	-	78,695
Foreign exchange	<b>(6,383)</b>	5,496
Stock-based compensation	<b>707,000</b>	2,373,200
	<b>2,730,561</b>	3,339,675
<b>OTHER</b>		
Interest Income	<b>154,651</b>	127,602
<b>LOSS AND COMPREHENSIVE LOSS FOR THE YEAR</b>	<b>(2,575,910)</b>	(3,212,073)
<b>DEFICIT</b> , beginning of the year	<b>(3,286,554)</b>	(74,481)
<b>DEFICIT</b> , end of the year	<b>(5,862,464)</b>	(3,286,554)
<b>LOSS PER COMMON SHARE</b>		
Basic and diluted	<b>(0.07)</b>	(0.11)
<b>WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING</b>	<b>36,967,199</b>	28,082,929

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

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

<b>For the years ended June 30,</b>	<b>2008</b>	<b>2007</b>
	\$	\$
<b>CASH PROVIDED BY (USED IN):</b>		
<b>OPERATING ACTIVITIES</b>		
Loss for the year	(2,575,910)	(3,212,073)
Items not affecting cash		
Stock-based compensation	763,245	2,373,200
	<b>(1,812,665)</b>	<b>(838,873)</b>
Changes in non-cash working capital items		
Amounts receivable	1,346	(21,860)
Prepaid expenses	(2,501)	(21,636)
Accounts payable and accrued liabilities	172,052	219,989
	<b>(1,641,768)</b>	<b>(662,380)</b>
<b>INVESTING ACTIVITIES</b>		
Cash acquired on reverse takeover (Note 8)	-	37,289
Property and equipment (Note 5)	(200,931)	-
Mineral properties (Note 6)	(6,782,091)	(5,918,049)
	<b>(6,983,022)</b>	<b>(5,880,760)</b>
<b>FINANCING ACTIVITY</b>		
Issuance of common shares, net of issue costs (Note 8)	9,435,492	11,695,324
	<b>810,702</b>	<b>5,152,184</b>
<b>INCREASE IN CASH</b>	<b>810,702</b>	<b>5,152,184</b>
<b>CASH AND CASH EQUIVALENTS, beginning of the year</b>	<b>5,496,900</b>	<b>344,716</b>
<b>CASH AND CASH EQUIVALENTS, end of the year</b>	<b>6,307,602</b>	<b>5,496,900</b>
<b>SUPPLEMENTARY INFORMATION:</b>		
Interest Paid	-	-
Interest Received	154,651	127,602
Income Tax Paid	-	-
<b>NON CASH FINANCING TRANSACTIONS:</b>		
Shares issued for business development services (Note 8)	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, 2008 and 2007

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### 1. NATURE OF OPERATIONS

Nevada Copper Corp. (the “Corporation” or “Nevada Copper”), formerly “Astron Resources Corporation”, 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 23, 1999.

On August 15, 2006, Nevada Copper acquired 607792 British Columbia Ltd. (“607792 BC”), a British Columbia company, through an exchange of shares and completed its Qualifying Transaction. It commenced trading on the TSX Venture Exchange (“TSX-V”) on August 17, 2006. As the transaction constitutes a Reverse Takeover (“RTO”), these consolidated financial statements are a continuation of the historical financial statements of 607792 BC as it is identified as the continuing entity.

On November 3, 2006 shareholders unanimously approved a name change from “Astron Resources Corporation” to “Nevada Copper Corp.” The name change was approved by the TSX-V and shares commenced trading on the TSX-V under the symbol NCU on November 16, 2006.

On August 16, 2007 the Corporation’s common shares were approved for listing and commenced trading on the Toronto Stock Exchange (“TSX”) under the same stock symbol. The Corporation’s shares were delisted from the TSX-V on the same day.

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 deferred costs, the value of investments, future income tax assets and liabilities and assumptions used in valuing options and warrants in stock-based compensation calculations.

# NEVADA COPPER CORP.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(In Canadian Dollars)

For the years ended June 30, 2008 and 2007

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### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 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 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, investment, accounts payable and commitments. Investment is recorded at its fair value. The fair values of cash and cash equivalents, accounts payable and commitments approximate their carrying values due to the relatively short-term maturity of these instruments.

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, its amounts receivable as loans and receivables, its investment as available-for-sale and its accounts payable 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.

# NEVADA COPPER CORP.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(In Canadian Dollars)

For the years ended June 30, 2008 and 2007

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### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 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

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.

#### Environmental protection and reclamation costs

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 an early stage of exploration.

#### 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.

# NEVADA COPPER CORP.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(In Canadian Dollars)

For the years ended June 30, 2008 and 2007

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### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 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.

#### 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

#### Changes in Accounting Policy

Effective July 1, 2007, the Corporation adopted new CICA Handbook Sections 3855 "Financial Instruments - Recognition and Measurement", CICA 3861 "Financial Instruments - Disclosure and Presentation", CICA 3865 "Hedges", CICA 1530 "Comprehensive Income", CICA 3051 "Investments" and CICA 3251 "Equity". These new Handbook Sections establish standards governing the recognition and measurement of financial instruments, when and how hedge accounting may be applied, and the reporting and presentation of comprehensive income, which is defined as the change in equity from transactions and other events from non-owner sources. Under these new standards, all financial instruments are included on the consolidated balance sheet and are measured either at their fair value or, in limited circumstances, at cost or amortized cost as described in Note 2 above. The adoption of these new standards had no impact on opening deficit.

Effective July 1, 2007, the Corporation adopted the CICA Handbook section 1506, "Accounting Changes", permitting accounting policy changes only in the event a change is made within a primary source of GAAP, or where a change is warranted to provide more relevant and reliable information. All accounting policy changes are to be applied retroactively, unless impracticable. Any prior period errors identified also require retroactive application. The revised standards did not impact deficit or financial position.

# NEVADA COPPER CORP.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(In Canadian Dollars)

For the years ended June 30, 2008 and 2007

### 3. CHANGES IN ACCOUNTING POLICY AND RECENT ACCOUNTING PRONOUNCEMENTS (continued)

#### Recent Accounting Pronouncements

In January 2006, the CICA Accounting Standards Board ("AcSB") adopted a strategic plan for the direction of accounting standards in Canada. As part of that plan, accounting standards in Canada for public companies will converge with International Financial Reporting Standards ("IFRS"). On February 13, 2008, the AcSB confirmed that the standards will become effective for all publicly accountable enterprises in interim and annual financial statements for fiscal years beginning on or after January 1, 2011. The Corporation continues to monitor and assess the impact of convergence of Canadian GAAP and IFRS.

In 2008, the CICA issued Handbook Section 3064, "Goodwill and Intangible Assets", which replaces Section 3062, "Goodwill and Intangible Assets", and Section 3450, "Research and Development Costs". Section 3064 establishes standards for the recognition, measurement and disclosure of goodwill and intangible assets. This new standard is effective for the Corporation's interim and annual consolidated financial statements commencing July 1, 2009. The Corporation is evaluating the impact that the adoption of this standard will have on its financial statements.

In June 2007, the CICA revised Handbook Section 1400 *General Standards of Financial Statement Presentation* to provide guidance on management's responsibility to assess and disclose the Company's ability to continue as a going concern. This revised standard is effective for the Corporation's interim and annual consolidated financial statements commencing July 1, 2008. The Corporation is evaluating the impact that the adoption of this standard will have on its financial statements.

In May 2007, the Accounting Standards Board issued CICA Handbook Section 3031, "Inventories". Section 3031 introduces changes to the measurement and disclosure of inventory and converges with international financial reporting standards and is effective for interim and annual periods relating to fiscal years beginning on or after July 1, 2008. The Corporation does not expect that the adoption of this standard will have a material impact on its financial statements.

In December 2006, the Accounting Standards Board issued CICA Handbook Section 3862, "Financial Instruments - Disclosure" and Section 3863, "Financial Instruments - Presentation" which replace Section 3861, "Financial Instruments - Disclosure and Presentation". Section 3862 increases the emphasis on recognition and management of the risks associated with recognized and unrecognized financial instruments. This section carries forward the former presentation requirements and is effective for fiscal years beginning on or after July 1, 2008. The Corporation does not expect that the adoption of this standard will have a material impact on its financial statements.

In October 2006, the Accounting Standards Board issued CICA Handbook Section 1535, "Capital Disclosures", which establishes standards for disclosing information about an entity's capital and how it is managed. This standard is effective for interim and annual financial statements for fiscal years beginning on or after July 1, 2008. The Corporation has adopted this standard in the 2008 fiscal year (see Note 13).

### 4. INVESTMENT

As a result of the RTO as described in Note 1, the Corporation holds 900,000 common shares of Pak-It Technologies Inc., a private company (see Note 14).

### 5. PROPERTY AND EQUIPMENT

	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>2008 Net Carrying Amount</b>	<b>2007 Net Carrying Amount</b>
	\$	\$	\$	\$
Building	115,792	7,054	<b>108,738</b>	-
Equipment	32,942	8,201	<b>24,741</b>	-
Mobile equipment	38,849	12,931	<b>25,918</b>	-
Computer equipment	13,348	3,542	<b>9,806</b>	-
Balance, end of year	200,931	31,728	<b>169,203</b>	-

# NEVADA COPPER CORP.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(In Canadian Dollars)

For the years ended June 30, 2008 and 2007

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### 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 assertion of a prior claim by a third party. The Corporation has taken steps to confirm its invalidity.

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
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 4<sup>th</sup> through 6<sup>th</sup> years of the Lease, with expenditures of at least US\$500,000 each year. As at June 30, 2008 the Corporation has incurred cumulative expenditures of \$12,558,384 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.

# NEVADA COPPER CORP.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(In Canadian Dollars)

For the years ended June 30, 2008 and 2007

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### 6. MINERAL PROPERTIES (continued)

Project expenditures capitalized as of June 30, 2008 and 2007 consisted of the following:

	<b>June 30, 2007</b>	<b>Expenditures</b>	<b>June 30, 2008</b>
	\$	\$	\$
Property payments	344,479	113,226	<b>457,705</b>
Water rights	-	47,262	<b>47,262</b>
Exploration	1,022,312	970,366	<b>1,992,678</b>
Engineering	147,701	1,227,165	<b>1,374,866</b>
Drilling	4,473,604	4,124,757	<b>8,598,361</b>
Permit/Environmental	101,735	133,805	<b>235,540</b>
Equipment	146,546	4,302	<b>150,848</b>
Property Caretaking	13,155	57,317	<b>70,472</b>
Amortization	-	31,728	<b>31,728</b>
Administration	-	103,891	<b>103,891</b>
<b>Total</b>	<b>6,249,532</b>	<b>6,813,819</b>	<b>13,063,351</b>

#### *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. At June 30, 2008, the July 1, 2008 payment of US\$47,262 had been paid. 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, 2008, the Corporation incurred general and administration services expenses of \$140,663 (2007 - \$115,000) 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 \$15,502 (subsequently paid).

# NEVADA COPPER CORP.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(In Canadian Dollars)

For the years ended June 30, 2008 and 2007

### 8. SHARE CAPITAL

#### Authorized

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

#### Issued

	(Restated – Note 14)	
	Number of Common Shares	Amount
		\$
<b>Balance, June 30, 2006</b>	<b>21,980,000</b>	<b>763,586</b>
Shares exchanged on RTO (Note 1)	(21,980,000)	-
Shares exchanged on RTO (Note 1)	17,480,000	668,624
Adjustment of Nevada Copper's issued shares before RTO	4,256,600	-
Exercise of special warrants at no further consideration	4,800,000	-
Private placement financing, gross proceeds	8,414,236	11,250,000
Exercise of warrants	602,302	766,457
Contributed surplus reallocated on exercise of warrants	-	152,218
Share issue costs	-	(522,083)
<b>Balance, June 30, 2007</b>	<b>35,553,138</b>	<b>13,078,802</b>
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
<b>Balance, June 30, 2008</b>	<b>40,390,071</b>	<b>22,036,930</b>

On August 15, 2006, in a reverse takeover acquisition, all of the outstanding shares of 607792 BC were exchanged for 17,180,000 common shares and 4,800,000 special warrants of the Corporation (see Note 1). Each special warrant entitles the holder to acquire one common share of the Corporation for no additional consideration for a period of 10 years from the closing. An aggregate of 14,216,800 of these common shares and the 4,800,000 special warrants were subject to escrow restrictions in accordance with the rules of the TSX Venture Exchange. The Corporation also issued 300,000 common shares to Pacific International Securities Inc. as a finder's fee in respect of the acquisition of 607792 BC. The Corporation acquired net assets of \$668,624 from Nevada Copper, comprising cash of \$37,289, investment of \$900,000, other current assets of \$10,066 and liabilities of \$278,731 (See Note 14).

In addition, the Corporation completed a concurrent brokered private placement through Pacific International Securities Inc. raising gross proceeds of \$5,000,000 by issuing 5,000,000 units at a purchase price of \$1.00 per unit. Each unit consisted of one common share and one non-transferable share purchase warrant of the Corporation. Each warrant was exercisable to acquire one common share at an exercise price of \$1.50 per share until August 15, 2008. The Corporation also paid Pacific International Securities Inc. a corporate finance fee of \$10,000, a commission of \$113,422 in cash and 286,578 units having the same terms as those distributed under the financing, and 400,000 agent's warrants that were exercisable into 400,000 common shares of the Corporation at an exercise price of \$1.05 per share until August 15, 2008. The fair value of these agent's warrants was \$200,950.

# NEVADA COPPER CORP.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(In Canadian Dollars)

For the years ended June 30, 2008 and 2007

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### 8. SHARE CAPITAL (continued)

On January 10, 2007 the Corporation closed a non-brokered private placement of 1,000,000 units at the price of \$1.25 per unit for gross proceeds of \$1,250,000 with Longview Capital Partners Incorporated. Each unit consisted of one common share and one-half of one common share purchase warrant. Each whole common share purchase warrant will entitle the holder to purchase an additional common share of the Corporation at a price of \$1.50 per share for a period of 18 months expiring July 9, 2008. All securities issued in connection with the private placement were subject to a four month hold period which expired on May 10, 2007.

On May 29, 2007 the Corporation closed a non-brokered private placement of 2,127,658 units at a purchase price of \$2.35 per unit for gross proceeds of \$5,000,000 with the Blackfish-Investec Resources Special Situations Fund and Investec Bank (UK) Limited. Each unit consisted of one common share and one-half of one common share purchase warrant. Each whole common share purchase warrant entitles the holder to purchase an additional common share of the Corporation at a purchase price of \$2.90 per share for a period of 24 months expiring May 29, 2009. All securities issued in connection with the private placement were subject to a four month hold period which expired September 29, 2007.

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 Company'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 credited the 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. Proceeds from the private placement will be applied toward the further development and advancement of the Pumpkin Hollow property.

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.

#### Options

The Corporation grants incentive stock options as permitted pursuant to the Corporation's Stock Option Plan approved by the shareholders on December 7, 2005 and subsequently approved by the Corporation's shareholders on November 3, 2006. On October 3, 2007, subject to the approval of the shareholders and the TSX, the Board of Directors approved a new stock option plan (the "Plan") which complies with the rules and policies of the TSX. Under the new 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.

# NEVADA COPPER CORP.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(In Canadian Dollars)

For the years ended June 30, 2008 and 2007

### 8. SHARE CAPITAL (continued)

#### Options (continued)

As of June 30, 2008 the Corporation has stock options outstanding to directors, officers, employees and consultants and exercisable to acquire an aggregate of 3,205,000 common shares summarized as follows. All of these options vested upon grant. The options have a weighted average remaining life of 3.33 years.

	Number of Options	Weighted Average Exercise Price	Expiry Date
<b>Balance, June 30, 2006</b>	-	-	
Granted	2,629,000	\$1.00	August 15, 2011
Granted	320,000	\$1.50	December 19, 2011
Cancelled	(35,000)	\$1.50	December 19, 2011
Granted	145,000	\$2.60	May 2, 2012
<b>Balance, June 30, 2007</b>	<b>3,059,000</b>	<b>\$1.12</b>	
Granted	546,000	\$1.90	August 30, 2012
Exercised	(380,000)	\$1.38	
Cancelled	(20,000)	\$2.60	May 2, 2012
<b>Balance, June 30, 2008</b>	<b>3,205,000</b>	<b>\$1.22</b>	

During the year ended June 30, 2008 under the fair value based method \$707,000 (2007 – \$2,373,200) in compensation expense was recorded and charged to operations. 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 \$1.29 (2007 – \$0.77) per option.

	2008	2007
Risk free interest rate	4.28%	4.17%
Expected dividend yield	0%	0%
Expected stock price volatility	103%	94%
Expected life in years	4.5	4.0

The following table summarizes the stock option outstanding and exercisable as at June 30, 2008:

Number of Options	Exercise Price	Expiry Dates
2,519,000	\$1.00	August 15, 2011
35,000	\$1.50	December 19, 2011
125,000	\$2.60	May 2, 2012
526,000	\$1.90	August 30, 2012
<b>3,205,000</b>	<b>\$1.22</b>	

# NEVADA COPPER CORP.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(In Canadian Dollars)

For the years ended June 30, 2008 and 2007

### 8. SHARE CAPITAL (continued)

#### Warrants

As of June 30, 2008 the Corporation has common share purchase warrants outstanding to acquire an aggregate of 5,980,761 common shares. The warrants have an weighted average remaining life of 0.53 year:

	Number of Warrants	Exercise Price	Expiry Date
<b>Balance, June 30, 2006</b>	-	-	
Special warrants granted on RTO	4,800,000	Nil	August 15, 2011
Special warrants exercised	(4,800,000)	Nil	August 15, 2011
Agent's warrants granted on financing	400,000	\$1.05	August 15, 2008
Agent's warrants exercised	(304,436)	\$1.05	August 15, 2008
Warrants granted on financing	5,286,578	\$1.50	August 15, 2008
Warrants exercised	(297,866)	\$1.50	August 15, 2008
Warrants granted on financing	500,000	\$1.50	July 9, 2008
Warrants granted on financing	1,063,829	\$2.90	May 29, 2009
<b>Balance, June 30, 2007</b>	<b>6,648,105</b>		
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
<b>Balance, June 30, 2008</b>	<b>5,980,761</b>		

\* 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 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 a total of 168,000 (2007 – 400,000) agent's options. The fair value of the options issued was determined to be \$169,000 (2007 – \$200,950) using the Black-Scholes option pricing model, and using the following weighted average assumptions:

	2008	2007
Risk free interest rate	2.73%	4.19%
Expected dividend yield	0%	0%
Expected stock price volatility	95%	94%
Expected life in years	1	2

The weighted average grant date fair value of agent's options granted during the year ended June 30, 2008 was \$1.01 (2007 – \$0.50) per option.

# NEVADA COPPER CORP.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(In Canadian Dollars)

For the years ended June 30, 2008 and 2007

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### 8. SHARE CAPITAL (continued)

#### Warrants (continued)

The following table summarizes the share purchase warrants outstanding and exercisable as at June 30, 2008:

<b>Number of Warrants</b>	<b>Exercise Price</b>	<b>Expiry Dates</b>
500,000	\$1.50	July 9, 2008 (Note 15)
240	\$1.05	August 15, 2008 (Note 15)
3,048,692	\$1.50	August 15, 2008 (Note 15)
1,063,829	\$2.90	May 29, 2009
1,200,000	\$3.20	October 30, 2009
168,000	\$2.70	October 30, 2009
<b>5,980,761</b>		

#### Securities held in escrow

As of June 30, 2008, no outstanding shares were held in escrow.

### 9. CONTRIBUTED SURPLUS

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

	<b>Amount</b>
	\$
<b>Balance, June 30, 2006</b>	-
Fair value of agent's warrants issued	200,950
Fair value of stock options granted	2,373,200
Reallocation on agent's warrants exercised	(152,218)
<b>Balance, June 30, 2007</b>	<b>2,421,932</b>
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)
<b>Balance, June 30, 2008</b>	<b>3,662,541</b>

# NEVADA COPPER CORP.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(In Canadian Dollars)

For the years ended June 30, 2008 and 2007

### 10. 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>2008</u>	<u>2007</u>
Canadian statutory income tax rate	<u>32.31%</u>	34.12%
	\$	\$
Income tax recovery at statutory rate	<b>832,277</b>	1,095,959
(Decrease) increase resulting from:		
Stock-based compensation	<b>(228,432)</b>	(809,736)
Share issue costs	<b>186,632</b>	48,455
Non-capital losses utilized	-	(153,540)
Decrease in income tax rates	<b>(110,018)</b>	-
Valuation allowance	<b>(680,459)</b>	(181,138)
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, 2008 and 2007 are as follow:

	<u>2008</u>	<u>2007</u>
	\$	\$
Non-capital losses carried forward	<b>1,008,300</b>	380,700
Share issue costs	<b>270,900</b>	193,800
Property and equipment	<b>(17,700)</b>	-
Valuation allowance	<b>(1,261,500)</b>	(574,500)
	<u>-</u>	<u>-</u>

The Corporation has approximately \$3,135,400 (2007 - \$1,033,500) 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
	<u><b>3,135,400</b></u>

In addition, Nevada Copper Inc. has approximately US\$133,700 (2007 – US\$77,100) in non-capital losses carried forward, which can be applied to reduce future taxable income and expire commencing 2027 to 2028.

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.

# NEVADA COPPER CORP.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(In Canadian Dollars)

For the years ended June 30, 2008 and 2007

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### 11. GENERAL AND ADMINISTRATION

<u>Year Ended June 30</u>	<u>2008</u>	<u>2007</u>
	\$	\$
Salaries and benefits	750,059	156,914
Regulatory filing, transfer fees and investor relations	540,231	250,520
TSX listing and related costs	99,100	-
Professional fees	96,492	108,071
Office expenses	41,043	67,181
Insurance	29,761	23,700
	<u>1,556,686</u>	<u>606,386</u>

### 12. FINANCIAL INSTRUMENTS

#### Financial risk factors

The Corporation manages its exposure to financial risks, including foreign exchange risk and interest rate risk, base on a conservative framework to protect itself against adverse rate movements. All transactions undertaken are to support the Corporation's ongoing business and 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 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, and accounts payable and accrued liabilities in foreign currencies (US dollars) and is therefore exposed to gain or losses on foreign exchange. Based on the balance in foreign currencies as at June 30, 2008, a variance in foreign currency exchange rate of 1% would not have a significant impact on the Corporation's financial statements.

#### 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 equivalent in guaranteed investment certificates with a Schedule 1 Canadian chartered bank.

# NEVADA COPPER CORP.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(In Canadian Dollars)

For the years ended June 30, 2008 and 2007

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### 12. 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 2008, 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.

### 13. 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.

### 14. RESTATEMENT

On August 15, 2006, Nevada Copper acquired 607792 BC through an exchange of shares and completed its Qualifying Transaction. The transaction constituted a RTO (see Note 1). The Corporation acquired, among other assets and liabilities, 900,000 common shares of Pak-It Technologies Inc., a private company for which a fair value of \$1 was estimated at the time of the RTO since little information about this investment was available.

During 2008 the Corporation obtained information about this investment which indicated that it had a fair value of \$900,000 at the time of the RTO on August 15, 2006. Accordingly the Corporation has adjusted its allocation of the RTO purchase price to reflect the new information.

The effect of this on the consolidated balance sheet at June 30, 2007 is summarized as follows:

	<u>As Restated</u>	<u>As Previously Reported</u>
	\$	\$
Investment	900,000	1
Share capital	13,078,802	12,178,803

### 15. SUBSEQUENT EVENTS

Subsequent to June 30, 2008, the Corporation issued 188,349 common shares for gross proceeds of \$282,416 on exercise of warrants.

Subsequent to June 30, 2008, 3,360,583 warrants expired unexercised.

Subsequent to June 30, 2008, 830,000 options were granted to purchase 830,000 common shares at an exercise price of \$2.00 per share, expiring July 2, 2018.

## **CORPORATE INFORMATION**

### **DIRECTORS**

Giulio T. Bonifacio  
*Vancouver, Canada*

Joseph Giuffre  
*Vancouver, Canada*

Joseph Kircher  
*Reno, United States*

Brian P. Kirwin  
*Reno, United States*

Paul Matysek  
*Vancouver, Canada*

Foster Wilson  
*Reno, United States*

### **OFFICES**

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Yerington, Nevada 89447

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

### **OFFICERS**

Brian P. Kirwin  
*Non-Executive Chairman*

Giulio T. Bonifacio  
*President and Chief Executive Officer*

Joseph Kircher  
*Vice President and Chief Operating Officer*

Joe Chan  
*Chief Financial Officer*

Greg French  
*Project Manager*

Catherine Tanaka  
*Corporate Secretary*

### **REGISTRAR AND TRANSFER AGENT**

Computershare Investor Services  
*Vancouver, Canada*

### **SHARES LISTED**

TSX Exchange: NCU

### **CAPITALIZATION**

(As at September 25, 2008)  
Shares Issued and Outstanding: 40,578,420

### **AUDITOR**

Manning Elliott LLP, Chartered Accountants  
*Vancouver, Canada*

### **LEGAL COUNSEL**

Axiom Law Corporation  
*Vancouver, Canada*

### **WEBSITE**

Additional information about the Corporation can be found at our website [www.nevadacopper.com](http://www.nevadacopper.com)

### **INVESTOR RELATIONS CONTACT**

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