



NEVADA COPPER CORP.

QUARTERLY REPORT FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2011

NEVADA COPPER CORP.

Management's Discussion & Analysis

For the three months ended September 30, 2011, as of December 13, 2011

General

This Management's Discussion and Analysis ("MD&A") of Nevada Copper Corp. (the "Corporation" or "Nevada Copper") has been prepared by management as of December 13, 2011 and should be read in conjunction with the Corporation's unaudited condensed consolidated interim financial statements for the three months ended September 30, 2011 and the audited annual financial statements and related notes for the year ended June 30, 2011.

The Corporation's first annual audited consolidated financial statements to use US dollars as its reporting currency and to be issued under International Financial Reporting Standards ("IFRS"), as issued by the international Accounting Standards Board ("IASB"), will be for the year ended June 30, 2012. In conjunction with those financial statements, the condensed consolidated interim financial statements as at, and for, the three months ending September 30, 2011 have been prepared in accordance with International Financial Reporting Standard 1, "first time Adoption of IFRS" and with International Accounting Standard 34, "Interim Financial Reporting", as issued by the IASB and using US dollars as its reporting currency. Previously, the Corporation prepared its interim and annual consolidated financial statements in accordance with Canadian generally accepted accounting principles ("Canadian GAAP") and used Canadian dollars as its reporting currency.

Unless otherwise noted, comparative financial information contained in this MD&A has been prepared in accordance with IFRS. The transition from Canadian GAAP to IFRS has not affected the Corporation's operations, strategic decisions and cash flow, but has resulted in certain accounting policy changes and adjustments to numbers previously reported under Canadian GAAP. These policy changes and adjustments are discussed under the "Changes in Accounting Policies and Transition to IFRS" section, herein.

All amounts are expressed in US Dollars unless otherwise indicated. Additional information relevant to the Company's activities can be found on SEDAR at www.sedar.com.

Description of Business

Nevada Copper Corp. (the "Corporation" or "Nevada Copper"), is a development stage mining company engaged in the exploration and development of the Pumpkin Hollow copper project.

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 road miles southeast of Reno. The property consists of a contiguous 22 square mile land package held by the Corporation comprising both of patented and unpatented claims.

Pumpkin Hollow Project

Since acquiring the advanced stage Pumpkin Hollow property located in Nevada, the Corporation has embarked on a program to advance the project towards definitive feasibility. During 2007, a 19,000 meter 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. As a result of the

significant increases in the updated resource estimate, the Corporation updated its PEA in December 2009 with a phased mine development approach which largely reduced the initial capital costs creating a project which would be resilient to lower copper prices while still allowing for the transition to the large integrated open pit-underground operation. The updated PEA was filed on SEDAR on January 13, 2010. The initial capital costs were reduced to approximately 25% of that required for a larger 60,000 tons per day integrated open pit-underground operation.

During December 2009, the Corporation announced the commencement of a Pre-Feasibility Study. On November 2010, the Corporation announced that it was proceeding directly to a Definitive Feasibility Study (“DFS”) with all pre-feasibility engineering work to be incorporated into the DFS. This decision was based on the success of the delineation drilling program and the substantial progress made in feasibility-related engineering studies. The results of drilling, metallurgical and geotechnical programs will contribute to the DFS, which will also include an updated resource estimate reflecting the result of the 2010 drilling program of approximately 50,000 meters.

Definitive Feasibility Study

The DFS is being prepared by Tetra Tech Inc., and is based upon an updated resource, trade off studies, preliminary economic assessments and prefeasibility-related engineering work. Nevada Copper elected to proceed directly to definitive feasibility in November 2010.

The updated mineral resource estimate incorporated a further 50,000 meters of resource delineation drilling program completed in 2010. Management of the Corporation determined that, while the updated mineral resource was a milestone towards commencing a DFS that in the context of an update to the mineral resource was not considered to be material to the Corporation. As the overall global in-situ copper mineral resource and grades (in all categories) had not significantly changed from the previous resource estimate there was no requirement to complete a National Instrument 43-101 compliant technical report.

The DFS is focussed on an integrated operation that includes both an open pit and underground mine feeding a single large nominal 67,500 ton per day mill (“**Integrated Operation**”) described in more detail below. The Integrated Operation is expected to result in lower capital requirements by consolidation of operations in a single mill compared with the previous phased development approach.

On September 19, 2011, the Company announced a proposed land transfer described in detail below. This land transfer supports the decision to shift to the Integrated Operation development approach.

Land Transfer from the Bureau of Land Management (“BLM”)

The City of Yerington and Lyon County, in cooperation with Nevada Copper will be moving forward with an acquisition of Bureau of Land Management (“BLM”) administered federal lands by the City of Yerington. This land transfer would both expand economic development opportunities for the City and accelerate the permitting timeline of the Pumpkin Hollow project under a local and State permitting process with production targeted to commence in 2015. Without the land transfer, the Integrated Operation could be permitted and developed under a federal and state permitting process with production targeted to commence in early 2017.

Over the past two years, management had been advancing discussions with the City of Yerington (“City”) for a plan that considers a proposal to transfer 11,630 acres of BLM administered land to City control. The City and Lyon County have both indicated formal support for this proposal, and the Company has also received indications of support from the State of Nevada and its congressional delegation (see September 19, 2011 News Release).

These 11,630 acres (18.2 square miles) proposed for transfer are adjacent to, and contiguous with, the City boundaries and encompasses the Pumpkin Hollow project area. Of this land, 3,800 acres (5.9 square miles), over which the Nevada Copper already has valid unpatented mineral claims, surrounds the Company’s 1,560 acres (2.5 square miles) of existing private patented land. The City would make this additional land available to Nevada Copper to consolidate its mineral land package. This consolidated package of 5,360 acres (8.4 square miles) of mineral claims would allow for a single State and local permitting process for the combined underground and open pit operations, and for concurrent development of both projects, once permits are granted. The Integrated Operation would receive permits faster under the State process, leading to a production start in 2015, which would be two years earlier than under a dual State and Federal process for a Phased Development Plan.

The remainder of the lands to be transferred (7,830 acres; 12.2 square miles) would be set aside for general industrial, mining, commercial and renewable energy development multi-purpose recreational and open space buffer.

Project Development Plans

For purposes of the DFS currently underway, Nevada Copper is evaluating an Integrated Operation with underground and open pit mine operations feeding a single 67,500 tpd process facility. The previous phased development plan envisaged a 7,500 tpd underground mine and mill operation, and a subsequent phase 2 involving two open pits and a second 60,000 tpd mill.

Integrated Operation

The Integrated Operation with a single 67,500 tpd process facility is the preferred project development option. This development plan includes an underground and an open pit mine permitted and constructed concurrently to allow for production to come on stream together. The timeline established for the State and Federal permitting process results in a projected 2017 production start. However a successful land transfer means only State and local permitting is required, and an earlier production start of 2015 is projected. The Integrated Operation is expected to result in significantly reduced capital costs and lowered overall operating cost due to the elimination of the smaller mill (in the previous phased development option), the elimination of duplicated infrastructure, and the lowering of operating costs due to the efficiencies of a single large mill facility. If the land transfer is successful, it will also potentially allow for production start two years earlier, in 2015.

Further metallurgical test work is required to confirm process throughputs and mill recoveries from the blended ore stream. The expanded DFS will incorporate this additional work.

Projected Copper Production

The DFS will establish an annual copper production schedule based on the mining rates and grades from open pit and underground operations, sequencing of production from these operations, the blended mill feed grades, and the mill throughput and metal recoveries determined by process test work.

Other key elements of the DFS are summarized below:

- **Water Rights.** On July 25, 2011, the City of Yerington amended an existing water service agreement with the Corporation to provide for additional water for the Project. The amended agreement brings the total water volumes available from the City of Yerington and other sources to 4,224 acre-feet, which considerably exceeds the expected net water requirements of the Project.
- **Tails Storage.** For maximizing the water recycling and minimizing overall water usage, dry stacked/dewatered tailings has been selected for long term tailings storage.
- **Power Supply.** For the Integrated Operation, all power would be brought from a single 120 KV high voltage power line located 5 miles east of the Project. For a phased development, Phase 1 would upgrade existing lines and substations from the town of Yerington followed by, for Phase 2, the line accessing the high voltage line described above. Energy availability in the area comes from the NV Energy's Fort Churchill gas-fired power plant 10 miles north of Yerington.
- **Concentrates Transportation.** Copper concentrates are to be transported by truck to a rail loading facility located close to Yerington and then by Union Pacific rail to a west coast port. Direct truck-to-port transportation is being evaluated as a backup in times where there may be rail disruptions. The overall transportation plan has been developed by specialist consultants and will be incorporated into the DFS.
- **Segregated Magnetite Tailings.** The current process flow sheets do not require magnetic separation of magnetite before the copper flotation circuits. Future studies will determine whether the magnetite tails and the high grade magnetite mined as open pit waste rock can be processed for sale as a magnetite

product. Nevada Copper anticipates initiating further studies starting in 2012 to determine how best to extract value from this considerable high grade iron resource.

- Advanced Underground Exploration Permits. The Nevada Division of Environmental Protection (“NDEP”) finalized the three permits needed to move forward on the advanced underground exploration work of the project. These are:
 1. Water Pollution Control Permit for underground development and storage of mine rock on the surface;
 2. Second Water Pollution Control Permit for dewatering and re-infiltration of the groundwater that is pumped from underground workings; and,
 3. Reclamation permit.
- Groundwater from dewatering must be re-infiltrated until any future mining and processing begins, at which time water will be used in any future operations, subject to the recommendations of the Definitive Feasibility Study (“DFS”) due for delivery at the end of December 31, 2011. Lyon County had previously issued the Special Use Permit for Advanced Exploration in October 2010.

Shaft Construction

Shaft diameters, depth, initial geotechnical ground support requirements have been determined. The shaft bid packages have been sent out to bidders, preliminary responses received and detailed negotiations on contract language is proceeding with selected contractors. Evaluation of equipment needs for shaft construction and selection of a design engineering firm has also begun in conjunction with the potential shaft bids. Selection of a hoist will start with an assessment of the availability of used and new hoist equipment, equipment to be supplied by the shaft contractor, timelines for the supply of equipment, and an evaluation of options to establish a temporary hoist and head frame, or a permanent production hoist and head frame. Actual shaft sinking is expected to begin in Q1 of 2012 following final contractor negotiations and selection. Mobilization, required site upgrades, and shaft sinking will take approximately 24 to 36 months.

Mining

The Whittle open pit mine designs are complete. Work continues on location of the in-pit crusher, truck haul profiles and productivities. Underground detailed mine designs, including paste backfill systems, are largely complete. Testing of paste backfill sample mixtures and strengths is ongoing. Paste backfill plant locations and delivery systems are well advanced. Mine equipment selection, including capital and operating costs is largely complete. The open pit ore mining schedules and equipment selections may be modified, as part of the expanded scope of the DFS, in order to accommodate the underground ore stream to the mill facility.

Process

Crushing and grinding test work has been completed and design criteria were established for equipment selection. Wardrop Engineers, a Tetra Tech subsidiary, is providing process design services for the DFS. Some additional test work is required as part of the expanded DFS scope and it is possible that process equipment sizes may be modified for a blended underground/open pit ore stream.

Civil, Surface Geotechnical and Tailings

Preliminary layouts of a dry stack tailings storage facility (“TSF”) for the combined integrated underground and open pit developments have been prepared. The combined TSF footprint has been sized to store 100% of the tailings produced for the life-of-mine. Geotechnical laboratory testing of tailings samples is largely completed. The test results will be used to refine stability analyses for the TSF and for water flow modeling. Tailings are delivered to the TSF by a conveyor tailings delivery system.

Construction Management

Nevada Copper has engaged Merit Consultants International Inc. (“Merit”) to provide pre-construction services in support of advancement of the Project. Merit focuses on mine construction management and has extensive worldwide experience in this specialty, including shaft sinking. Initially, their work will concentrate on the critical shaft sinking activity, and include:

- Managing the shaft contractor selection process
- Identify and coordinate with a head frame consultant for the identification of a permanent hoist;
- Working with the selected underground contractor to set up the work program and prepare for construction as early as possible;
- Review design drawings for constructability for the head frame and winch buildings;
- Other work including concrete and QA/QC specifications and supply; and,

Merit is also assisting in finalizing the detailed DFS capital costs estimates along with Tetra Tech.

Capital and Operating Costs

Estimation of project capital and operating costs are largely complete. Detailed review and optimization of these costs is ongoing as part of the finalization of the DFS.

Step out Drilling Program

The Corporation is in the middle of a 50,000 meter, (recently increased from 20,000 meters) step out and expansion drilling program which started in December 2010. Currently forty nine drill holes for a total of 26,000 meters has been completed. Three drill rigs are on the project with the program expected to finish drilling in the summer of 2012.

Much of the 2011 resource drill program is focused on expansion and step-out drilling of the North and South Deposits. Expanding mineralization in these deposits could have a positive impact on pit designs and project economics:

- The North Deposit continues to have multiple areas of open mineralization. The areas include: the lower stacked mineralization area, the north and northwest areas, and the open mineralization along the eastern and southeastern edge of the deposit. The expansion of mineralization in these areas could have a positive impact on pit design as well as increase the resource.
- The South deposit drilling is focused on expanding mineralization in two areas: along the northern and northeastern boundary of the South Deposit and the area between the North and South pits. Both target areas could affect future pit designs. .

Other areas included in the program:

- The East Deposit remains open in several directions. Within the deposit there are several recognized higher grade trends. The trend in the northern part of the deposit while thinning extends to the east and west. The southwest portion of the deposit is also open and contains wide spaced holes with high grade mineralization.
- Drilling in the E-2 deposit has been focused on extending the mineralization down dip and mineral zoning target to the northeast.
- The BC and eastern targets are located on BLM ground a little over a mile east of the East and E-2 deposits. Detailed ground magnetic surveys have been completed and surface mapping and sampling is ongoing. Skarn altered limestone with visible oxide copper mineralization crop out and is coincident with weak magnetic and IP anomalies.

Funds have been budgeted for several other targets within the claim block. The targets require additional geologic data compilation and data review before drill holes can be proposed.

More detailed information can be found in the Corporation's News Releases filed on www.sedar.com

Project Expenditures

To September 30, 2011, the Corporation has incurred \$49,407,210 in project expenditures on the Pumpkin Hollow Project.

Project expenditures capitalized during the three month ended September 30, 2011 and 2010 consisted of the following:

Description	Sept 30, 2011	Sept 30, 2010
Property payments	\$ 95,339	\$ 148,974
Water rights	-	47,262
Exploration	250,780	272,320
Engineering and feasibility related studies	331,164	1,292,972
Drilling	1,778,034	1,267,745
Definitive feasibility	1,688,009	-
Permit/environmental	170,420	73,054
Property caretaking	19,741	15,989
Amortization	7,670	11,082
Stock-based compensation	1,626,004	-
Administration	153,757	26,593
Total	\$ 6,120,918	\$ 3,155,991

For the three months ended September 30, 2011, the Corporation has incurred \$6,120,918 of project expenditures compared to \$3,155,991 for the comparable period in 2010. One major component of the 2011 increase is the inclusion of stock-based compensation of \$1,626,004 for individuals working directly on the project compared to zero dollars for the comparable period in 2010.

Property payments were lower in 2011 than in 2010. In 2010 the State of Nevada used a different method of charging for claim maintenance fees but later changed its position and returned a portion of the fees charged in the three months ended September 30, 2010.

Water rights payment in 2010 were paid early (due on October 1, 2010). In 2011, the payment was made on the due date of October 1 resulting in a timing difference.

Exploration expenses include geological consulting work. 2011 exploration costs were comparable to 2010. During both three month periods, the Company was conducting drilling programs of equal scope.

Engineering expenses include several different areas but included geotechnical and hydrological drilling. In 2011, these expenses totaled approximately \$160,000 compared to \$1,200,000 in 2010. Engineering in 2011 was approximately \$145,000 compared to \$37,000 in 2010. All this work is attributable to the DFS in 2011 and the Pre-feasibility study in 2010.

Drilling expenses in 2010 were for the later portion of its summer drilling program. In 2011, approximately \$1,780,000 drilling costs were for its 50,000 meter (recently increased from 20,000 meter) step-out drilling program for the planned open pit areas.

The Definitive Feasibility study commenced in December 2010 and is targeted for completion by December 31, 2011. Costs incurred in 2011 were for the continuation of the work.

Permit and environmental costs in 2011 of approximately \$170,000 were up \$100,000 from 2010. Costs were spent on consultants and technical studies to satisfy current and future permit applications

Administration costs of \$153,757 were higher resulting from extra legal work to assist the Corporation with permit applications and land registry issues as well as included increased project administration for on-site activity

Qualified Person

The Project is under the supervision of Gregory French, CPG#10708. Mr. Robert McKnight, P.Eng. and Mr. French are both Qualified Persons as defined in Canadian National Instrument 43-101 and are responsible for the preparation of the technical information in this document.

Results of Operations

	Three months ending	
	September 30,	
	2011	2010
EXPENSES		
General and administration	\$ 307,063	\$ 390,490
Business development	69,382	46,997
Stock-based compensation	5,931,569	-
	<u>6,308,014</u>	<u>437,487</u>
OTHER		
Interest income	196,589	92,455
Foreign exchange gain (loss)	575,965	80,959
Interest on convertible debenture	-	(34,646)
Debenture accretion expense	-	(52,924)
	<u>772,554</u>	<u>85,844</u>
NET LOSS	<u>\$ 5,535,460</u>	<u>\$ 351,643</u>

For the three months ended September 30, 2011

For the three months ended September 30, 2011 (the “first quarter”), the Corporation had a net loss of \$5,535,460 or \$0.08 per share compared to a net loss of \$351,643 or \$0.01 per share with the corresponding period of 2010. The most significant component for the difference was related to stock-based compensation of \$5,931,569 in 2011 compared to \$nil in 2010. The difference is due to different timing of the stock-based awards in 2011 and 2010. See summary of Quarterly results. General administrative expenses for the three months ending September 30, 2011 decreased from \$390,490 in 2010 to \$307,603 in 2011. The largest component of the difference was the payment of management bonuses in 2010 of C\$90,000 (2011 - \$nil). After taking into account the timing of the bonuses, personnel expenses are slightly higher in 2011 as the Corporation has added key people to its management team. Business development costs of \$69,382 for the three months ending September 30, 2011 were higher than the 2010 comparable period \$46,997 which was the result of the Corporation looking at business and financing opportunities as the current business plan progresses.

Interest income for the period ended September 30, 2011 doubled the amount earned in the comparable period in 2010. Cash held significantly increased in August 2011 as the result of the public offering with gross proceeds of approximately C\$65,000,000.

Summary of Quarterly Results

Selected consolidated financial information for the most recent eight financial quarters is as follows. The Corporation made the transition to IFRS effective July 1, 2011, and as a result, certain quarters have financial information presented under IFRS and others are presented using Canadian GAAP (CGAAP):

(In thousands of dollars except amounts per share)	2011				2010			2009
	Sep. 30	Jun. 30	Mar. 31	Dec. 31	Sept. 30	Jun. 30	Mar. 31	Dec. 31
	IFRS	IFRS	IFRS	IFRS	IFRS	CGAAP	CGAAP	CGAAP
			\$	\$	\$	\$	\$	\$
Working capital	70,716	17,532	22,002	25,591	19,272	20,703	3,907	8,249
Mineral properties	49,407	43,286	36,296	32,345	29,333	26,537	24,303	19,209
Shareholder's equity	120,782	61,476	58,449	58,095	48,775	47,425	28,392	27,588
Expenses	376	682	353	402	437	272	459	294
Share-based comp.	5,932	(809)	4,417	1,938	-	1,851	930	-
Net profit (loss)	(5,535)	263	(4,819)	(2,319)	(352)	(2,060)	(1,534)	(303)
Net loss per share	(0.08)	0.01	(0.08)	(0.04)	(0.01)	(0.04)	(0.04)	(0.01)

Liquidity and Capital Resources

The Corporation's working capital as at September 30, 2011, was \$70,716,186 compared with a working capital position of \$17,531,896 as at June 30, 2011. The increase in the Corporation's working capital during the three months ended September 30, 2011 is the primarily the result of the following share transactions.

On August 2, 2011, the Corporation closed a common share public offering of C\$65 million (the "Financing") with a syndicate of underwriters led by Canaccord Genuity Corp. and Scotia Capital Inc., and including GMP Securities L.P., Cormark Securities Inc., Macquarie Capital Markets Canada Ltd., Paradigm Capital Inc., Desjardins Securities Inc. and M Partners Inc., (collectively, the "Underwriters"). 12,050,000 common shares of the Corporation at a price of C\$5.40 per share for gross proceeds of \$67,763,898 (C\$65,070,000). The Underwriters received a cash commission of \$3,727,014 (C\$3,578,850) and 301,250 Broker Warrants exercisable to purchase one common share of the Corporation at a price of C\$6.00 per share up to August 2, 2013. Using the Black-Scholes Valuation Model, the warrants were valued at \$802,011. Share issue costs including the value of warrants totaled \$4,992,676.

In addition, the Underwriters were granted an over-allotment option, which is exercisable in whole or in part until September 1, 2011, to purchase up to an additional 1,807,500 common shares of the Corporation at a purchase price of C\$5.40 per common share. The over-allotment option was not exercised and expired on September 1, 2011.

During the three months ended September 30, 2011, the Corporation received \$71,415 from the exercise of stock options (\$1,354,767 from stock options and warrants during the three months ended September 30, 2010). Cash spent on exploration and evaluation assets for the same period totalled \$4,308,952 (2010 - \$3,144,908) at the Pumpkin Hollow project.

Working capital available as of September 30, 2011 will be utilized to complete both the 50,000 meter resource expansion drilling program which was recently increased from a 20,000 meter program, the DFS, which is expected to be completed by the end of the fourth quarter of 2011, and the underground access for further underground development. Management believes that the Corporation has adequate funding to achieve its current business objectives and milestones. Additional funds will be required for the construction of the mine at Pumpkin Hollow.

The combined financings in the year ending June 30, 2010 raised C\$34,925,625 gross proceeds which was planned to be used in connection with the completion of the pre-feasibility study, development of the Pumpkin Hollow project after paying for share issue costs of C\$1,872,931 (net C\$33,052,694). As of September 30, 2011, the Corporation has spent approximately C\$27,750,000 of the proceeds on the development and maintenance of the Pumpkin Hollow project and on its pre and definitive feasibility study leaving a balance to spend of approximately C\$5,300,000.

The recently completed public offering resulted in net proceeds of approximately C\$61,000,000 which is planned to be used in connection with the balance of the definitive feasibility study, property maintenance costs, expanded step out and geotechnical and metallurgical drilling programs, continuing project permitting costs and the underground exploration program. As of September 30, 2011, none of these proceeds have been spent. As of September 30, 2011, the Corporation had cash balances of C\$67,579,333 and US\$9,078,189.

Transactions with Related Parties

The Corporation shares certain premises and facilities with American Bonanza Gold Corp which has certain directors in common, under a cost sharing agreement. During the three months ended September 30, 2011, the Corporation incurred net general and administration services expenses of \$16,833 (September 30, 2010 - \$38,961) to, American Bonanza Gold Corp., and receivables from the same company of \$27,049 (June 30, 2011 - \$3,103). As of September 30, 2011, accounts payable and accrued liabilities include amounts owed to the same company of \$7,186 (June 30, 2011 - \$24,216). The Corporation also has receivables from, Mesa Exploration Corp., a company with common directors of \$1,216 (June 30, 2011 - \$nil). During the three months ended September 30, 2011, the Corporation incurred expenses of \$122,951 (September 30, 2010 - \$31,118) to, Axium Law Corporation, the Corporation's law firm of which one of its partners serves as a director of the Corporation.

As of September 30, 2011, accounts payable and accrued liabilities include director fees and expenses payable of \$12,380 (June 30, 2011 - \$15,552) and an amount owing of \$7,408 (June 30, 2011 - \$11,197) to Axium Law Corporation.

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 ranging from one to three 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.

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

Under the terms of the Lease, the Corporation was required to make the following lease payments, all of which have been paid:

<u>Due Date</u>	<u>\$</u>
May 4, 2007	75,000
May 4, 2008	100,000
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 \$600,000 annually until the expiry of the Lease on May 4, 2016. Total advance royalty payments under this obligation are \$2,550,000. An additional \$450,000 in advance royalties must be paid by May 4, 2016 to enable the Corporation to renew the lease term an additional 10 years for a total advance royalties payments of \$3,000,000.

The Corporation is obligated to make exploration and development expenditures on the Property of at least \$4,000,000 during the first three years of the Lease, with expenditures of at least \$500,000 each year, and an

additional \$4,000,000 during the 4th through 6th years of the Lease, with expenditures of at least \$500,000 each year. The Corporation fully satisfied these expenditure obligations by 2008.

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 724 acre feet of water per year for its mining operations on the Property in exchange for making 80 quarterly payments payable over a period of 20 years with \$47,262 each from July 1, 2008 to April 1, 2028. At September 30, 2011, payments totaling \$614,411 had been paid. The first Amendment to the Lease Agreement also contains provisions allowing the Corporation to accelerate and reduce the payments required.

In August of 2009, the Corporation entered into an agreement with the City of Yerington, Nevada to reserve 2,000 acre feet of water per year for a term of 30 years. As consideration the Corporation will pay to the City of Yerington annual reservation fees of \$50,000 which reverts to user fees based on usage at \$100 per acre foot for year 1 to year 15; \$125 for year 16 to 20; \$150 for year 21 to 25; and \$175 per acre foot for year 26 to year 30. On July 25, 2011, the Corporation amended its water service agreement to include additional water capacity of 1,500 acre feet of water under the same terms of the initial agreement for an additional annual fee of \$37,500. The City of Yerington does have the right to terminate up to 500 acre feet in increments of 100 acre feet upon 6 months notice and the right to terminate up to 1,000 acre feet in increments of 100 acre feet upon one year's notice.

The Corporation has entered into a sublease for its corporate offices until November 29, 2013. The sublease payments are payable monthly and include a proportionate share of the operating expenses. As of September 30, 2011, the total commitment by the Corporation is estimated to be \$482,268 which is subject to a cost sharing agreement with a related party.

The Corporation also entered into management agreements with certain members of senior management as noted in Transactions with Related Parties. In the event that there is a change of control, the Corporation is committed to pay severance payments equivalent of one to three years of salary.

The following table sets forth the Corporation's known contractual obligations as at September 30, 2011:

Contractual Obligations	Payments due by period			
	Total	Less than 1	2-3 years	4-5 years
	\$	year	\$	\$
		\$		\$
Lease Obligation – US\$ Payment on Pumpkin Hollow Property (a)	2,550,000	300,000	1,200,000	1,050,000
First Amendment to Lease – US\$ Payment of water rights on property (b)	2,387,253	189,050	378,099	1,820,104
City of Yerington – US\$ Payment of advanced water service payments (c)	437,500	87,500	175,000	175,000
Accounts payable and accrued liabilities	3,206,868	3,206,868	-	-
Total US\$ obligations	8,581,621	3,783,418	1,753,099	3,045,104
Office Lease	C\$ 482,268	C\$ 220,612	C\$ 261,656	C\$ -
Less: office sharing agreement	(241,134)	(110,306)	(130,828)	-
Total CDN\$ obligations	C\$ 241,134	C\$ 110,306	C\$ 130,828	C\$ -

(a) See above for renewal terms.

(b) The commitment in the table is the obligation if the Corporation does not renew the Pumpkin Hollow property lease. The Corporation can pay quarterly instalments to the lessor if the lease is renewed. See above for details of the payment schedule.

(c) The commitment in the table is the obligation by the Corporation to the City of Yerington for reservation fees. See above for details of the payment schedule.

Off-Balance Sheet Arrangements

The Corporation has no Off-Balance Sheet arrangements that are not disclosed in the Commitment section above.

Disclosure Controls and Internal Controls over Financial Reporting

The Chief Executive Officer (the “CEO”), and the Chief Financial Officer (the “CFO”) of the Corporation are responsible for establishing and maintaining the Corporation’s disclosure controls and procedures (“DCP”) including adherence to the Disclosure Policy adopted by the Corporation. The Disclosure Policy requires all staff to keep senior management fully apprised of all material information affecting the Corporation so that they may evaluate and discuss this information and determine the appropriateness and timing for public release.

The CEO and the CFO are also responsible for the design of internal controls over financial reporting (“ICFR”). The fundamental issue is ensuring all transactions are properly authorized and identified and entered into a well designed, robust and clearly understood accounting system on a timely basis to minimize risk of inaccuracy, failure to fairly reflect transactions, failure to fairly record transactions necessary to present financial statements in accordance with Canadian generally accepted accounting standards, unauthorized receipts and expenditures, or the inability to provide assurance that unauthorized acquisitions or dispositions of assets can be detected. The relatively small size of the company makes the identification and authorization process relatively efficient and a process for reviewing ICFR has been developed. To the extent possible given the Corporation’s small size, the internal control procedures provide for separation of duties for receiving, approving, coding and handling of invoices, entering transactions into the accounts, writing checks and wire requests and also require two signers on all payments.

The CEO and CFO evaluated the effectiveness of the Corporation’s DCP and ICFR as required by National Instrument 52-109 issued by the Canadian Securities Administrators. They concluded that as of September 30, 2011, the Corporation’s design and operation of its DCP and ICFR were effective in providing reasonable assurance that material information regarding this report, and the unaudited condensed interim consolidated financial statements and other disclosures was made known to them on a timely basis and reported as required and that the financial statements present fairly, in all material aspects, the financial condition, results of operations and cash flows of the Corporation as of the period ending September 30, 2011. The CEO and CFO also concluded that no material weaknesses existed in the design of the ICFR.

The Corporation continually reviews and enhances its system of controls and procedures. However, because of the inherent limitation in all control system, management acknowledges that ICFR will not prevent or detect all misstatements due to error or fraud.

Critical Accounting Estimates

The preparation of financial statements in accordance with IAS 34 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. Although these estimates are based on management’s expectations for the likely outcome, timing and amounts of events or transactions, actual results could differ from those estimates. Areas requiring the use of management estimates include the determination assumptions used in valuing the liability and equity components of convertible debentures, the determination of the remaining life of property and equipment, estimating future asset retirement obligations and estimating accrued liabilities.

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

i) Exploration and evaluation assets

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

ii) Taxation

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

Deferred tax assets are recognized to the extent that certain taxable losses or deferred expenditures will be utilized by the Company to reduce future taxes payable. The amount of deferred tax assets recognized, if any is based on objective evidence that the Company will generate sufficient future taxable income to utilize these deferred assets, as well as the expected future tax rates that will apply to these assets. Changes to the Corporation's ability to generate sufficient taxable income or changes to enacted tax rates could result in the write-down of deferred tax assets, or the recognition of new deferred tax assets.

iii) Stock-based compensation

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

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 development 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 guarantee that additional funds will be available on terms acceptable to the Corporation or at all. In the event that the Corporation's operating cash flow is negative this may have a material adverse affect on the Corporation and its stock price.

- ***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 nor positive operating cash flows. 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 currencies other than the US dollar reporting currency. The Corporation holds balances in cash and cash equivalents, accounts payable, accrued liabilities and leases in Cdn 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

Recent Accounting Pronouncements

The Corporation has reviewed new and revised accounting pronouncements that have been issued but are not yet effective and determined that the following may have an impact on its financial statements:

(i) IAS 12 Income Taxes (“IAS 12”)

IAS 12 was amended in December 2010 to remove subjectivity in determining on which basis an entity measures the deferred tax relating to an asset. The amendment introduces a presumption that an entity will assess whether the carrying value of an asset will be recovered through the sale of the asset. The amendment to IAS 12 is effective for reporting periods beginning on or after January 1, 2012. The Corporation is currently evaluating the impact of this amendment to IAS 12 on its consolidated financial statements.

(ii) IFRS 9 Financial Instruments (“IFRS 9”)

IFRS 9 was issued in November 2009 and is the first step to replace current IAS 39, “Financial Instruments: Recognition and Measurement”. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2013, although the IASB is considering an extension to January 1, 2015. There is not expected to be a significant impact on the Corporation upon implementation of the issued standard.

(iii) IFRS 10 Consolidated Financial Statements (“IFRS 10”)

IFRS 10 Consolidated Financial Statements (“IFRS 10”) will replace IAS 27 Consolidated and Separate Financial Statements, and SIC 12 Consolidation – Special Purpose Entities. The portion of IAS 27 that deals with separate financial statements will remain. IFRS 10 changes the definition of control, such that the same consolidation criteria will apply to all entities. The revised definition focuses on the need to have both “power” and “variable returns” for control to be present. Power is the current ability to direct the activities that significantly influence returns. Variable returns can be positive, negative or both. IFRS 10 requires continuous assessment of control of an investee based on changes in facts and circumstances. The Corporation is currently evaluating the impact of this standard on its consolidated financial statements.

(iv) Joint Arrangements

IFRS 11 Joint Arrangements (“IFRS 11”) will replace IAS 31 Interests in Joint Ventures, and SIC 13 Jointly Controlled Entities – Non-monetary Contributions by Venturers. IFRS 11 essentially carves out of previous jointly controlled entities, those arrangements which although structured through a separate vehicle, such separation is ineffective and the parties to the arrangement have rights to the assets and obligations for the liabilities and are accounted for as joint operations in a fashion consistent with jointly controlled assets/operations under IAS 31. In addition, under IFRS 11 joint ventures are stripped of the free choice of equity accounting or proportionate consolidation; these entities must now use the equity method. Upon adoption of IFRS 11, entities which had previously accounted for joint ventures using proportionate consolidation shall collapse the proportionately consolidated net asset value (including any allocation of goodwill) into a single investment balance at the beginning of the earliest period presented. The investment’s opening balance is tested for impairment in accordance with IAS 28 (2011) and IAS 36 Impairment of Assets. Any impairment losses are recognized as an adjustment to opening retained earnings at the beginning of the earliest period presented. The Corporation is currently evaluating the impact of this standard on its consolidated financial statements.

(v) Disclosure of Interests in Other Entities

IFRS 12 Disclosure of Interests in Other Entities (“IFRS 12”) will replace the disclosure requirements currently found in IAS 28 investment in Associates, and is the new Standard for disclosure requirements for all forms of interests in other entities, including subsidiaries, joint arrangements, associates and unconsolidated structured entities, including information about the significant judgments and assumptions that it has made in determining whether it has control, joint control or significant influence in another entity. IFRS 12 sets out the required disclosures for entities reporting under IFRS 10 and IFRS 11. The Corporation is currently evaluating the impact of this standard on its consolidated financial statements.

(vi) IFRS 13 Fair Value Measurements (“IFRS 13”)

IFRS 13 defines fair value and sets out a single IFRS framework for fair value measurements and disclosures. IFRS 13 applies to other IFRSs that require or permit measurements or disclosures based on fair values, except in specified circumstances. IFRS 13 is to be applied for annual periods beginning on or after January 1, 2013. Earlier application is permitted. The Corporation is currently evaluating the impact of this standard on its consolidated financial statements.

(vii) IAS 28 Investments in Associates and Joint Ventures (“IAS 28”)

IAS 28 Investments in Associates and Joint Ventures will modify the existing standard as follows:

- Associates and joint ventures held for sale. IFRS 5 Non-current Assets Held for Sale and Discontinued Operations applies to an investment, in an associate or a joint venture that meets the criteria to be classified as held for sale. For any retained portion of the investment that has not been classified as held for sale. For any retained portion of the investment that has not been classified as held for sale, the equity method is applied until disposal of the portion held for sale. After disposal, any retained interest is accounted for using the equity method if the retained interest continues to be an associate or a joint venture.
- Changes in interests held in associates and joint ventures. Previously, IAS 28 and IAS 31 specified that the cessation of significant influence or joint control triggered re-measurement of any retained stake in all cases with gain recognition in profit or loss, even if significant influence was succeeded by joint control. IAS 28 will be modified so that in such scenarios the retained interest in the investment is not re-measured.

The Corporation is currently evaluating the impact of this standard on its consolidated financial statements.

Adoption of the United States dollar as the reporting currency and of the International Financial Reporting Standards

As discussed under the heading “General” of this MD&A, the year ended June 30, 2012, including the interim financial statements during this year, will be the first the Corporation will present in accordance with IFRS. The Company’s critical IFRS accounting policies and impacts of the transition from Canadian GAAP to IFRS and the new reporting currency are described below.

A comprehensive reconciliation between Canadian GAAP and IFRS balances is provided in Note 14 of the unaudited condensed consolidated interim financial statements as at and for the three months ended September 30, 2011. The following table provides a summary of the IFRS changes to the Company’s net income (loss) for certain previously reported periods.

	Three months ended September 30, 2010	Year ended June 30, 2011
	\$	\$
Net comprehensive income (loss) under Canadian GAAP (CDN\$)	(365,536)	(7,238,803)
Increase in exchange difference on remeasuring to US reporting currency	1,681,230	5,534,797
Net comprehensive income (loss) under Canadian GAAP (US\$)	1,315,694	(1,704,006)
Decrease in exchange difference on remeasuring to US\$ reporting under IFRS	(956,572)	(3,280,349)
Net comprehensive income (loss) under IFRS (US\$)	359,122	(4,984,355)

Property, plant & equipment:

IFRS 1 provides a choice between measuring property, plant and equipment at its fair value at the date of transition and using those amounts as deemed cost or using the historical cost basis under Canadian GAAP.

Impact on Corporation: The Corporation elected to use the historical cost carrying values as they approximate IFRS basis for transitional purposes.

- (a) Mandatorily applicable standards with retrospective application (i.e., not specifically exempt under IFRS 1)

Exploration and evaluation assets

Upon adoption of IFRS, the Corporation will have a choice between retaining its existing policy of capitalizing all pre-feasibility evaluation and exploration expenditures and electing to change its policy retrospectively to expense some or all pre-feasibility costs.

Impact on Corporation: The Corporation has elected to continue capitalizing all its expenditures. There is no impact on the transition to IFRS

Property, plant and equipment - cost

IFRS: IAS 16 contains more extensive guidance with respect to components within PP&E. When an item of property, plant and equipment comprises individual components for which different depreciation methods or rates are appropriate, each component is accounted for separately (component accounting). Canadian GAAP: Section 3061 essentially contains similar guidance but is less extensive.

Impact on the Corporation: The Corporation is looking into amortization methods for its mining assets that are used directly for mining operations. The Corporation will identify any major component upon inspection or overhaul or upon purchase of such equipment. There was no impact on the transition to IFRS.

Property, plant and equipment - impairment

IFRS: Under IAS 36 an asset is impaired if the recoverable amount is lower than the asset's carrying amount. The recoverable amount is defined as the higher of the asset's fair value less cost to sell and its value-in-use. The value-in-use calculation involves discounting the expected future cash flows to be generated by the asset to their net present value. Canadian companies should (i) determine the existence of any impairment loss, and (ii) measure and recognize such impairment, if any at July 1, 2010. Canadian GAAP: A two-step approach is used to measure impairment. In step 1, a recoverability test is performed by comparing the expected undiscounted future cash flows to be derived from the asset with its carrying amount. If the asset fails the recoverability test, step 2 is triggered, and the entity must record an impairment loss calculated as the excess of the asset's carrying amount over its fair value.

Impact on the Corporation: Based on its review, there was no impact on the transition to IFRS.

Convertible debt - Transaction costs

The Corporation had certain U.S. dollar denominated convertible debt at July 1, 2010. The debt was fully converted on December 25, 2010.

IFRS: IAS 39 does not allow a choice of accounting policy for transaction costs – thus must be recognized as part of the financial liabilities. Canadian GAAP: Permits a choice.

Impact on the Corporation: There was no impact on the transition to IFRS.

Convertible debt – valuation methodology

IFRS: Under IAS 32 the liability component of a compound instrument is measured on initial recognition by measuring any financial asset or financial liability components at fair value and applying the residual amount to equity. Canadian GAAP: Section 3863 permits an additional "relative fair value" method.

Impact on the Corporation: The Corporation has used the residual method to measure the initial recognition of the convertible debt instrument. There was no impact on the transition to IFRS.

Provision for environmental rehabilitation

IFRS – IFRS 37 applies to a constructive obligation, where the event creates valid expectations that the entity will discharge the obligation, as well as a legal obligation. The amount recognized should be the best estimate of the expenditure required to settle the obligation at the balance sheet date. Present value should be used where the effect of the time value of money is material. Canadian GAAP: Section 3110, applies to legal obligations associated with the retirement of a tangible long-lived asset. Such an obligation is to be initially measured at fair value in the period in which the obligation is incurred, unless it cannot be reliably measured at that date.

Impact on the Corporation: There was no impact on transition to IFRS.

Functional currency and change of reporting currency

The Corporation has determined that reporting the Corporation's consolidated results in US dollars would provide the readers of its consolidated financial statements more relevant information as a substantial portion of its consolidated operations are based in the United States.

Under Canadian GAAP, the Corporation's parent company, Nevada Copper Corp., had a measurement currency of the Canadian dollar and each of its subsidiaries were considered to be integrated foreign subsidiaries. Monetary assets and liabilities, not denominated in Canadian dollars were translated to their Canadian dollar equivalents using foreign exchange rates which prevailed at the date of each balance sheet. Non-monetary items were translated at exchange rates prevailing when the assets were acquired or the obligations incurred. Foreign currency denominated expense items were translated at exchange rates prevailing at the transaction date.

With the change of reporting currency, the previously reported assets and liabilities in Canadian dollars are translated into US dollars at the balance sheet date. All share capital transactions are translated at exchange rates prevailing when the transactions occurred. The net change is recorded in other comprehensive income and is accumulated in shareholders' equity.

IFRS requires that the functional currency of each entity of the Corporation be determined separately. The Corporation has determined that as at the transition date of July 1, 2010 and prior periods, the Canadian dollar was the functional currency of Nevada Copper Corp. and 607792 British Columbia Ltd. for both IFRS and Canadian GAAP. but the United States dollar was the functional currency of Nevada Copper, Inc. under IFRS. Under Canadian GAAP, Nevada Copper, Inc.'s functional currency was the Canadian dollar.

Under IFRS, foreign currency monetary assets and liabilities are translated at prevailing period 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 times of the transactions. Translation gains or losses are included in operations.

Impact on the Corporation: A detailed reconciliation is shown in Note 14 of the condensed consolidated interim financial statements for further information.

Share-based payments

IFRS: Under IFRS 2, graded vesting awards must be accounted for as though each installment is a separate award. IFRS does not provide for an election to treat the instruments as a pool and recognize expense on a straight line basis, it requires graded vesting. Canadian GAAP: Straight line basis is permissible under Canadian GAAP. IFRS 1 permits the application of IFRS 2 to equity instruments granted after November 7, 2002 that had not vested by the date of transition to IFRS.

Impact on the Corporation: The Corporation has applied the IFRS 1 exemption. There was no impact on the transition to IFRS.

Borrowing costs

IAS 23 “Borrowing Costs” requires capitalization of eligible borrowing costs directly attributable to the acquisition or construction of qualifying assets. Under Canadian GAAP, the Corporation’s accounting policy was to expense interest costs in connection with development activity. A first-time adopter may elect to apply the transitional provisions prescribed by IAS 23.

Additionally, in accordance with IFRS 1, an entity’s estimates under IFRS at the date of transition to IFRS must be consistent with estimates made for the same date under previous GAAP, unless there is objective evidence that those estimates were in error. The Corporation’s IFRS estimates as of July 1, 2010 are consistent with its previous GAAP estimates.

Impact on the Corporation: The Corporation’s IFRS estimates as of July 1, 2010 are consistent with its previous GAAP estimates. The Corporation has elected to utilize this exemption, and will therefore apply IAS 23 on a strictly prospective basis from the date of transition to IFRS. There was no impact on the transition to IFRS.

Cumulative translation differences

The Corporation has elected to apply the IFRS 1 exemption whereby cumulative translation differences included in accumulated other comprehensive income are reset to zero at the transition date.

Impact on the Corporation: The Corporation recorded a foreign currency translation loss of \$1,567,966 in accumulated other comprehensive income. As the Corporation has elected to apply the IFRS 1 exemption for cumulative translation differences, the Corporation recorded an adjusting entry to reset cumulative translation differences to zero as of July 1, 2010.

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 which includes the completion of a DFS, the completion of the 50,000 meter (recently increased from 20,000 meter) step out drilling program, and the advancement of the underground exploration program. The results of current drilling, metallurgical, and geotechnical programs will contribute to the DFS, which will also include an updated resource estimate reflecting the results of the 2010 drilling program totalling 50,000 meters and the recently announced integrated operation. The DFS will advance Pumpkin Hollow toward production by building on the results of the two previous Preliminary Economic Assessment studies (previously announced and filed on SEDAR in April 2008 and January 2010) and recent engineering studies. The DFS will also evaluate alternative project development options for the large and high grade copper deposits at Pumpkin Hollow.

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.

Share Data

Capital Structure as of December 13, 2011:

Common shares issued and outstanding:	72,751,458
Total stock options outstanding:	6,410,000
Total warrants outstanding:	464,262

Subsequent Events

Subsequent to September 30, 2011, the Corporation granted 75,000 common share options to employees of the Corporation exercisable at C\$4.24 and expiring October 19, 2021.

Forward-Looking Statements

Certain of the statements made and information contained herein may contain forward-looking information within the meaning of applicable Canadian securities laws. Such forward-looking statements and forward-looking information include, but are not limited to, statements concerning: the Company's plans at the Pumpkin Hollow Project; the assumptions in the financial analysis prepared in connection with the Preliminary Economic Assessment (the "PEA") report on the Pumpkin Hollow Project; the timing of granting of key permits, timing of delivery of key technical reports such as the Definitive Feasibility Study, estimated metal production and the timing thereof; any capital and operating and cash flow estimates; and the access to financing and appropriate equipment and sufficient labour. Forward-looking statements or information include statements regarding the expectations and beliefs of management. Often, but not always, forward-looking statements and forward-looking information can be identified by the use of words such as "plans", "expects", "is expected", "anticipated", "is targeted", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", or "believes" or the negatives thereof or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Forward-looking statements or information include, but are not limited to, statements or information with respect to known or unknown risks, uncertainties and other factors which may cause the actual industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or information.

Forward-looking statements or information are subject to a variety of risks and uncertainties which could cause actual events or results to differ from those reflected in the forward-looking statements or information, including, without limitation, risks and uncertainties relating to: history of losses; requirements for additional capital; dilution; loss of its material properties; interest rates increase; global economy; no history of production; future metals price fluctuations, speculative nature of exploration activities; periodic interruptions to exploration, development and mining activities; environmental hazards and liability; industrial accidents; failure of processing and mining equipment to perform as expected; labour disputes; supply problems; uncertainty of production and cost estimates; the interpretation of drill results and the estimation of mineral resources and reserves; legal and regulatory proceedings and community actions; title matters; regulatory restrictions; permitting and licensing; volatility of the market price of Common Shares; insurance; competition; hedging activities; currency fluctuations; loss of key employees; as well as those factors discussed in the section entitled "Risk Factors" in this MD&A and the Company's Annual Information Form dated September 26, 2011. Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in forward-looking statements or information. Accordingly, readers are advised not to place undue reliance on forward-looking statements or information. The Company disclaims any intent or obligation to update forward-looking statements or information except as required by law, and you are referred to the full discussion of the Company's business contained in the Company's reports filed with the securities regulatory authorities in Canada.

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Condensed Consolidated Interim Balance Sheets

(Expressed in United States dollars)

(Unaudited – Prepared by Management)

	September 30, 2011	June 30, 2011	July 1, 2010
Assets			
Current assets:			
Cash and cash equivalents	\$ 73,548,872	\$ 20,390,578	\$ 23,721,073
Amounts receivable	295,069	66,983	45,722
Prepaid expenses	79,113	102,910	20,581
	<u>73,923,054</u>	<u>20,560,471</u>	<u>23,787,376</u>
Reclamation bond (note 4)	505,915	505,915	-
Property and equipment (note 5)	210,752	209,860	181,063
Exploration and evaluation assets (note 6)	49,407,210	43,286,292	26,176,569
	<u>\$ 124,046,931</u>	<u>\$ 64,562,538</u>	<u>\$ 50,145,008</u>
Liabilities and Shareholders' Equity			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 3,206,868	\$ 3,028,575	\$ 875,944
Convertible debenture (note 8)	-	-	1,924,315
Variable conversion feature (note 8)	-	-	284,000
	<u>3,206,868</u>	<u>3,028,575</u>	<u>3,084,259</u>
Asset retirement obligation (note 9)	57,875	58,061	-
Shareholders' equity:			
Share capital (note 10)	130,889,514	67,999,991	52,409,250
Other equity reserve	20,031,865	11,818,769	8,010,002
Accumulated other comprehensive income	(4,017,988)	2,242,885	-
Deficit	(26,121,203)	(20,585,743)	(13,358,503)
	<u>120,782,188</u>	<u>61,475,902</u>	<u>47,060,749</u>
	<u>\$ 124,046,931</u>	<u>\$ 64,562,538</u>	<u>\$ 50,145,008</u>

Nature of operations (note 1)

Commitments (notes 6, 7, and 12)

Subsequent events (notes 15)

See accompanying notes to condensed consolidated interim financial statements.

Approved on behalf of the Board on December 13, 2011:

"Brian Kirwin"

Director

"Giulio Bonifacio"

Director

NEVADA COPPER CORP.

Condensed Consolidated Interim Statements of Operations

(Expressed in United States dollars)

(Unaudited – Prepared by Management)

For the three months ended September 30, 2011 and 2010

	2011	2010
Expenses:		
General and administrative (note 11)	\$ 307,063	\$ 390,490
Business development	69,382	46,997
Stock-based compensation (note 10)	5,931,569	-
	<u>6,308,014</u>	<u>437,487</u>
Other income (expenses):		
Interest income	196,589	92,455
Foreign exchange gain	575,965	80,959
Interest on convertible debt (note 8)	-	(34,646)
Accretion expense on convertible debt (note 8)	-	(52,924)
	<u>772,554</u>	<u>85,844</u>
Loss for the period	(5,535,460)	(351,643)
Deficit, beginning of the period	(20,585,743)	(13,358,503)
Deficit, end of the period	<u>\$ (26,121,203)</u>	<u>\$ (13,710,146)</u>
Loss per common share:		
Basic and diluted	\$0.08	\$0.01
Weighted average number of shares outstanding	68,398,415	53,517,072

See accompanying notes to condensed consolidated interim financial statements.

NEVADA COPPER CORP.

Condensed Consolidated Interim Statements of Comprehensive Loss

(Expressed in United States dollars)

(Unaudited – Prepared by Management)

For the three months ended September 30, 2011 and 2010

	2011	2010
Net loss for the period	\$ (5,535,460)	\$ (351,643)
Other comprehensive loss		
Foreign currency translation for the period	(6,260,873)	710,765
Comprehensive income (loss)	\$ (11,796,333)	\$ 359,122

See accompanying notes to condensed consolidated interim financial statements.

NEVADA COPPER CORP.

Condensed Consolidated Interim Statements of Changes in Equity

(Expressed in United States dollars)

(Unaudited – Prepared by Management)

	Share Capital		Other Equity Reserve	Accumulated Other Comprehensive Income	Deficit	Total
	Number of Shares	Amount				
		\$	\$	\$	\$	\$
Balances, July 1, 2010	53,105,920	52,409,250	8,010,002	-	(13,358,503)	47,060,749
Exercise of options	891,000	1,664,362	(807,220)	-	-	857,142
Exercise of warrants	250,000	536,346	(31,295)	-	-	505,051
Share issue costs	-	(7,426)	-	-	-	(7,426)
Stock based compensation	-	-	-	-	-	-
Comprehensive income (loss) for the period	-	-	-	710,765	(351,643)	359,122
Balances, September 30, 2010	54,246,920	54,602,532	7,171,487	710,765	(13,710,146)	48,774,638

	Share Capital		Other Equity Reserve	Accumulated Other Comprehensive Income	Deficit	Total
	Number of Shares	Amount				
		\$	\$	\$	\$	\$
Balances, July 1, 2010	53,105,920	52,409,250	8,010,002	-	(13,358,503)	47,060,749
Conversion of debenture, net of issue costs	2,012,800	2,148,155	-	-	-	2,148,155
Exercise of options	2,605,000	4,680,809	(1,994,379)	-	-	2,686,430
Exercise of warrants	2,902,738	8,773,950	(589,905)	-	-	8,184,045
Share issue costs	-	(12,173)	-	-	-	(12,173)
Agent warrants granted	-	-	72,167	-	-	72,167
Stock based compensation	-	-	6,320,884	-	-	6,320,884
Comprehensive income (loss) for the period	-	-	-	2,242,885	(7,227,240)	(4,984,355)
Balances, June 30, 2011	60,626,458	67,999,991	11,818,769	2,242,885	(20,585,743)	61,475,902
Exercise of options	75,000	118,301	(46,886)	-	-	71,415
Exercise of warrants	-	-	-	-	-	-
Public Offering	12,050,000	67,763,898	-	-	-	67,763,898
Share issue costs	-	(4,992,676)	-	-	-	(4,992,676)
Agent warrants granted	-	-	802,011	-	-	802,011
Stock based compensation	-	-	7,457,971	-	-	7,457,971
Comprehensive income (loss) for the period	-	-	-	(6,260,873)	(5,535,460)	(11,796,333)
Balances, September 30, 2011	72,751,458	130,889,514	20,031,865	(4,017,988)	(26,121,203)	120,782,188

See accompanying notes to condensed consolidated interim financial statements.

NEVADA COPPER CORP.

Condensed Consolidated Interim Statements of Cash Flows

(Expressed in United States dollars)

(Unaudited – Prepared by Management)

For the three months ended September 30, 2011 and 2010

	2011	2010
Cash provided by (used in):		
Operations:		
Loss for the period	\$ (5,535,460)	\$ (351,643)
Items not affecting cash:		
Interest on convertible debt	-	34,646
Accretion expense on convertible debt	-	52,924
Non-cash foreign exchange gain on convertible debt	-	(56,966)
Stock-based compensation	5,931,569	-
	396,109	(321,039)
Changes in non-cash working capital items:		
Amounts receivable	(228,086)	(96,360)
Prepaid expenses	23,797	877
Accounts payable and accrued liabilities	-	403,191
	191,820	(13,331)
Investments:		
Property and equipment (note 5)	(8,561)	-
Exploration and evaluation assets (note 6)	(4,308,952)	(3,144,908)
	(4,317,513)	(3,144,908)
Financing:		
Issuance of common shares, net of issue costs (note 10)	63,644,648	1,354,766
	63,644,648	1,354,766
Effects of exchange rate changes on cash held in foreign currencies	(6,360,661)	766,681
Increase (decrease) in cash and cash equivalents	53,158,294	(1,036,792)
Cash and cash equivalents, beginning of the period	20,390,578	23,721,073
Cash and cash equivalents, end of the period	\$ 73,548,872	\$ 22,684,281
Supplementary information:		
Interest paid	\$ -	\$ -
Interest received	-	-
Income tax paid	-	-
Stock-based compensation included in exploration and evaluation assets	1,626,004	-

See accompanying notes to condensed consolidated interim financial statements.

NEVADA COPPER CORP.

Notes to Condensed Consolidated Interim Financial Statements
(Expressed in United States dollars)
(Unaudited – Prepared by Management)

For the three months ended September 30, 2011 and 2010

1. Nature of operations:

Nevada Copper Corp. (the “Corporation” or “Nevada Copper”), is a development stage mining company engaged in the development of the Pumpkin Hollow Copper Project based in Nevada. The recoverability of amounts capitalized is dependent upon maintaining the lease and titles to the properties, obtaining the necessary financing and permits to complete the development of these properties and the attainment of future profitable production. The amounts capitalized as exploration and evaluation assets represent costs to date, and do not necessarily represent present or future values.

Nevada Copper was incorporated on June 16, 1999 under the Business Corporations Act of the Yukon as African Venture Corporation and changed its name to Astron Resources Corporation on July 26, 1999, and subsequently to Nevada Copper Corp. on November 16, 2006. The Corporation’s common shares are listed on the Toronto Stock Exchange (“TSX”) under the NCU symbol. The Corporation’s head office is located at Suite 1238, 200 Granville Street, Vancouver BC, Canada, V6C 1S4 and its registered and records office located at Suite 3350, 1055 Dunsmuir Street, Vancouver, BC, Canada, V7X 1L2.

These condensed consolidated interim financial statements have been prepared on a going concern basis. 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.

Basis of presentation:

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standards (“IAS”) 34, *Interim Financial Reporting*, as issued by the International Accounting Standards Board (“IASB”). These are the Corporation’s first International Financial Reporting Standards (IFRS) condensed consolidated interim financial statements and IFRS 1, *First Time Adoption of IFRS* has been applied, as they are part of the period covered by the Corporation’s first annum IFRS consolidated financial statements for the year ending June 30, 2012. The condensed consolidated interim financial statements do not include all of the information required for full annual consolidated financial statements. The Corporation’s condensed consolidated interim financial statements were prepared in accordance with accounting principles generally accepted in Canada (Canadian GAAP) until June 30, 2011. Canadian GAAP differs from IFRS in some areas and accordingly, the significant accounting policies applied in the preparation of these condensed consolidated interim financial statements are set out below and have been consistently applied to all periods presented except in instances where IFRS 1 either requires or permits an exemption. An explanation of how the transition from Canadian GAAP to IFRS has affected the reported consolidated statements of loss, comprehensive loss, financial position, and cash flows of the Corporation is provided in note 14. This note includes information on the provisions of IFRS 1 and the exemptions that the Corporation elected to apply, reconciliations of equity, net loss and comprehensive loss for comparative periods and equity at the date of transition, July 1, 2010.

All amounts are expressed in US dollars, unless otherwise stated. References to C\$ are to Canadian dollars.

NEVADA COPPER CORP.

Notes to Condensed Consolidated Interim Financial Statements
(Expressed in United States dollars)
(Unaudited – Prepared by Management)

For the three months ended September 30, 2011 and 2010

2. Significant accounting policies:

(a) Principles of consolidation:

The condensed consolidated interim financial statements include the accounts of the Corporation and its wholly-owned subsidiaries 607792 British Columbia Ltd. ("607792 BC") and Nevada Copper, Inc. (formerly "Pumpkin Copper Inc.") incorporated in Nevada, United States. A wholly owned subsidiary is an entity in which the Corporation has control, directly or indirectly, where control is defined as the power to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. All significant inter-company transactions and balances have been eliminated.

(b) Use of estimates:

The preparation of financial statements in accordance with IAS 34 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. Although these estimates are based on management's expectations for the likely outcome, timing and amounts of events or transactions, actual results could differ from those estimates. Areas requiring the use of management estimates include the determination assumptions used in valuing the liability and equity components of convertible debentures, the determination of the remaining life of property and equipment, estimating future asset retirement obligations and estimating accrued liabilities.

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

i) Exploration and evaluation assets

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

ii) Taxation

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

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

NEVADA COPPER CORP.

Notes to Condensed Consolidated Interim Financial Statements
(Expressed in United States dollars)
(Unaudited – Prepared by Management)

For the three months ended September 30, 2011 and 2010

2. Significant accounting policies (continued):

(b) Use of estimates (continued):

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

iii) Stock-based compensation

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

(c) Foreign currency translation:

The Corporation changed its presentation currency to the United States dollar from the Canadian dollar July 1, 2011 (see Note 14). The change in presentation currency has been performed on a retroactive basis with all comparative amounts restated. The functional currency of the Corporation and its Canadian subsidiary 607792 BC is the Canadian dollar. The functional currency of the Corporation's foreign subsidiary (Nevada Copper, Inc.) is the United States dollar.

Monetary assets and liabilities denominated in foreign currencies are translated to the applicable functional currency at the prevailing period end exchange rate. Non-monetary assets and liabilities are translated at transaction date exchange rates. Revenue and expense items in foreign currencies are translated at the rates of exchange in effect at the time of the transactions. Translation gains and losses are included in operations.

Functional currency asset and liabilities in currencies other than the United States dollar are translated into the United States Dollar presentation currency using the prevailing period end exchange rate. Functional currency revenue and expenses in currencies other than United States dollar are translated to the presentation currency using the rates of exchange in effect at the time of the transactions. Translation gains and losses arising on the transition to the presentation currency are included in other comprehensive income.

(d) Cash and cash equivalents:

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

NEVADA COPPER CORP.

Notes to Condensed Consolidated Interim Financial Statements
(Expressed in United States dollars)
(Unaudited – Prepared by Management)

For the three months ended September 30, 2011 and 2010

2. Significant accounting policies (continued):

(e) Financial instruments:

The Corporation's financial instruments consist of cash and cash equivalents, amounts receivable accounts payable and accrued liabilities, reclamation bond, convertible debenture, asset retirement obligation and variable conversion feature (derivative). The fair values of cash and cash equivalents, amounts receivable and accounts payable and accrued liabilities approximate their carrying values due to the relatively short-term to maturity of these instruments.

The Corporation classifies financial assets and liabilities as fair-value-through-profit-and-loss ("held-for-trading" category), 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 fair value, the transferor's carrying amount or the exchange amount depending on the facts and circumstances.

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 supported by objective evidence supporting impairment, the unrealized loss is recorded in income.

The Corporation classified its cash and cash equivalents and reclamation bond as held-for-trading, amounts receivable are classified as loans and receivables and its accounts payable, accrued liabilities, asset retirement obligations and convertible debenture as other financial liabilities.

Derivatives embedded in other financial instruments or non-financial contracts ("the host instrument") are treated as separate derivatives with fair value changes recognized in net earnings (loss) when their economic characteristics and risks are not clearly and closely related to those of the host instrument, and the combined instrument or contract is not elected to be carried at fair value. The Corporation had a derivative associated with its convertible debenture. Free standing derivatives that meet the definition of an asset or liability are measured at their fair value and reported in the Corporation's financial statements.

NEVADA COPPER CORP.

Notes to Condensed Consolidated Interim Financial Statements
(Expressed in United States dollars)
(Unaudited – Prepared by Management)

For the three months ended September 30, 2011 and 2010

2. Significant accounting policies (continued):

(f) Exploration and evaluation assets:

Once a license to explore an area has been secured, expenditures on exploration and evaluation activities are capitalized to exploration and evaluation and classified as a component of property, plant and equipment. Exploration expenditure relates to the initial search for deposits with economic potential and to detailed assessments of deposits or other projects that have been identified as having economic potential. Expenditures incurred before the Corporation has obtained legal rights to explore a specific area are expensed.

Costs related to mineral activities, which include the investigation, acquisition, exploration and evaluation, 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.

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

Costs relating to non-productive or uneconomic properties are charged to earnings and written down to their net recoverable amounts. The recovery of the carrying amount of exploration and evaluation assets is dependent upon the future commercial success of the mineral properties or from proceeds of disposition. The amounts shown for exploration and evaluation assets represent costs incurred to date and are not intended to reflect present or future values. Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, the costs will be reclassified to mineral interests.

(g) 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 using either the unit of production or the straight line method. The liability is also adjusted for the changes to the current market-based discount rate, or the amount or timing of the underlying cash flows needed to settle the obligation.

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

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Notes to Condensed Consolidated Interim Financial Statements
(Expressed in United States dollars)
(Unaudited – Prepared by Management)

For the three months ended September 30, 2011 and 2010

2. Significant accounting policies (continued):

(h) 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	useful life
Equipment	5 years
Mobile equipment	3 years
Computer equipment	2 years

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

(i) Impairment of long-lived assets:

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

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

NEVADA COPPER CORP.

Notes to Condensed Consolidated Interim Financial Statements
(Expressed in United States dollars)
(Unaudited – Prepared by Management)

For the three months ended September 30, 2011 and 2010

2. Significant accounting policies (continued):

(j) Income taxes:

Income tax on the profit or loss for the period presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

The Corporation accounts for deferred 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 deferred income tax assets or liabilities. Deferred 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. Deferred income tax assets are recognized to the extent that it is more likely than not that deferred income tax assets will be realized. The effect of a change in income tax rates on deferred income tax assets and liabilities is recognized in income in the period that the change occurs.

(k) Share-based payments:

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

(l) Provisions:

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

NEVADA COPPER CORP.

Notes to Condensed Consolidated Interim Financial Statements
(Expressed in United States dollars)
(Unaudited – Prepared by Management)

For the three months ended September 30, 2011 and 2010

2. Significant accounting policies (continued):

(m) Loss per share:

Basic loss per share is calculated by dividing net loss available to the shareholders by the weighted average number of common shares outstanding during the 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.

(n) Segmented information:

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

3. Recent accounting pronouncements:

The Corporation has reviewed new and revised accounting pronouncements that have been issued but are not yet effective and determined that the following may have an impact on its financial statements:

(i) IAS 12 Income Taxes (“IAS 12”)

IAS 12 was amended in December 2010 to remove subjectivity in determining on which basis an entity measures the deferred tax relating to an asset. The amendment introduces a presumption that an entity will assess whether the carrying value of an asset will be recovered through the sale of the asset. The amendment to IAS 12 is effective for reporting periods beginning on or after January 1, 2012. The Corporation is currently evaluating the impact of this amendment to IAS 12 on its consolidated financial statements.

(ii) IFRS 9 Financial Instruments (“IFRS 9”)

IFRS 9 was issued in November 2009 and is the first step to replace current IAS 39, “Financial Instruments: Recognition and Measurement”. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2013, although the IASB is considering an extension to January 1, 2015. There is not expected to be a significant impact on the Corporation upon implementation of the issued standard.

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Notes to Condensed Consolidated Interim Financial Statements
(Expressed in United States dollars)
(Unaudited – Prepared by Management)

For the three months ended September 30, 2011 and 2010

3. Recent accounting pronouncements (continued):

(iii) IFRS 10 Consolidated Financial Statements (“IFRS 10”)

IFRS 10 *Consolidated Financial Statements* (“IFRS 10”) will replace IAS 27 *Consolidated and Separate Financial Statements*, and SIC 12 *Consolidation – Special Purpose Entities*. The portion of IAS 27 that deals with separate financial statements will remain. IFRS 10 changes the definition of control, such that the same consolidation criteria will apply to all entities. The revised definition focuses on the need to have both “power” and “variable returns” for control to be present. Power is the current ability to direct the activities that significantly influence returns. Variable returns can be positive, negative or both. IFRS 10 requires continuous assessment of control of an investee based on changes in facts and circumstances. The Corporation is currently evaluating the impact of this standard on its consolidated financial statements.

(iv) Joint Arrangements

IFRS 11 *Joint Arrangements* (“IFRS 11”) will replace IAS 31 *Interests in Joint Ventures*, and SIC 13 *Jointly Controlled Entities – Non-monetary Contributions by Venturers*. IFRS 11 requires that arrangements have rights to the assets and obligations for the liabilities to be accounted for as joint operations in a fashion consistent with jointly controlled assets/operations under IAS 31. In addition, under IFRS 11 joint ventures must now use the equity method. Upon adoption of IFRS 11, entities which had previously accounted for joint ventures using proportionate consolidation shall collapse the proportionately consolidated net asset value (including any allocation of goodwill) into a single investment balance at the beginning of the earliest period presented. The investment's opening balance is tested for impairment in accordance with IAS 28 (2011) and IAS 36 *Impairment of Assets*. Any impairment losses are recognized as an adjustment to opening retained earnings at the beginning of the earliest period presented.

(v) Disclosure of Interests in Other Entities

IFRS 12 *Disclosure of Interests in Other Entities* (“IFRS 12”) will replace the disclosure requirements currently found in IAS 28 *Investment in Associates*, and is the new Standard for disclosure requirements for all forms of interests in other entities, including subsidiaries, joint arrangements, associates and unconsolidated structured entities, including information about the significant judgments and assumptions that it has made in determining whether it has control, joint control or significant influence in another entity. IFRS 12 sets out the required disclosures for entities reporting under IFRS 10 and IFRS 11. IFRS 12 is to be applied for annual periods beginning on or after January 1, 2013. The Corporation is currently evaluating the impact of this standard on its consolidated financial statements.

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Notes to Condensed Consolidated Interim Financial Statements
(Expressed in United States dollars)
(Unaudited – Prepared by Management)

For the three months ended September 30, 2011 and 2010

3. Recent accounting pronouncements (continued):

(vi) IFRS 13 Fair Value Measurements (“IFRS 13”)

IFRS 13 defines fair value and sets out a single IFRS framework for fair value measurements and disclosures. IFRS 13 applies to other IFRSs that require or permit measurements or disclosures based on fair values, except in specified circumstances. IFRS 13 is to be applied for annual periods beginning on or after January 1, 2013. Earlier application is permitted. The Corporation is currently evaluating the impact of this standard on its consolidated financial statements.

(vii) IAS 28 Investments in Associates and Joint Ventures (“IAS 28”)

IAS 28 Investments in Associates and Joint Ventures will modify the existing standard as follows:

- Associates and joint ventures held for sale. IFRS 5 Non-current Assets Held for Sale and Discontinued Operations applies to an investment, in an associate or a joint venture that meets the criteria to be classified as held for sale. For any retained portion of the investment that has not been classified as held for sale, the equity method is applied until disposal of the portion held for sale. After disposal, any retained interest is accounted for using the equity method if the retained interest continues to be an associate or a joint venture.
- Changes in interests held in associates and joint ventures. Previously, IAS 28 and IAS 31 specified that the cessation of significant influence or joint control triggered re-measurement of any retained stake in all cases with gain recognition in profit or loss, even if significant influence was succeeded by joint control. IAS 28 will be modified so that in such scenarios the retained interest in the investment is not re-measured.

IAS 28 is to be applied for annual periods beginning on or after January 1, 2013. The Corporation is currently evaluating the impact of this standard on its consolidated financial statements.

4. Reclamation Bond:

The Corporation has deposited \$505,915 with the State of Nevada as a performance bond for the Pumpkin Hollow reclamation work for the advanced exploration program on the property. No interest will be received by the Corporation for the bond.

5. Property and equipment:

	Building	Equipment	Mobile Equipment	Computer Equipment	Total
Cost:					
As at July 1, 2010	\$ 109,016	\$ 74,257	\$ 47,313	\$ 63,337	\$ 293,923
Additions	67,022	-	-	-	67,022
As at June 30, 2011	176,038	74,257	47,313	63,337	360,945
Additions	-	-	-	8,561	8,561
As at September 30, 2011	\$ 176,038	\$ 74,257	\$ 47,313	\$ 71,898	\$ 369,506

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5. Property and equipment (continued):

	Building	Equipment	Mobile Equipment	Computer Equipment	Total
Accumulated Depreciation:					
As at July 1, 2010	\$ 28,188	\$ 23,558	\$ 35,136	\$ 25,978	\$ 112,860
Depreciation/depletion	10,902	14,852	6,218	6,253	38,225
As at June 30, 2011	39,090	38,410	41,354	32,231	151,085
Depreciation/depletion	2,725	3,712	1,000	232	7,669
As at September 30, 2011	\$ 41,815	\$ 42,122	\$ 42,354	\$ 32,463	\$ 158,754
Net Book Value:					
As at July 1, 2010	\$ 80,828	\$ 50,699	\$ 12,177	\$ 37,359	\$ 181,063
As at June 30, 2011	136,948	35,847	5,959	31,106	209,860
As at September 30, 2011	\$ 134,223	\$ 32,135	\$ 4,959	\$ 39,435	\$ 210,752

During the three months ended September 30, 2011, the Corporation added \$8,561 in property and equipment (2010 - \$nil) and had amortization of property and equipment of \$158,754 (2010 - \$123,942) which was included in capitalized mineral property expenditures.

6. Exploration and evaluation assets:

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, for the Pumpkin Hollow Copper Development Property (the "Property") located in north-western Nevada, United States, approximately one hundred miles southeast of Reno. The Property is located within a contiguous 22 square mile land package comprised of patented and unpatented claims. During the 2006 fiscal year, the Corporation paid \$80,000 to the optionor in full payment for the option and obtained a 100% interest in the Property pursuant to the lease terms. A small non-core portion of the unpatented claims is subject to an assertion of a prior claim by a third party. In March 2011, the District court in Nevada ruled in favour of the Corporation pending third party appeal.

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6. Exploration and evaluation assets (continued):

Under the terms of the Lease, the Corporation was required to make the following Lease payments, all of which have been paid:

Due date	
May 4, 2007	\$ 75,000
May 4, 2008	100,000
May 4, 2009	125,000
May 4, 2010	150,000
May 4, 2011	150,000
	<hr/>
	\$ 600,000

Following May 4, 2011, the Corporation is required to pay advance royalty payments of \$600,000 annually until the first expiry date of the Lease on May 4, 2016. Total advance royalty payments under this obligation are \$2,550,000. An additional advance royalty payment of \$450,000 will be required to renew the lease for another ten years.

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 to be offset against this royalty obligation.

The Corporation was obligated to make exploration and development expenditures on the Property of at least \$4,000,000 during the first three years of the Lease, with expenditures of at least \$500,000 each year, and an additional \$4,000,000 during the 4th through 6th years of the Lease, with expenditures of at least \$500,000 each year. During 2008, the Corporation satisfied this obligation.

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

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6. Exploration and evaluation assets (continued):

Pumpkin Hollow Copper Development Property (continued):

Project costs capitalized as for the three months ended September 30, 2011 and for the twelve months ended June 30, 2011 on the Pumpkin Hollow Copper Development Property consist of the following:

	July 1, 2010	2011 Expenditures	June 30, 2011	2012 Expenditures	September 30, 2011
Property payments	\$ 1,087,655	\$ 349,274	\$ 1,436,929	\$ 95,339	\$ 1,532,268
Water rights	498,582	189,048	687,630	-	687,630
Exploration	3,565,987	1,256,247	4,822,234	250,780	5,073,014
Engineering and feasibility related studies	2,693,353	5,425,598	8,118,951	331,164	8,450,115
Drilling	16,980,797	3,901,474	20,882,271	1,778,034	22,660,305
Definitive feasibility	-	4,116,025	4,116,025	1,688,009	5,804,034
Permit/environmental	527,321	553,574	1,080,895	170,420	1,251,315
Equipment	204,482	-	204,482	-	204,482
Property caretaking	173,864	87,459	261,323	19,741	281,064
Asset retirement obligation	-	57,875	57,875	-	57,875
Amortization	112,860	38,224	151,084	7,670	158,754
Stock-based compensation	-	807,625	807,625	1,626,004	2,433,629
Administration	331,668	327,300	658,968	153,757	812,725
Total	\$ 26,176,569	\$ 17,109,723	\$ 43,286,292	\$ 6,120,918	\$ 49,407,210

Pumpkin Hollow Copper Development Property – Water Rights:

Pursuant to the First Amendment 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 724 acre feet of water for its mining operations on the Property in exchange for making 80 quarterly payments of \$47,262 each payable over a period of 20 years from July 1, 2008 to April 1, 2028. The First Amendment to the Lease also contains provisions allowing the Corporation to accelerate and reduce the payments required.

In August of 2009, the Corporation entered into an agreement with the City of Yerington, Nevada to reserve 2,000 acre feet of water for a term of 30 years. As consideration, the Corporation will pay to the City of Yerington annual reservation fees of \$50,000 which revert to user fees based on usage at \$100 per acre foot for year 1 to year 15; \$125 for year 16 to 20; \$150 for year 21 to 25; and \$175 per acre foot for year 26 to year 30.

On July 25, 2011, the Corporation amended its agreement with the City of Yerington, to increase its annual reserve from 2,000 acre feet of water to 3,500 acre feet of water under the same terms of the original agreement. As consideration, the Corporation will pay to the City of Yerington additional annual reservation fees of \$37,500 (note 12 (b)(iii)). The Corporation has total water rights under agreements amounting to 4,224 acre feet of water per year. One acre foot of water is equal to approximately 1,233.5 cubic meters. The costs of the leases are capitalized to exploration and evaluation assets as incurred.

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7. Related party transactions:

The Corporation has entered into management agreements with certain senior officers. In the event that there is a change of control, the Corporation is committed to pay severance payments ranging from one to three years of salary for these senior officers.

During the three months ended September 30, 2011, the Corporation incurred net general and administration services expenses of \$16,833 (September 30, 2010 - \$38,961) to American Bonanza Gold Corp., a company with common directors, and as at September 30, 2011 had receivables from the same company of \$27,049 (June 30, 2011 - \$3,103). As of September 30, 2011, accounts payable and accrued liabilities include amounts owed to the same company of \$7,186 (June 30, 2011 - \$24,216). The Corporation also has receivables from Mesa Exploration Corp., a company with common directors of \$1,216 (June 30, 2011 - \$nil). During the three months ended September 30, 2011, the Corporation incurred expenses of \$122,951 (September 30, 2010 - \$31,118) to, Axiom Law Corporation, the Corporation's law firm of which one of its partners serves as a director of the Corporation.

As of September 30, 2011, accounts payable and accrued liabilities include director fees and expenses payable of \$12,380 (June 30, 2011 - \$15,552) and an amount owing of \$7,408 (June 30, 2011 - \$11,197) to Axiom Law Corporation.

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.

The following table shows the aggregate compensation of the key management personnel and board of directors of the Corporation for the three months ending September 30, 2011 and 2010:

	Three Months Ended Sept 30, 2011	Three Months Ended Sept 30, 2010
Remuneration and Directors' fees (i)	\$ 154,033	\$ 105,298
Share-Based Payments for Directors and Key Management (ii)	\$ 5,166,168	-
	\$ 5,320,201	\$ 105,298

- (i) For the three months ended September 30, 2011, \$39,375 (2010 - \$nil) of remuneration was capitalized to the exploration and evaluation assets.
- (ii) Share-based payments are the fair value of options granted to Directors and key management personnel based on the Black-Scholes option pricing model.
- (iii) Key management personnel were not paid post-employment benefits, termination benefits, or other long-term benefits during the three months ended September 30, 2011 and 2010.

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8. Convertible debenture:

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

The Principal outstanding under the Convertible Debenture was convertible into common shares at a price of C\$1.00 per share by ZTS at any time up to the day immediately preceding the Maturity Date. If the Corporation's common shares traded at a price greater than C\$1.35 per share for a period of 20 consecutive trading days, the Corporation was, at its option any time after October 26, 2009, able to force conversion of the Principal outstanding under the Convertible Debenture in whole or in part into common shares at a deemed price of C\$1.00 per share.

The terms of the Convertible Debenture also limited the shares that could be issued under the conversion feature to the number of shares that can be issued on conversion of \$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 was 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 \$1,716,000 being initially recognized as debt, with the balance of \$284,000 being initially recorded as a variable conversion feature.

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 dependent on an underlying variable not specific to any party to the contract.

The Corporation recognized and adjusted the carrying value of this embedded derivative liability to its fair value at each reporting date. As at July 1, 2010, exchange rates were lower than the specified June 25, 2009 exchange rate and no additional embedded derivative liability was recognized.

The Convertible Debenture matured on December 25, 2010 (the "Maturity Date"). The Corporation paid interest of \$210,000 which was calculated at a rate of 7% per annum. The holder elected to convert the entire Convertible Debenture into 2,012,800 common shares, resulting in \$2,148,154 being transferred to share capital.

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8. Convertible debenture (continued):

The Convertible Debenture, which includes accrued interest, was comprised as follows:

	June 30, 2011	July 1, 2010
Recognized as debt on issue date	\$ 1,716,000	\$ 1,716,000
Issuance costs	(130,378)	(130,378)
Accrued interest	-	163,770
Accumulated accretion expense	278,533	174,923
	1,864,155	1,924,315
Common shares issued on conversion on December 25, 2010	(1,864,155)	-
Amounts outstanding	\$ -	\$ 1,924,315

The variable conversion feature was comprised as follows:

	2011	2010
Variable conversion feature on issue	\$ 284,000	\$ 284,000
Transferred to share capital on conversion on December 25, 2010	(284,000)	-
	\$ -	\$ 284,000

9. Asset retirement obligation:

The asset retirement obligations have been recorded as a liability at fair value, assuming a risk adjusted discount rate of 7% and an inflation factor of 3%. The liability for retirement and remediation on an undiscounted basis before an inflation factor of 3% is estimated to be approximately \$150,000 and is expected to be 24 years before settlement as of September 30, 2011.

10. Share capital:

(a) Authorized:

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

(b) Issued:

On August 2, 2011, the Corporation closed a common share public offering equity financing of C\$65 million (the "Financing") with a syndicate of underwriters led by Canaccord Genuity Corp. and Scotia Capital Inc., and including GMP Securities L.P., Cormark Securities Inc., Macquarie Capital Markets Canada Ltd., Paradigm Capital Inc., Desjardins Securities Inc. and M Partners Inc., (collectively, the "Underwriters"). 12,050,000 common shares of the Corporation were issued at a price of C\$5.40 per share for gross proceeds of \$67,763,898 (C\$65,070,000). The Underwriters received a cash commission of \$3,727,014 (C\$3,578,850) and 301,250 Broker Warrants exercisable to purchase one common share of the Corporation at a price of C\$6.00 per share up to August 2, 2013. Using the Black-Scholes Valuation Model, the warrants were valued at \$802,011. Share issue costs including the value of warrants totaled \$4,992,676.

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10. Share capital (continued):

(b) Issued (continued):

In addition, the Underwriters were granted an over-allotment option, which was exercisable in whole or in part until September 1, 2011, to purchase up to an additional 1,807,500 common shares of the Corporation at a purchase price of C\$5.40 per common share. The over-allotment option was not exercised and expired on September 1, 2011.

During the three months ended September 30, 2011, the Corporation issued 75,000 common shares for gross proceeds of \$71,415 on stock options exercised. The Corporation transferred \$46,886 from Other equity reserve to Share capital for stock options.

During the year ended June 30, 2011, the Corporation issued 2,605,000 common shares for gross proceeds of \$2,686,430 on stock options exercised, and issued 2,902,738 common shares for gross proceeds of \$8,184,045 on warrants exercised. The Corporation transferred \$1,994,379 from other equity reserve to share capital for stock options and \$589,905 for warrants as a result.

On December 25, 2010, the convertible debenture for \$2,000,000 matured. The holder elected to convert the debenture into common shares at a price of C\$1.00 per common share, resulting in 2,012,800 common shares and \$2,148,155 being reclassified to share capital (note 8).

(c) 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 ten years, and the term will be reduced to one year following the date of death of the Optionee. If the Optionee ceases to be qualified to receive options from the Corporation those options shall immediately expire. All options vest when granted unless otherwise specified by the Board of Directors.

As of September 30, 2011, the Corporation has stock options outstanding to directors, officers, employees and consultants and exercisable to acquire an aggregate of 6,335,000 common shares summarized as follows. All of these options vested upon grant except for 93,333 which vest over two years. The options have a weighted average remaining life of 8.48 years.

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10. Share capital (continued):

(c) Options (continued):

	Number of options	Weighted average exercise price C\$	Expiry date
Balance, July 1, 2010	5,225,000	\$ 1.51	
Granted	610,000	3.74	October 13, 2020
Granted	265,000	4.55	January 6, 2021
Granted	790,000	5.37	February 22, 2021
Cancelled	(50,000)	2.12	
Exercised	(2,605,000)	1.00	
Balance, June 30, 2011	4,235,000	2.87	
Granted	2,175,000	4.24	August 18, 2021
Exercised	(75,000)	1.00	
Balance, September 30, 2011	6,335,000	\$ 3.36	

On August 18, 2011, the Corporation granted 2,175,000 common share options to employees, consultants, officers and directors of the Corporation exercisable at C\$4.24 and expiring August 18, 2021. All of these options vest on the grant date except for 93,333 of the stock options which vest over two years.

The 2,175,000 (2010 – nil) stock options granted resulted in compensation expense of \$5,931,569 (2010 - \$nil) being charged to operations and \$1,626,004 charged to exploration and evaluation assets (2010 – \$nil) during the three months ended September 30, 2011. The full amount was related to directors, consultants 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 C\$3.50 (2010 - \$nil) per option.

	Three Months Ended Sept. 30, 2011	Year Ended June 30, 2011
Risk free interest rate	1.80%	2.24%
Expected dividend yield	0%	0%
Expected stock price volatility	100%	109%
Expected life in years	8.0	8.0
Expected forfeitures	0%	0%

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

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10. Share capital (continued):

The following table summarizes the stock options outstanding and exercisable as at September 30, 2011:

Number of options	Exercise price C\$	Expiry dates
25,000	\$ 1.00	December 19, 2011
85,000	1.00	May 2, 2012
320,000	1.00	August 30, 2012
520,000	1.00	July 2, 2018
210,000	0.75	November 13, 2018
355,000	3.27	January 14, 2020
980,000	2.12	May 31, 2020
610,000	3.74	October 13, 2020
265,000	4.55	January 6, 2021
790,000	5.37	February 22, 2021
2,175,000	4.24	August 18, 2021
6,335,000	\$ 3.36	

(d) Warrants:

As of September 30, 2011, the Corporation has share purchase warrants outstanding for an aggregate of 464,262 common shares. The warrants have a weighted average remaining life of 1.40 years:

	Number of warrants	Weighted average exercise price C\$	Expiry date
Balance, July 1, 2010	3,065,750	\$ 2.91	
Warrants exercised	(2,902,738)	2.88	
Balance, June 30, 2011	163,012	3.30	
Warrants granted on financing	301,250	6.00	August 2, 2013
Balance, September 30, 2011	464,262	\$ 5.05	

The following table summarizes the share purchase warrants outstanding and exercisable as at September 30, 2011:

Number of warrants	Exercise price C\$	Expiry date
163,012	\$ 3.30	April 27, 2012
301,250	6.00	August 2, 2013
464,262	\$ 5.05	

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11. General and administration:

For the three months ended:

	September 30, 2011	September 30, 2010
Consulting and remuneration	\$ 88,110	\$ 155,023
Director's fees and expenses	19,208	-
Public company expenses	106,865	125,948
Professional fees	18,672	75,038
Office expenses	58,672	25,000
Insurance	15,536	9,481
	\$ 307,063	\$ 390,490

12. Financial instruments:

(a) Fair values in the consolidated balance sheet:

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

The following is a classification of fair value measurements recognized in the consolidated balance sheet using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

	Fair value measurement at reporting date using		
	September 30, 2011	Quoted prices in active markets identical assets (Level 1)	Significant other observable inputs (Level 2)

Assets

Cash and cash equivalents	\$ 73,548,872	\$ 73,548,872	\$ -	\$ -
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	Fair value measurement at reporting date using		
	June 30, 2011	Quoted prices in active markets identical assets (Level 1)	Significant other observable inputs (Level 2)

Assets

Cash and cash equivalents	\$ 20,390,578	\$ 20,390,578	\$ -	\$ -
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12. Financial instruments (continued):

	Fair value measurement at reporting date using			
	July 1, 2010	Quoted prices in active markets identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets				
Cash and cash equivalents	\$ 23,721,073	\$ 23,721,073	\$ -	\$ -

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

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

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

Cash and cash equivalents are classified as held for trading and therefore are recorded at fair value.

(b) Contractual obligations:

The following table sets forth the Corporation's known contractual obligations as at September 30, 2011:

Contractual obligations	Total	Payments due by period		
		Less than 1 year	2-3 years	4-5 years
Lease obligation - \$US payment on Pumpkin Hollow Property (i)	\$ 2,550,000	\$ 300,000	\$ 1,200,000	\$ 1,050,000
First amendment to lease - \$US payment of water rights on property (ii)	2,387,253	189,050	378,099	1,820,104
City of Yerington - \$US payment of advanced water service payments (iii)	437,500	87,500	175,000	175,000
Accounts payable and accrued liabilities	3,206,868	3,206,868	-	-
Total \$US obligations	\$ 8,581,621	\$ 3,783,418	\$ 1,753,099	\$ 3,045,104
Office Lease	C\$ 482,268	C\$ 220,612	C\$ 261,656	C\$ -
Less office sharing agreement	(241,134)	(110,306)	(130,828)	-
Total \$CDN obligations	C\$ 241,134	C\$ 110,306	C\$ 130,828	C\$ -

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12. Financial instruments (continued):

(i) See note 6 for renewal terms.

(ii) The commitment in the table above is the obligation if the Corporation does not renew the Pumpkin Hollow property lease. The Corporation can pay quarterly installments to the lessor if the lease is renewed. See note 6 for details of the payment schedule.

(iii) The commitment in the table above is the obligation by the Corporation to the City of Yerington for reservation fees. See note 6 for details of the payment schedule.

(c) Financial risk factors:

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

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

(d) Market risks:

(i) Interest rate risk:

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. 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 on its foreign currency monetary assets and liabilities. The Corporation holds balances in cash and cash equivalents, accounts payable and accrued liabilities in Canadian dollars the majority of which will be spent in its US operations and is therefore exposed to gain or losses on foreign exchange. A significant change in the currency exchange rate between the U.S. dollar relative to the Canadian dollar could have an effect on the Corporation's results of operations, financial position and/or cash flows. The Corporation has not hedged its exposure to currency fluctuations.

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12. Financial instruments (continued):

As at September 30, 2011, the Corporation held the following C\$ financial instruments:

	C\$
Cash and cash equivalents	\$ 67,579,333
Accounts payable and accrued liabilities	(155,517)
Net C\$ financial instruments	\$ 67,423,816

A +/- 10% change in the U.S. exchange rate would have had an impact of approximately +/- \$6,432,232 (C\$ 6,742,382) on the comprehensive loss for the three months ended September 30, 2011.

(e) Credit risk:

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

(f) Liquidity risk:

Liquidity risk is the risk that the Corporation will not be able to meet the obligations associated with its financial liabilities. During the three months ended September 30, 2011, the Corporation completed an equity financing that provides the Corporation with enough funds to meet its financial liabilities and future financial liabilities under its current commitments over the next twelve months ending September 30, 2012. 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.

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14. First-time adoption of International Financial Reporting Standards (“IFRS”) and change in reporting currency:

The Corporation adopted IFRS on July 1, 2011 with a transition date of July 1, 2010. Under IFRS 1 *First-time Adoption of International Financial Reporting Standards*, the IFRSs are applied retrospectively at the transition date with all adjustments to assets and liabilities as stated under GAAP taken to retained earnings unless certain exemptions are applied. IFRS provides for certain optional exemptions and certain mandatory exceptions for first time IFRS adopters.

a) IFRS exemption options

Set forth below are the IFRS 1 applicable exemptions and exceptions applied in the conversion from Canadian GAAP to IFRS.

Share-based payments

IFRS 1 permits the application of IFRS 2 Share-based payments to equity instruments granted after November 7, 2002 that had not vested by the date of transition to IFRS. The Corporation has applied this exemption and will apply IFRS 2 for equity instruments granted after November 7, 2002 that had not vested by July 1, 2010.

Borrowing costs

IAS 23 “Borrowing Costs” requires capitalization of eligible borrowing costs directly attributable to the acquisition or construction of qualifying assets. Under Canadian GAAP, the Corporation’s accounting policy was to expense interest costs in connection with development activity. A first-time adopter may elect to apply the transitional provisions prescribed by IAS 23. The Corporation has elected to utilize this exemption, and will therefore apply IAS 23 on a strictly prospective basis from the date of transition to IFRS.

Additionally, in accordance with IFRS 1, an entity’s estimates under IFRS at the date of transition to IFRS must be consistent with estimates made for the same date under previous GAAP, unless there is objective evidence that those estimates were in error. The Corporation’s IFRS estimates as of July 1, 2010 are consistent with its previous GAAP estimates.

Cumulative translation differences

The Corporation has elected to apply the IFRS 1 exemption whereby cumulative translation differences included in accumulated other comprehensive income are reset to zero at the transition date.

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14. First-time adoption of International Financial Reporting Standards (“IFRS”) and change in reporting currency (continued):

b) *Reconciliations*

The adoption of IFRS and change in reporting currency has resulted in changes to the Corporation’s reported financial position and results of operations. The Corporation’s adoption of IFRS did not have an impact on the total operating, investing or financing cash flows. In order to allow the users of the financial statements to better understand these changes, the balance sheets and statements of comprehensive (loss) income, statement of cash flows previously presented under Canadian GAAP in Canadian dollars have been first converted to the US dollar and then reconciled to IFRS in US dollars. For a description of the changes, see the discussion in Notes to the IFRS Reconciliations below.

i) *Change in reporting currency*

The Corporation has determined that reporting the Corporation’s consolidated results in US dollars would provide the readers of its consolidated financial statements more relevant information as a substantial portion of its consolidated operations are based in the United States.

Under Canadian GAAP, the Corporation’s parent company, Nevada Copper Corp., had a measurement currency of the Canadian dollar and each of its subsidiaries were considered to be integrated foreign subsidiaries. Monetary assets and liabilities, not denominated in Canadian dollars were translated to their Canadian dollar equivalents using foreign exchange rates which prevailed at the date of each balance sheet. Non-monetary items were translated at exchange rates prevailing when the assets were acquired or the obligations incurred. Foreign currency denominated expense items were translated at exchange rates prevailing at the transaction date.

With the change of reporting currency, the previously reported assets and liabilities in Canadian dollars are translated into US dollars at the balance sheet date. All share capital transactions are translated at exchange rates prevailing when the transactions occurred. The net change is recorded in other comprehensive income and is accumulated in shareholders’ equity.

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14. First-time adoption of International Financial Reporting Standards (“IFRS”) and change in reporting currency (continued):

ii) IFRS and functional currency and the effect of changes in foreign exchange rates

IFRS requires that the functional currency of each entity of the Corporation be determined separately. The Corporation has determined that as at the transition date of July 1, 2010 and prior periods, the Canadian dollar was the functional currency of Nevada Copper Corp. and 607792 British Columbia Ltd. for both IFRS and Canadian GAAP but the United States dollar was the functional currency of Nevada Copper, Inc. under IFRS. Under Canadian GAAP, Nevada Copper, Inc.'s functional currency was the Canadian dollar.

Under IFRS foreign currency monetary assets and liabilities are translated at prevailing period 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 times of the transactions. Translation gains or losses are included in operations.

iii) Cumulative translation differences

The Corporation recorded a foreign currency translation loss of \$1,567,966 in accumulated other comprehensive income. As the Corporation has elected to apply the IFRS 1 exemption for cumulative translation differences, the Corporation recorded an adjusting entry to reset cumulative translation differences to zero at the transition date.

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14. First-time adoption of International Financial Reporting Standards (“IFRS”) and change in reporting currency (continued):

The July 1, 2010 Canadian GAAP Balance Sheets have been reconciled to IFRS as follows:

	\$CAD Canadian GAAP	\$USD Canadian GAAP	Adjustments	IFRS
Assets				
Current assets				
Cash and cash equivalents	\$ 25,253,454	\$ 23,721,073	\$ -	\$ 23,721,073
Amounts receivable	48,675	45,722	-	45,722
Prepaid expenses	21,911	20,581	-	20,581
	25,324,040	23,787,376	-	23,787,376
Reclamation bond	-	-	-	-
Property and equipment	196,381	184,465	(ii) (3,402)	181,063
Exploration and evaluation assets	28,251,464	26,537,163	(ii) (360,594)	26,176,569
	\$ 53,771,885	\$ 50,509,004	\$ (363,996)	\$ 50,145,008
Liabilities And Shareholders' Equity				
Current liabilities				
Accounts payable and accrued liabilities	\$ 932,530	\$ 875,944	\$ -	\$ 875,944
Convertible debenture Variable conversion feature	2,019,327	1,924,315	-	1,924,315
	302,781	284,000	-	284,000
	3,254,638	3,084,259	-	3,084,259
Shareholders' equity				
Share capital	54,997,705	52,409,250	-	52,409,250
Other equity reserve	8,335,578	8,010,002	-	8,010,002
AOCI	-	(1,203,970)	(ii) (363,996)	-
	-	-	(iii) 1,567,966	-
Deficit	(12,816,036)	(11,790,537)	(1,567,966)	(13,358,503)
	50,517,247	47,424,745	(363,996)	47,060,749
	\$ 53,771,885	\$ 50,509,004	\$ (363,996)	\$ 50,145,008

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14. First-time adoption of International Financial Reporting Standards (“IFRS”) and change in reporting currency (continued):

The September 30, 2010 Canadian GAAP Balance Sheets have been reconciled to IFRS as follows:

	\$CAD Canadian GAAP	\$USD Canadian GAAP	Adjustments	IFRS
Assets				
Current assets				
Cash and cash equivalents	\$ 23,342,126	\$ 22,684,281	\$ -	\$ 22,684,281
Amounts receivable	146,201	142,082	-	142,082
Prepaid expenses	20,275	19,704	-	19,704
	23,508,602	22,846,067	-	22,846,067
Reclamation bond	-	-	-	-
Property and equipment	184,281	179,088	(ii) (9,107)	169,981
Exploration and evaluation assets	31,532,697	30,644,020	(ii) (1,311,461)	29,332,559
	\$ 55,225,580	\$ 53,669,175	\$ (1,320,568)	\$ 52,348,607
Liabilities And Shareholders' Equity				
Current liabilities				
Accounts payable and accrued liabilities	\$ 1,316,232	\$ 1,279,135	\$ -	\$ 1,279,135
Convertible debenture (ii)	2,056,686	2,010,834	-	2,010,834
Variable conversion feature (ii)	292,671	284,000	-	284,000
	3,665,589	3,573,969	-	3,573,969
Shareholders' equity				
Share capital	56,405,985	54,602,532	-	54,602,532
Other equity reserve	8,335,578	7,171,487	-	7,171,487
AOCI	-	463,367	(ii) (1,320,568)	-
	-	-	(iii) 1,567,966	710,765
Deficit	(13,181,572)	(12,142,180)	(1,567,966)	(13,710,146)
	51,559,991	50,095,206	(1,320,568)	48,774,638
	\$ 55,225,580	\$ 53,669,175	\$ (1,320,568)	\$ 52,348,607

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14. First-time adoption of International Financial Reporting Standards (“IFRS”) and change in reporting currency (continued):

The June 30, 2011 Canadian GAAP Balance Sheets have been reconciled to IFRS as follows:

	\$CAD Canadian GAAP	\$USD Canadian GAAP	Adjustments	IFRS
Assets				
Current assets				
Cash and cash equivalents	\$ 19,666,712	\$ 20,390,578	\$ -	\$ 20,390,578
Amounts receivable	64,605	66,983	-	66,983
Prepaid expenses	99,257	102,910	-	102,910
	19,830,574	20,560,471	-	20,560,471
Reclamation bond	487,955	505,915	-	505,915
Property and equipment	219,722	227,809	(ii) (17,949)	209,860
Exploration and evaluation assets	45,247,288	46,912,688	(ii) (3,626,396)	43,286,292
	\$ 65,785,539	\$ 68,206,883	\$ (3,644,345)	\$ 64,562,538
Liabilities And Shareholders' Equity				
Current liabilities				
Accounts payable and accrued liabilities	\$ 2,921,060	\$ 3,028,575	\$ -	\$ 3,028,575
	2,921,060	3,028,575	-	3,028,575
Asset retirement obligation	56,000	58,061	-	58,061
Shareholders' equity				
Share capital	70,974,409	67,999,991	-	67,999,991
Other Equity Reserve	11,888,909	11,818,769	-	11,818,769
AOCI	-	4,319,264	(ii) (3,644,345)	
	-	-	(iii) 1,567,966	2,242,885
Deficit	(20,054,839)	(19,017,777)	(1,567,966)	(20,585,743)
	62,808,479	65,120,247	(3,644,345)	61,475,902
	\$ 65,785,539	\$ 68,206,883	\$ (3,644,345)	\$ 64,562,538

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14. First-time adoption of International Financial Reporting Standards (“IFRS”) and change in reporting currency (continued):

The Canadian GAAP statement of loss and the Canadian GAAP statement of comprehensive loss for the three-month period ended September 30, 2010 has been reconciled to IFRS as follows:

	\$CAD Canadian GAAP	\$USD Canadian GAAP	Adjustments	IFRS
Expenses:				
General and administrative	\$ 405,916	\$ 390,490	\$ -	\$ 390,490
Business development	48,853	46,997	-	46,997
Stock-based compensation	-	-	-	-
Operating loss	454,769	437,487	-	437,487
Other income (expenses)				
Interest income	96,107	92,455	-	92,455
Foreign exchange gain	84,155	80,959	-	80,959
Interest on convertible debt	(36,015)	(34,646)	-	(34,646)
Accretion expense on convertible debt	(55,014)	(52,924)	-	(52,924)
	89,233	85,844	-	85,844
Net loss for the period	\$ 365,536	\$ 351,643	\$ -	\$ 351,643
Exchange difference on re-measuring to \$US reporting currency	-	(1,667,337)	956,572	(710,765)
Comprehensive loss (income)	\$ 365,536	\$ (1,315,694)	\$ 956,572	\$ (359,122)

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14. First-time adoption of International Financial Reporting Standards (“IFRS”) and change in reporting currency (continued):

The Canadian GAAP statement of loss and the Canadian GAAP statement of comprehensive loss for the year ended June 30, 2011 has been reconciled to IFRS as follows:

	\$CAD Canadian GAAP	\$USD Canadian GAAP	Adjustments	IFRS
Expenses:				
General and administrative	\$ 1,604,452	\$ 1,601,891	\$ -	\$ 1,601,891
Business development	272,808	272,372	-	272,372
Stock-based compensation	5,554,860	5,545,986	-	5,545,986
Operating loss	7,432,120	7,420,249	-	7,420,249
Other income (expenses)				
Interest income	329,465	328,939	-	328,939
Foreign exchange gain	41,628	41,562	-	41,562
Interest on convertible debt	(69,703)	(69,592)	-	(69,592)
Accretion expense on convertible debt	(108,073)	(107,900)	-	(107,900)
	193,317	193,009	-	193,009
Net loss for the period	\$ 7,238,803	\$ 7,227,240	\$ -	\$ 7,227,240
Exchange difference on re-measuring to \$US reporting currency	-	(5,523,234)	3,280,349	(2,242,885)
Comprehensive loss	\$ 7,238,803	\$ 1,704,006	\$ 3,280,349	\$ 4,984,355

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14. First-time adoption of International Financial Reporting Standards (“IFRS”) and change in reporting currency (continued):

The Canadian GAAP statement of cash flows for the three months ended September 30, 2010 has been reconciled to IFRS as follows:

	\$CAD Canadian GAAP	\$USD Canadian GAAP	Adjustments	IFRS
Cash provided by (used in):				
Operations				
Loss for the period	\$ (365,536)	\$ (351,643)	\$ -	\$ (351,643)
Items not affecting cash				
Interest on convertible debt	36,015	34,646	-	34,646
Accretion expense on convertible debt	55,014	52,924	-	52,924
Non-cash foreign exchange gain on convertible debt	(63,780)	(56,966)	-	(56,966)
	(338,287)	(321,039)	-	(321,039)
Changes in non-cash operating working capital				
Amounts receivable	(97,526)	(96,360)	-	(96,360)
Prepaid expenses	1,636	877	-	877
Accounts payable and accrued liabilities	383,702	403,191	-	403,191
	(50,475)	(13,331)	-	(13,331)
Investments:				
Exploration and evaluation expenditures	(3,269,133)	(3,144,908)	-	(3,144,908)
	(3,269,133)	(3,144,908)	-	(3,144,908)
Financing				
Issuance of common shares, net of issue costs	1,408,280	1,354,766	-	1,354,766
	1,408,280	1,354,766	-	1,354,766
Effects of exchange rate changes on the balance of cash held in foreign currencies	-	766,681	-	766,681
Increase (decrease) in cash and cash equivalents	(1,911,328)	(1,036,792)		(1,036,792)
Cash and cash equivalents - beginning of period	25,253,454	23,721,073	-	23,721,073
Cash and cash equivalents – end of period	\$ 23,342,126	\$ 22,684,281	\$ -	\$ 22,684,281

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14. First-time adoption of International Financial Reporting Standards (“IFRS”) and change in reporting currency (continued):

The Canadian GAAP statement of cash flows for the year ended June 30, 2011 has been reconciled to IFRS as follows:

	\$CAD Canadian GAAP	\$USD Canadian GAAP	Adjustments	IFRS
Cash provided by (used in):				
Operations				
Loss for the period	\$ (7,238,803)	\$ (7,227,240)	\$ -	\$ (7,227,240)
Items not affecting cash				
Paid accrued Interest on convertible debt	-		-	-
Accretion expense on convertible debt	108,073	107,900	-	107,900
Non-cash foreign exchange gain on convertible debt	(129,772)	-	-	-
Stock-based compensation	5,554,860	5,545,986	-	5,545,986
	(1,705,642)	(1,573,354)	-	(1,573,354)
Changes in non-cash operating working capital				
Amounts receivable	(15,930)	(21,261)	-	(21,261)
Prepaid expenses	(77,346)	(82,329)	-	(82,329)
Accounts payable and accrued liabilities	203,894	220,268	-	220,268
	(1,595,024)	(1,456,676)	-	(1,456,676)
Investments:				
Reclamation bond	(487,955)	(505,915)		(505,915)
Property and equipment	(64,851.00)	(67,023)	-	(67,023)
Exploration and evaluation expenditures	(14,332,220)	(14,273,630)	-	(14,273,630)
	(14,885,026)	(14,846,568)	-	(14,846,568)
Financing				
Payment of accrued interest on convertible debenture	(140,592)	(158,215)	-	(158,215)
Issuance of common shares, net of issue costs	11,033,900	10,848,457	-	10,848,457
	10,893,308	10,690,242	-	10,690,242
Effects of exchange rate changes on the balance of cash held in foreign currencies	-	2,282,507	-	2,282,507
Increase (decrease) in cash and cash equivalents	(5,586,742)	(3,330,495)	-	(3,330,495)
Cash and cash equivalents - beginning of period	25,253,454	23,721,073	-	23,721,073
Cash and cash equivalents - end of period	\$ 19,666,712	\$ 20,390,579	\$ -	\$ 20,390,579

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15. Subsequent events:

Subsequent to September 30, 2011, the Corporation granted 75,000 common share options to employees of the Corporation exercisable at C\$4.24 and expiring October 19, 2021.

CORPORATE INFORMATION

DIRECTORS

Giulio T. Bonifacio
Vancouver, Canada

Jan Castro
Switzerland

Joseph Giuffre
Vancouver, Canada

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Reno, United States

Paul Matysek
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Foster Wilson
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OFFICES

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OFFICERS

Giulio T. Bonifacio
President and Chief Executive Officer

Robert McKnight
Executive Vice President

Joe Chan
Vice President and Chief Financial Officer

Greg French
Vice President and Senior Project Manager

Timothy M. Dyhr
Vice President, Environmental and External Relations

Catherine Tanaka
Corporate Secretary

REGISTRAR AND TRANSFER AGENT

Computershare Trust Company of Canada
Vancouver, Canada

SHARES LISTED

TSX Exchange: NCU

CAPITALIZATION

(As at December 15, 2011)
Shares Issued and Outstanding: 72,751,458

AUDITOR

KPMG, 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

INVESTOR RELATIONS CONTACT

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