

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Fiscal Year Ended November 30, 2013

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Transition Period from to

Commission File Number: 1-35447

NOVACOPPER INC.

(Exact Name of Registrant as Specified in Its Charter)

British Columbia
(State or Other Jurisdiction of
Incorporation or Organization)

98-1006991
(I.R.S. Employer
Identification No.)

Suite 1950, 777 Dunsmuir Street
Vancouver, British Columbia
Canada
(Address of Principal Executive Offices)

V7Y 1K4
(Zip Code)

(604) 638-8088
(Registrant's Telephone Number, Including Area Code)

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of Each Class</u>	<u>Name of Each Exchange on Which Registered</u>
Common Shares, no par value	NYSE MKT

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☐

Accelerated filer ☒

Non-accelerated filer ☐
(Do not check if a smaller reporting
company)

Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As at May 31, 2013, the aggregate market value of the registrant’s Common Shares held by non-affiliates was approximately \$56.3 million. As of January 29, 2014, the registrant had 53,539,418 Common Shares, no par value, outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Certain portions of the registrant's definitive proxy statement to be filed with the Securities and Exchange Commission pursuant to Regulation 14A not later than March 30, 2014, in connection with the registrant’s 2014 annual meeting of stockholders, are incorporated herein by reference into Part III of this Annual Report on Form 10-K.

NOVACOPPER INC.

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Unless the context otherwise requires, the words “we,” “us,” “our,” the “Company” and “NovaCopper” refer to NovaCopper Inc., a British Columbia corporation, either alone or together with its subsidiaries as the context requires as of November 30, 2013.

CURRENCY

All dollar amounts are in United States currency unless otherwise stated. References to C\$ or CDN\$ refer to Canadian currency, and \$ or US\$ to United States currency. All dollar amounts are expressed in thousands of dollars, except references to per share amounts.

FORWARD-LOOKING STATEMENTS

The information discussed in this annual report on Form 10-K includes “forward-looking information” and “forward-looking statements” within the meaning of Section 21E of the Securities Exchange Act of 1934 (the “Exchange Act”), and applicable Canadian securities laws. These forward-looking statements may include statements regarding perceived merit of properties, exploration results and budgets, mineral reserves and resource estimates, work programs, capital expenditures, operating costs, cash flow estimates, production estimates and similar statements relating to the economic viability of a project, timelines, strategic plans, including our plans and expectations relating to the Upper Kobuk Mineral Projects, completion of transactions, market prices for precious and base metals, or other statements that are not statements of fact. These statements relate to analyses and other information that are based on forecasts of future results, estimates of amounts not yet determinable and assumptions of management.

Statements concerning mineral resource estimates may also be deemed to constitute “forward-looking statements” to the extent that they involve estimates of the mineralization that will be encountered if the property is developed. Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, identified by words or phrases such as “expects”, “is expected”, “anticipates”, “believes”, “plans”, “projects”, “estimates”, “assumes”, “intends”, “strategy”, “goals”, “objectives”, “potential”, “possible” or variations thereof or stating that certain actions, events, conditions or results “may”, “could”, “would”, “should”, “might” or “will” be taken, occur or be achieved, or the negative of any of these terms and similar expressions) are not statements of historical fact and may be forward-looking statements. Forward-looking statements are subject to a variety of known and unknown risks, uncertainties and other factors that could cause actual events or results to differ from those reflected in the forward-looking statements, including, without limitation:

- risks related to inability to define proven and probable reserves;
- none of the Company’s mineral properties are in production or are under development;
- uncertainties relating to the assumptions underlying our resource estimates, such as metal pricing, metallurgy, mineability, marketability and operating and capital costs;
- uncertainty of whether there will ever be production at our Arctic or Bornite Projects;
- uncertainty of estimates of capital costs, operating costs, production and economic returns;
- risks related to our ability to commence production and generate material revenues or obtain adequate financing for our planned exploration and development activities;
- risks related to our ability to finance the development of our mineral properties through external financing, strategic alliances, the sale of property interests or otherwise;
- risks related to market events and general economic conditions;
- uncertainty related to inferred mineral resources;
- uncertainty related to the economic projections contained herein derived from the Preliminary Economic Assessment titled “Preliminary Economic Assessment Report on the Arctic Project, Ambler Mining District, Northwest Alaska” dated effective July 31, 2013 (the “PEA”);
- risks related to lack of infrastructure including but not limited to the risk of the State of Alaska building the Ambler Mining Industrial Access Road;
- risks related to inclement weather which may delay or hinder exploration activities at its mineral properties;

- risks and uncertainties relating to the interpretation of drill results, the geology, grade and continuity of our mineral deposits;
- mining and development risks, including risks related to infrastructure, accidents, equipment breakdowns, labor disputes or other unanticipated difficulties with or interruptions in development, construction or production;
- the risk that permits and governmental approvals necessary to develop and operate mines on our properties will not be available on a timely basis or at all;
- commodity price fluctuations;
- risks related to governmental regulation and permits, including environmental regulation;
- risks related to the need for reclamation activities on our properties and uncertainty of cost estimates related thereto;
- uncertainty related to title to our mineral properties;
- our history of losses and expectation of future losses;
- risks inherent in the acquisition of new properties;
- risks related to increases in demand for equipment, skilled labor and services needed for exploration and development of mineral properties, and related cost increases;
- our need to attract and retain qualified management and technical personnel;
- risks related to conflicts of interests of some of our directors;
- risks related to potential future litigation;
- risks related to our major shareholders;
- risks related to global climate change;
- risks related to adverse publicity from non-governmental organizations;
- risks related to future sales or issuances of equity securities decreasing the value of existing common shares, diluting voting power and reducing future earnings per share;
- uncertainty as to the volatility in the price of the Company's shares;
- the Company's expectation of not paying cash dividends;
- adverse federal income tax consequences for U.S. shareholders should the Company be a passive foreign investment company;
- uncertainty as to our ability to maintain the adequacy of internal control over financial reporting as per the requirements of Section 404 of the Sarbanes-Oxley Act ("SOX"); and
- increased regulatory compliance costs, associated with rules and regulations promulgated by the SEC, Canadian Securities Administrators, the NYSE MKT, the TSX, and the Financial Accounting Standards Boards, and more specifically, our efforts to comply with the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank").

This list is not exhaustive of the factors that may affect any of our forward-looking statements. Forward-looking statements are statements about the future and are inherently uncertain, and our actual achievements or other future events or conditions may differ materially from those reflected in the forward-looking statements due to a variety of risks, uncertainties and other factors, including, without limitation, those referred to in this report under the heading "Risk Factors" and elsewhere.

Our forward-looking statements are based on the beliefs, expectations and opinions of management on the date the statements are made, and we do not assume any obligation to update forward-looking statements if circumstances or management's beliefs, expectations or opinions should change, except as required by law. For the reasons set forth above, investors should not place undue reliance on forward-looking statements.

CAUTIONARY NOTE TO UNITED STATES INVESTORS

Unless otherwise indicated, all resource estimates, and any future reserve estimates, included or incorporated by reference in this annual report on Form 10-K have been, and will be, prepared in accordance with Canadian National Instrument 43-101 *Standards of Disclosure for Mineral Projects* ("NI 43-101") and the Canadian Institute of Mining, Metallurgy and Petroleum Definition Standards for Mineral Resources and Mineral Reserves ("CIM Definition Standards"). NI 43-101 is a rule developed by the Canadian Securities Administrators which establishes standards for all public disclosure an issuer makes of scientific and technical information concerning mineral projects. NI 43-101 permits the disclosure of an historical estimate made prior to the adoption of NI 43-101 that does not comply with NI 43-101 to be disclosed using the historical terminology if the disclosure: (a) identifies the source and date of the historical estimate; (b) comments on the relevance and reliability of the historical estimate; (c) to the extent known, provides the key assumptions, parameters and methods used to prepare the historical estimate; (d) states whether the historical estimate uses categories other than those prescribed by NI 43-101; and (e) includes any more recent estimates or data available.

Canadian standards, including NI 43-101, differ significantly from the requirements of the SEC, and reserve and resource information contained or incorporated by reference into this annual report on Form 10-K may not be comparable to similar information disclosed by U.S. companies. In particular, and without limiting the generality of the foregoing, the term "resource" does not equate to the term "reserves". Under SEC Industry Guide 7, mineralization may not be classified as a "reserve" unless the determination has been made that the mineralization could be economically and legally produced or extracted at the time the reserve determination is made. SEC Industry Guide 7 does not define and the SEC's disclosure standards normally do not permit the inclusion of information concerning "measured mineral resources", "indicated mineral resources" or "inferred mineral resources" or other descriptions of the amount of mineralization in mineral deposits that do not constitute "reserves" by U.S. standards in documents filed with the SEC. U.S. investors should also understand that "inferred mineral resources" have a great amount of uncertainty as to their existence and great uncertainty as to their economic and legal feasibility. It cannot be assumed that all or any part of an "inferred mineral resource" will ever be upgraded to a higher category. Under Canadian rules, estimated "inferred mineral resources" may not form the basis of feasibility or pre-feasibility studies except in rare cases. Investors are cautioned not to assume that all or any part of an "inferred mineral resource" exists or is economically or legally mineable. Disclosure of "contained ounces" in a resource is permitted disclosure under Canadian regulations; however, the SEC normally only permits issuers to report mineralization that does not constitute "reserves" by SEC standards as in-place tonnage and grade without reference to unit measures. The requirements of NI 43-101 for identification of "reserves" are also not the same as those of the SEC, and any reserves reported by us in the future in compliance with NI 43-101 may not qualify as "reserves" under SEC standards. Accordingly, information concerning mineral deposits set forth herein may not be comparable to information made public by companies that report in accordance with United States standards.

CAUTIONARY NOTE TO ALL INVESTORS CONCERNING ECONOMIC ASSESSMENTS THAT INCLUDE INFERRED RESOURCES

Mineral resources that are not mineral reserves have no demonstrated economic viability. The preliminary assessment on the Arctic project is preliminary in nature and includes "inferred mineral resources" that are considered too speculative geologically to have economic considerations applied to them that would enable them to be categorized as mineral reserves. There is no certainty that the feasibility studies or preliminary assessments at the Arctic project will ever be realized.

GLOSSARY OF TECHNICAL

We estimate and report our resources and we will estimate and report our reserves according to the definitions set forth in NI 43-101. We will modify and reconcile the reserves as appropriate to conform to SEC Industry Guide 7 for reporting in the U.S. The definitions for each reporting standard are presented below with supplementary explanation and descriptions of the parallels and differences.

The following technical terms defined in this section are used throughout this Form 10-K:

NI 43-101 Definitions:

“AA” is atomic absorption.

“Ag” is the chemical symbol for silver.

“AMT” is audiomagnetotelluric.

“ARD” is acid rock drainage.

“Au” is the chemical symbol for gold.

“Ba” is barium.

“CIM” is the Canadian Institute of Mining, Metallurgy and Petroleum.

“Co” is the chemical symbol for cobalt.

“CO₂” is carbon dioxide.

“CS-AMT” is controlled source audio-frequency magnetotelluric.

“Cu” is the chemical symbol for copper.

“DIGHEM” is a proprietary geophysical survey system.

“dilution” is waste, which is unavoidably mined with ore.

“dip” is the angle of inclination of a geological feature/rock from the horizontal.

“EM” is electromagnetic.

“fault” is the surface of a fracture along which movement has occurred.

“Fe” is the surface of a fracture along which movement has occurred.

“gangue” are non-valuable components of the ore.

“grade” is the measure of concentration of gold within mineralized rock.

“g” is a gram.

“g/t” is grams per metric tonne.

“ha” is a Hectare.

“ICP” is induced couple plasma.

“ICP-AES” is inductively coupled plasma atomic emission spectroscopy.

“indicated mineral resource” means that part of a mineral resource for which quantity, grade or quality, densities, shape and physical characteristics can be estimated with a level of confidence sufficient to allow the appropriate application of technical and economic parameters, to support mine planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough for geological and grade continuity to be reasonably assumed.

“inferred mineral resource” means that part of a mineral resource for which quantity and grade or quality can be estimated on the basis of geological evidence, limited sampling and reasonably assumed, but not verified, geological and grade continuity. The estimate is based on limited information and sampling gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes.

“IRR” is internal rate of return.

“km” is a kilometer.

“m” is a meter.

“Mg” is the chemical symbol for magnesium.

“micron” or “ μm ” is 0.000001 meters.

“measured mineral resource” means that part of a mineral resource for which quantity, grade or quality, densities, shape and physical characteristics are so well established that they can be estimated with a level of confidence sufficient to allow the appropriate application of technical and economic parameters, to support mine planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough for both geological and grade continuity to be reasonably assured.

“mineral reserve” means the economically mineable part of a measured or indicated mineral resource demonstrated by at least a preliminary feasibility study. This study must include adequate information on mining, processing, metallurgical, economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified. A mineral reserve includes diluting materials and allowances for losses that may occur when the material is mined.

“mineral resource” means a concentration or occurrence of natural solid inorganic material, or natural solid fossilized organic material in or on the earth’s crust in such form and quantity and of such a grade or quality that it has reasonable prospects for economic extraction. The location, quantity, grade, geological characteristics and continuity of a mineral resource are known, estimated or interpreted from specific geological evidence and knowledge.

“mm” is a millimeter.

“MS” is massive sulfide.

“MW” is million watts.

“NPV” is net present value

“ounce” or “oz” is a troy ounce.

“Pb” is the chemical symbol for lead.

“ppm” is parts per million.

“probable mineral reserve” means the economically mineable part of an indicated and, in some circumstances, a measured mineral resource demonstrated by at least a preliminary feasibility study. This study must include adequate information on mining, processing, metallurgical, economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified.

“proven mineral reserve” means the economically mineable part of a measured mineral resource demonstrated by at least a preliminary feasibility study. This study must include adequate information on mining, processing, metallurgical, economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction is justified.

“QA/QC” is quality assurance and quality control.

“SG” is specific gravity.

“SRM” is standard reference material.

“strike” is the duration of line formed by the intersection of strata surfaces within the horizontal plane, always perpendicular to the dip direction.

“tailings” is the finely ground waste rock from which valuable minerals or metals have been extracted.

“tonne” is a metric tonne: 1,000 kilograms or 2,204.6 pounds.

“t/d” is tonnes per day.

“XRF” is x-ray fluorescence spectroscopy.

“Zn” is the chemical symbol for zinc.

SEC Industry Guide 7 Definitions:

“exploration stage” prospect is one which is not in either the development or production stage.

“development stage” project is one which is undergoing preparation of an established commercially mineable deposit for its extraction but which is not yet in production. This stage occurs after completion of a feasibility study.

“mineralized material” refers to material that is not included in the reserve as it does not meet all of the criteria for adequate demonstration for economic or legal extraction.

“probable reserve” refers to reserves for which quantity and grade and/or quality are computed from information similar to that used for proven (measured) reserves, but the sites for inspection, sampling, and measurement are farther apart or are otherwise less adequately spaced. The degree of assurance, although lower than that for proven reserves, is high enough to assume continuity between points of observation.

“production stage” project is actively engaged in the process of extraction and beneficiation of mineral reserves to produce a marketable metal or mineral product.

“proven reserve” refers to reserves for which (a) quantity is computed from dimensions revealed in outcrops, trenches, workings or drill holes; grade and/or quality are computed from the results of detailed sampling and (b) the sites for inspection, sampling and measurement are spaced so closely and the geologic character is so well defined that size, shape, depth and mineral content of reserves are well-established.

“reserve” refers to that part of a mineral deposit which could be economically and legally extracted or produced at the time of the reserve determination. Reserves must be supported by a feasibility study done to bankable standards that demonstrates the economic extraction. (“Bankable standards” implies that the confidence attached to the costs and achievements developed in the study is sufficient for the project to be eligible for external debt financing.) A reserve includes adjustments to the in-situ tonnes and grade to include diluting materials and allowances for losses that might occur when the material is mined.

PART I

Item 1. BUSINESS

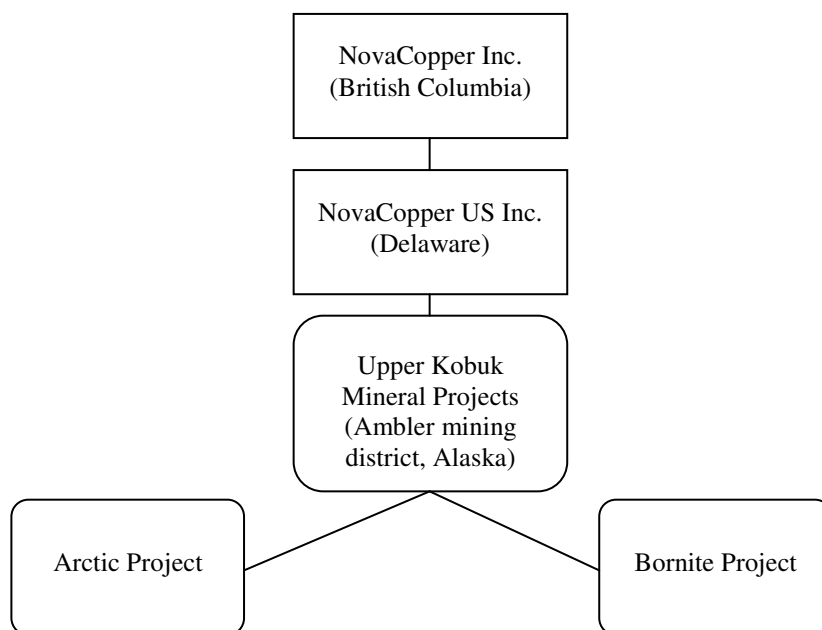
Our principal business is the exploration and development of our Upper Kobuk Mineral Projects (“Upper Kobuk Mineral Projects” or “UKMP Projects”) located in the Ambler mining district in Northwest Alaska, United States of America which comprises (i) the Arctic Project, which contains the high-grade polymetallic volcanogenic massive sulfide (“VMS”) deposit (“Arctic Project”); and (ii) the Bornite Project, which contains a carbonate-hosted copper deposit (“Bornite Project”). Our goals include expanding mineral resources and advancing our projects through technical, engineering and feasibility studies so that production decisions can be made on those projects.

Name, Address and Incorporation

NovaCopper Inc. was incorporated on April 27, 2011 under the *Business Corporations Act* (British Columbia) (“BCBCA”). Our registered office is located at Suite 2600, Three Bentall Centre, 595 Burrard Street, Vancouver, British Columbia, Canada, and our executive office is located at Suite 1950, 777 Dunsmuir Street, Vancouver, British Columbia, Canada.

Corporate Organization Chart

The following chart depicts our corporate structure together with the jurisdiction of incorporation of our subsidiary. All ownership is 100%.



Business Cycle

Our business, at its current exploration phase, is cyclical. Exploration activities are conducted primarily during snow-free months. The optimum field season at the Upper Kobuk Mineral Projects is from late May to late September. The length of the snow-free season at the Upper Kobuk Mineral Projects varies from about May through November at lower elevations and from July through September at higher elevations.

NovaCopper’s Strategy

Our business strategy is focused on creating value for stakeholders through our ownership and advancement of the Arctic Project and the Bornite Project and through the pursuit of similarly attractive base metal projects. We plan to:

- advance the Arctic Project towards development with key activities including increased definition of the mineral resources, technical studies to support completion of a pre-feasibility or feasibility study, and the advancement of baseline environmental studies;
- advance exploration in the Ambler mining district and, in particular, at the Bornite Project, pursuant to the NANA Agreement (as more particularly described under “*History of NovaCopper – Agreement with NANA Regional Corporation*”) through resource development and initial technical studies; and
- pursue project level or corporate transactions that are value accretive.

The Arctic Project PEA represents an early stage study and highlights certain opportunities for us to further expand upon. Prior to commencing production, further studies that demonstrate the economic viability of the Arctic Project must be completed including pre-feasibility or feasibility studies, all necessary permits must be obtained, a production decision must be made by our Board, financing for construction and development must be arranged and construction must be completed. In addition, we will be required to address certain infrastructure challenges, including road access, and obtain additional rights, including surface use rights and access rights. See “*Item 1A. Risk Factors*”.

Significant Developments in 2013

- On March 28, 2012, the security holders of NovaGold Resources Inc. (“NovaGold”) voted in favor of the special resolution approving the spin-out of NovaCopper Inc. and its wholly-owned subsidiary NovaCopper US Inc. (“NovaCopper US”) (“Plan of Arrangement” or “Arrangement”). Under the Plan of Arrangement, each holder of NovaGold warrants on record as of April 30, 2012 received the right to receive one NovaCopper Share for every six common shares of NovaGold represented by the warrant. On January 2, 2013, we announced that our largest shareholder, Electrum Strategic Resources L.P. (“Electrum”), added an additional 5.2 million NovaCopper Shares to their holdings through the exercise of NovaGold warrants. We received no proceeds from the exercise of the NovaGold warrants. Between January 10, 2013 to January 18, 2013, we issued an additional 0.9 million NovaCopper Shares to various holders upon their exercise of NovaGold warrants.
- On February 5, 2013, NovaCopper released an updated National Instrument 43-101 – Standards of Disclosure for Mineral Projects (“NI 43-101”) resource estimate for the Bornite Project in a report entitled “NI 43-101 Technical Report Resource Estimation – South Reef and Ruby Creek zones, Bornite deposit, Upper Kobuk Mineral Projects, Northwest Alaska”, further to the resource estimate previously released on July 18, 2012 with respect to the Ruby Creek zone. At the base case 1.0% copper cut-off grade, the South Reef zone at the Bornite Project, which lies roughly 400 to 600 meters southeast of the Ruby Creek zone, is estimated to contain Inferred Resources of 43.1 million tonnes of 2.54% Cu or 2,409 million pounds of contained copper. Inferred resources are stated as potentially being economically viable in an underground mining scenario based on a projected metal price of \$2.75 per pound copper and total site operating costs of \$60.00 per tonne. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability. See “*Cautionary Note to United States Investors.*”
- On April 30, 2013, we announced the signing of a Memorandum of Understanding (“MOU”) with the Alaska Industrial Development Export Authority (“AIDEA”) to investigate the viability of permitting and constructing an industrial access road to the Ambler mining district and the UKMP Projects. The MOU formalizes the roles of each party as they relate to advancing the Ambler Mining District Industrial Access Road (“AMDIAR”), which AIDEA is expected to commence permitting in 2014. The MOU also allows AIDEA to investigate various ways to fund the construction and maintenance of the AMDIAR. Although no specific terms have yet been discussed on payment for usage of the AMDIAR, the arrangement that AIDEA entered into with Cominco Ltd. (now Teck Resources Ltd.) in 1986 for construction of the Red Dog Road and Port Facility may serve as a general template for a final financing agreement. This MOU is non-exclusive, meaning that other mining and exploration companies or other industrial users may also work in cooperation with AIDEA to support development of the AMDIAR by signing their own MOUs.
- On July 30, 2013, we reported a new Preliminary Economic Assessment (“PEA”) prepared under NI 43-101 for the Arctic project in a report entitled “Preliminary Economic Assessment Report on the Arctic Project, Ambler Mining District, Northwest Alaska.” The PEA outlines an open-pit scenario of a 12-year mine life supporting a 10,000 tonne-per-day conventional grinding mill-and-flotation circuit at the Arctic deposit with a pre-tax net present value (“NPV”) of \$927.7 million or 22.8% internal rate of return (“IRR”) and after-tax NPV of \$537.2 million or 17.9% IRR at an 8% discount rate. Initial capital expenditures are estimated at \$717.7 million with sustaining capital expenditures of \$164.4 million. The base case scenario assumes long-term metal prices of \$2.90/lb for copper, \$0.85/lb for zinc, \$0.90/lb for lead, \$22.70/oz for silver and \$1,300/oz for gold. The total average operating cost for the proposed mine is estimated at \$63.93 per tonne milled. The PEA is preliminary in nature and includes inferred mineral resources that are considered too speculative geologically to have

the economic considerations applied to them that would enable them to be categorized as mineral reserves. There is no certainty that the PEA will be realized. See “*Cautionary Note to United States Investors.*”

- On October 9, 2013, we announced the completion of our 2013 exploration field season program at our UKMP Projects which accomplished approximately 8,142 meters or 109% of planned drilling of which 4,684 meters was drilled at the Ruby Creek zone and 3,458 meters at the South Reef zone of the Bornite Project. Results from the drilling campaign were released throughout the fall of 2013. The 2013 exploration program was focused on expansion and further characterization of the resources identified in the 2013 Bornite resource technical report released in February 2013.
- On December 18, 2013, we announced results from our re-sampling and re-assaying program of 33 historical drill holes at the Bornite Project. These holes were previously drilled and only selectively sampled by Kennecott within the Ruby Creek zone of the Bornite deposit. Of the 33 historic drill holes sampled, 26 holes had intervals of copper greater than 0.5% copper, and 29 holes contained mineralization greater than 0.2% copper. The objectives of the re-assay/re-logging program were twofold: 1) to confirm and conduct a Quality Assurance/Quality Control (QA/QC) program on the historical sample results; and 2) to identify additional lower-grade (0.2-0.5% copper) shallow material, which was not previously sampled. The re-sampling and re-assaying program has confirmed previously known high-grade mineralization. It is also expected to add additional lower-grade mineralization to the Company’s mineral inventory.

Significant Developments in 2012

- On March 28, 2012, the security holders of NovaGold voted in favor of the special resolution approving the Plan of Arrangement. On April 30, 2012, 46,578,078 Common Shares of NovaCopper (each, a “NovaCopper Share” or “Common Share”) were distributed to NovaGold shareholders such that each NovaGold shareholder of record on the effective date received one NovaCopper Common Share for every six common shares of NovaGold held. In accordance with the terms of the Arrangement, NovaCopper had committed to NovaGold to deliver up to 6,181,352 NovaCopper Shares to satisfy holders of NovaGold warrants, performance share units, and deferred shares units on record as of the close of business April 27, 2012, on the same basis as NovaGold shareholders received under the Plan of Arrangement, at the time of exercise or vesting, as applicable. NovaCopper was funded with \$40.0 million in cash by NovaGold as part of the Plan of Arrangement.
- On April 25, 2012, we began trading on the Toronto Stock Exchange (“TSX”) in Canada and NYSE-MKT (formerly NYSE-AMEX) in the United States.
- During 2012, we completed the recruitment and hiring of our senior management team. Our President and CEO, Rick Van Nieuwenhuyse, Vice President (“VP”) and Chief Financial Officer, Elaine Sanders, Senior VP Exploration, Joe Piekenbrock, and VP Human Resources and Workforce Development, Sacha Iley, joined the Company full time from their previous employment at NovaGold. We also announced the addition of Patrick Donnelly as VP Corporate Communications in August 2012.
- On July 18, 2012, we reported an initial resource estimate prepared under National Instrument 43-101 – Standards of Disclosure for Mineral Projects (“NI 43-101”) for the Ruby Creek zone of the Bornite property in a report entitled “NI 43-101 Technical Report Resource Estimation – Ruby Creek zone, Bornite deposit, Upper Kobuk Mineral Project, Northwest Alaska.” At a 0.5% copper cut-off grade, the Ruby Creek zone contains Indicated Resources of 6.8 million tonnes at 1.19% Cu or 178.7 million pounds of contained copper and Inferred Resources of 47.7 million tonnes of 0.84% Cu or 883.2 million pounds of contained copper. Resources are stated as contained within a potentially economic resource limiting pit shell using a metal price of \$3.00 per pound copper, mining costs of \$1.50 per tonne, processing costs of \$10.00 per tonne, 100% recoveries and an average pit slope of 45 degrees. See “*Cautionary Note to United States Investors.*”
- On October 10, 2012, we announced the completion of our 2012 drilling campaign at our UKMP Projects which accomplished approximately 17,209 meters of which 15,457 meters were drilled at the South Reef zone of the Bornite property and 1,752 meters at the Sunshine deposit on the Ambler lands. Results from the drilling campaign have been released throughout the fall of 2012.
- On November 14, 2012, we announced initial metallurgical optimization results from the Arctic deposit through the completion of a metallurgical test work program. The work results in an increase of copper recoveries to 88.6% from 86.8% and zinc recoveries to 91.7% from 81.1% previously reported in our PEA for the Arctic project entitled “NI 43-101 Preliminary Economic Assessment Ambler Project, Kobuk, AK”. It also resulted in improved precious metal recoveries to the copper concentrate.

History of NovaCopper

Spin-Out

We were formerly a wholly-owned subsidiary of NovaGold. At a special meeting of securityholders of NovaGold held on March 28, 2012, the securityholders voted in favour of a special resolution approving the distribution of Common Shares of NovaCopper to the shareholders of NovaGold as a return of capital through a statutory Plan of Arrangement under the *Companies Act* (Nova Scotia).

On April 30, 2012, all of the outstanding NovaCopper Shares were distributed to shareholders of NovaGold such that each NovaGold shareholder of record at the close of business on April 27, 2012 received one NovaCopper Share for every six common shares in the capital of NovaGold held at that time. The NovaCopper Shares were listed and posted for trading on the TSX and on the NYSE-MKT under the symbol NCQ on April 25, 2012.

Agreement with NANA Regional Corporation

On October 19, 2011, NANA Regional Corporation, Inc. (“NANA”), an Alaska Native Corporation headquartered in Kotzebue, Alaska, and NovaCopper US entered an Exploration Agreement and Option Agreement, as amended (the “NANA Agreement”) for the cooperative development of NANA’s respective resource interests in the Ambler mining district of Northwest Alaska. The NANA Agreement consolidates our and NANA’s land holdings into an approximately 142,831-hectare land package and provides a framework for the exploration and any future development of this high-grade and prospective poly-metallic belt.

The NANA Agreement grants NovaCopper US the nonexclusive right to enter on, and the exclusive right to explore, the Bornite lands and the Alaska Native Claims Settlement Act (“ANCSA”) lands (each as defined in the NANA Agreement) and in connection therewith, to construct and utilize temporary access roads, camps, airstrips and other incidental works. In consideration for this right, NovaCopper US paid to NANA \$4 million in cash. NovaCopper US will also be required to make payments to NANA for scholarship purposes in accordance with the terms of the NANA Agreement. NovaCopper US has further agreed to use reasonable commercial efforts to train and employ NANA shareholders to perform work for NovaCopper US in connection with its operations on the Bornite lands, ANCSA lands and Ambler lands (as defined in the NANA Agreement) (collectively, the “Lands”). Under the NANA Agreement, NANA also has the right to appoint a board member to NovaCopper’s Board of Directors within a five year period following our public listing on a stock exchange.

The NANA Agreement has a term of 20 years, with an option in favour of NovaCopper US to extend the term for an additional 10 years. The NANA Agreement may be terminated by mutual agreement of the parties or by NANA if NovaCopper US does not meet certain expenditure requirements on the Bornite lands and ANCSA lands.

If, following receipt of a feasibility study and the release for public comment of a related draft environmental impact statement, we decide to proceed with construction of a mine on the Lands, NovaCopper US will notify NANA in writing and NANA will have 120 days to elect to either (a) exercise a non-transferrable back-in-right to acquire an undivided ownership interest between 16% and 25% (as specified by NANA) of that specific project; or (b) not exercise its back-in-right, and instead receive a net proceeds royalty equal to 15% of the net proceeds realized by NovaCopper US from such project (following the recoupment by NovaCopper of all costs incurred, including operating, capital and carrying costs). The cost to exercise such back-in-right is equal to the percentage interest in the project multiplied by the difference between (i) all costs incurred by NovaCopper US or its affiliates on the project, including historical costs incurred prior to the date of the NANA Agreement together with interest on the historical costs; and (ii) \$40 million (subject to exceptions). This amount will be payable by NANA to NovaCopper US in cash at the time the parties enter into a joint venture agreement and in no event will the amount be less than zero.

In the event that NANA elects to exercise its back-in-right, the parties will as soon as reasonably practicable form a joint venture, with NANA’s interest being between 16% to 25% and NovaCopper US owning the balance of the interest in the joint venture. Upon formation of the joint venture, the joint venture will assume all of the obligations of NovaCopper US and be entitled to all the benefits of NovaCopper US under the NANA Agreement in connection with the mine to be developed and the related Lands. A party’s failure to pay its proportionate share of costs in connection with the joint venture will result in dilution of its interest. Each party will have a right of first refusal over any proposed transfer of the other party’s interest in the joint venture other than to an affiliate or for the purposes of granting security. A transfer by either party of any net proceeds royalty interest in a project other than for financing purposes will also be subject to a first right of refusal. A transfer of NANA’s net smelter return on the Lands is subject to a first right of refusal by NovaCopper.

In connection with possible development of a mine on the Bornite lands or ANCSA lands, NovaCopper US and NANA will execute a mining lease to allow NovaCopper US or the joint venture to construct and operate a mine on the Bornite lands or ANCSA lands. These leases will provide NANA a 2% net smelter royalty as to production from the Bornite lands and a 2.5% net smelter royalty as to production from the ANCSA lands. If NovaCopper US decides to proceed with construction of a mine on the Ambler lands,

NANA will enter into a surface use agreement with NovaCopper US which will afford NovaCopper US access to the Ambler lands along routes approved by NANA on the Bornite lands or ANCSA lands. In consideration for the grant of such surface use rights, NovaCopper US will grant NANA a 1% net smelter royalty on production and an annual payment of \$755 per acre (as adjusted for inflation each year beginning with the second anniversary of the effective date of the NANA Agreement and for each of the first 400 acres (and \$100 for each additional acre) of the lands owned by NANA and used for access which are disturbed and not reclaimed.

We have formed an oversight committee with NANA, which consists of four representatives from each of NovaCopper and NANA (the “Oversight Committee”). The Oversight Committee is responsible for certain planning and oversight matters carried out by us under the NANA Agreement. The planning and oversight matters that are the subject of the NANA Agreement will be determined by majority vote. The representatives of each of NovaCopper and NANA attending a meeting will have one vote in the aggregate and in the event of a tie, the NovaCopper representatives jointly shall have a deciding vote on all matters other than Sustainability Matters, as that term is defined in the NANA Agreement. There shall be no deciding vote on Sustainability Matters and we may not proceed with such matters unless approved by majority vote of the Oversight Committee or with the consent of NANA, such consent not to be unreasonably withheld or delayed.

Principal Markets

Our principal objective is to become a producer of copper.

Specialized Skill and Knowledge

All aspects of our business require specialized skills and knowledge. Such skills and knowledge include the areas of geology, mining and accounting. See “*Executive Officers of NovaCopper*” for details as to the specific skills and knowledge of our directors and management.

Environmental Protection

Mining is an extractive industry that impacts the environment. Our goal is to evaluate ways to minimize that impact and to develop safe, responsible and profitable operations by developing natural resources for the benefit of our employees, shareholders and communities and maintain high standards for environmental performance at our Upper Kobuk Mineral Projects. We strive to meet or exceed environmental standards at our Upper Kobuk Mineral Projects. One way we do this is through collaborations with local communities, including Native Alaskan groups. We are currently active only in Alaska, which has established environmental standards and regulations that we intend to strive to exceed. Our environmental performance will be overseen at the Board level and environmental performance is the responsibility of the project manager.

- All new activities and operations will be managed for compliance with applicable laws and regulations. In the absence of regulation, best management practices will be applied to manage environmental risk.
- We will strive to limit releases to the air, land or water and appropriately treat and dispose of waste.

See “*Arctic Project – Environmental Considerations*”.

Employees

As of November 30, 2013, we had 18 full-time employees, 13 of whom were employed at our executive office in Vancouver, BC, and 5 of whom were employed at our Upper Kobuk Mineral Projects. The number of individuals employed by us fluctuates throughout the year depending on the season; however on average, we had 35 employees during 2013. We have entered into employment agreements with five individuals. Additionally, we have had up to 4 individuals in Canada providing services to us through the Services Agreement between NovaCopper and NovaGold effective as of April 19, 2012, as amended September 1, 2012 (the “Services Agreement”) between December 1, 2012 and the termination of the Services Agreement which occurred on May 1, 2013.

We believe our success is dependent on the performance of our management and key employees, many of whom have specialized skills in exploration in Alaska and the base metals industry. Substantially all of our exploration site employees have been active in the Ambler mining district for the last five years and are knowledgeable as to the geology, metallurgy and infrastructure related to mining development.

Segment Information

We operate in one geographical jurisdiction, being the United States, and all of our mineral properties and plant and equipment are

located in Alaska. Segment information relating to our assets is provided under the section heading “*Item 8. Financial Statements and Supplementary Data*” below.

Competitive Conditions

The mineral exploration and development industry is competitive in all phases of exploration, development and production. There is a high degree of competition faced by us in Alaska and elsewhere for skilled management employees, suitable contractors for drilling operations, technical and engineering resources, and necessary exploration and mining equipment, and many of these competitor companies have greater financial resources, operational expertise, and/or more advanced properties than us. Additionally, our operations are in a remote location where skilled resources and support services are limited. We have in place experienced management personnel and continue to evaluate the required expertise and skills to carry out our operations. As a result of this competition, we may be unable to achieve our exploration and development in the future on terms we consider acceptable or at all. See “*Item 1A. Risk Factors*”.

Available Information

We make available, free of charge, on or through our Internet website, at www.novacopper.com our annual report on Form 10-K which includes our audited financial statements, our quarterly reports on Form 10-Q and our current reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the U.S. Securities Exchange Act of 1934. All filings are also available on www.sec.gov/edgar. Our Internet website and the information contained therein or connected thereto are not intended to be, and are not incorporated into this annual report on Form 10-K.

Item 1A. RISK FACTORS

Investing in our securities is speculative and involves a high degree of risk due to the nature of our business and the present stage of exploration of our mineral properties. The following risk factors, as well as risks currently unknown to us, could materially adversely affect our future business, operations and financial condition and could cause them to differ materially from the estimates described in forward-looking information relating to NovaCopper, or our business, property or financial results, each of which could cause purchasers of securities to lose all or part of their investments.

We have not defined any proven or probable reserves and none of our mineral properties are in production or under development.

We have no history of commercially producing precious or base metals and all of our properties are in the exploration stage. We have not defined or delineated any measured resources or proven or probable reserves on our Upper Kobuk Mineral Projects. Mineral exploration involves significant risk, since few properties that are explored contain bodies of ore that would be commercially economic to develop into producing mines. We cannot assure you that we will establish the presence of any measured resources, or proven or probable reserves at the Upper Kobuk Mineral Projects or any other properties. The failure to establish measured resources, or proven or probable reserves, would severely restrict our ability to implement our strategies for long-term growth.

Even if one of our mineral projects is determined to be economically viable to develop into a mine, such development may not be successful.

If the development of one of our projects is found to be economically feasible and approved by our board of directors (the “Board”), such development will require obtaining permits and financing, the construction and operation of mines, processing plants and related infrastructure, including road access. As a result, we are and will continue to be subject to all of the risks associated with establishing new mining operations, including:

- the timing and cost, which can be considerable, of the construction of mining and processing facilities and related infrastructure;
- the availability and cost of skilled labour and mining equipment;
- the availability and cost of appropriate smelting and refining arrangements;
- the need to obtain necessary environmental and other governmental approvals and permits and the timing of the receipt of those approvals and permits;
- the availability of funds to finance construction and development activities;

- potential opposition from non-governmental organizations, environmental groups or local groups which may delay or prevent development activities; and
- potential increases in construction and operating costs due to changes in the cost of fuel, power, materials and supplies.

The costs, timing and complexities of developing our projects may be greater than anticipated because our property interests are not located in developed areas, and, as a result, our property interests are not currently served by appropriate road access, water and power supply and other support infrastructure. Cost estimates may increase significantly as more detailed engineering work is completed on a project. It is common in new mining operations to experience unexpected costs, problems and delays during construction, development and mine start-up. In addition, delays in the early stages of mineral production often occur. Accordingly, we cannot provide assurance that we will ever achieve or that our activities will result in profitable mining operations at our mineral properties.

In addition, there can be no assurance that our mineral exploration activities will result in any discoveries of new mineralization. If further mineralization is discovered there is also no assurance that the mineralization would be economical for commercial production. Discovery of mineral deposits is dependent upon a number of factors and significantly influenced by the technical skill of the exploration personnel involved. The commercial viability of a mineral deposit is also dependent upon a number of factors which are beyond our control, including the attributes of the deposit, commodity prices, government policies and regulation and environmental protection.

We have no history of production and no revenue from mining operations.

We have a very limited history of operations and to date have generated no revenue from mining operations. As such, we are subject to many risks common to such enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial and other resources and lack of significant revenues. There is no assurance that the Upper Kobuk Mineral Projects or any other projects will be commercially mineable, and we may never generate revenues from our mining operations.

We may not have sufficient funds to develop our mineral projects or to complete further exploration programs.

We have limited financial resources. We currently generate no mining operating revenue, and must primarily finance exploration activity and the development of mineral projects by other means. In the future, our ability to continue exploration, development and production activities, if any, will depend on our ability to obtain additional external financing. Any unexpected costs, problems or delays could severely impact our ability to continue exploration and development activities. The failure to meet ongoing obligations on a timely basis could result in a loss or a substantial dilution of our interests in projects.

The sources of external financing that we may use for these purposes include project or bank financing or public or private offerings of equity and debt. In addition, we may enter into one or more strategic alliances or joint ventures, decide to sell certain property interests, or utilize one or a combination of all of these alternatives. The financing alternative we chose may not be available on acceptable terms, or at all. If additional financing is not available, we may have to postpone further exploration or development of, or sell, one or more of our principal properties.

Changes in the market price of copper and other metals, which in the past have fluctuated widely, will affect our ability to finance continued exploration and development of our projects and affect our operations and financial condition.

Our long-term viability will depend, in large part, on the market price of copper and other metals. The market prices for these metals are volatile and are affected by numerous factors beyond our control, including:

- global or regional consumption patterns;
- the supply of, and demand for, these metals;
- speculative activities;
- the availability and costs of metal substitutes;
- expectations for inflation; and
- political and economic conditions, including interest rates and currency values.

We cannot predict the effect of these factors on metal prices. A decrease in the market price of copper and other metals could affect our ability to raise funds to finance the exploration and development of any of our mineral projects, which would have a material adverse effect on our financial condition and results of operations. The market price of copper and other metals may not remain at current levels. In particular, an increase in worldwide supply, and consequent downward pressure on prices, may result over the longer term from increased copper production from mines developed or expanded as a result of current metal price levels. There is no assurance that a profitable market may exist or continue to exist.

Actual capital costs, operating costs, production and economic returns may differ significantly from those described in the PEA.

The PEA technical report is an early stage study that is preliminary in nature. There can be no assurance that the results described in the PEA will be realized. The capital costs to take our projects into production may be significantly higher than anticipated.

None of our mineral properties have an operating history upon which we can base estimates of future operating costs. Decisions about the development of the Arctic Project (or the Bornite Project) will ultimately be based upon feasibility studies. Feasibility studies derive estimates of cash operating costs based upon, among other things:

- anticipated tonnage, grades and metallurgical characteristics of the ore to be mined and processed;
- anticipated recovery rates of metals from the ore;
- cash operating costs of comparable facilities and equipment; and
- anticipated climatic conditions.

Cash operating costs, production and economic returns, and other estimates contained in studies or estimates prepared by or for us may differ significantly from those anticipated by the PEA and there can be no assurance that our actual operating costs will not be higher than currently anticipated.

The Upper Kobuk Mineral Projects are located in a remote area of Alaska, and access to them is limited. Exploration and any future development or production activities may be limited and delayed by infrastructure challenges, inclement weather and a shortened exploration season.

The Upper Kobuk Mineral Projects are located in a remote area of Alaska. Access to the Upper Kobuk Mineral Projects is limited and there is currently no infrastructure in the area.

We cannot provide assurances that the State of Alaska's proposed road that would provide access to the Ambler mining district will be built, that it will be built in a timely manner, that the cost of accessing the proposed road will be reasonable, that it will be built in the manner contemplated, or that it will sufficiently satisfy the requirements of the Upper Kobuk Mineral Projects. In addition, successful development of the Upper Kobuk Mineral Projects will require the development of the necessary infrastructure. If adequate infrastructure is not available in a timely manner, there can be no assurance that:

- the development of the Upper Kobuk Mineral Projects will be commenced or completed on a timely basis, if at all;
- the resulting operations will achieve the anticipated production volume; or
- the construction costs and operating costs associated with the development of the Upper Kobuk Mineral Projects will not be higher than anticipated.

As the UKMP Projects are located in a remote area, exploration, development and production activities may be limited and delayed by inclement weather and a shortened exploration season.

We will incur losses for the foreseeable future.

We expect to incur losses unless and until such time as our mineral projects generate sufficient revenues to fund continuing operations. The exploration and development of our mineral properties will require the commitment of substantial financial resources that may not be available.

The amount and timing of expenditures will depend on a number of factors, including the progress of ongoing exploration and development, the results of consultants' analyses and recommendations, the rate at which operating losses are incurred, the execution of any joint venture agreements with strategic partners and the acquisition of additional property interests, some of which are beyond our control. We cannot provide assurance that we will ever achieve profitability.

Mineral resource and reserve calculations are only estimates.

Any figures presented for mineral resources in this Form 10-K and in our other filings with securities regulatory authorities and those which may be presented in the future or any figures for mineral reserves that may be presented by us in the future are and will only be estimates. There is a degree of uncertainty attributable to the calculation of mineral reserves and mineral resources. Until mineral reserves or mineral resources are actually mined and processed, the quantity of metal and grades must be considered as estimates only and no assurances can be given that the indicated levels of metals will be produced. In making determinations about whether to advance any of our projects to development, we must rely upon estimated calculations as to the mineral resources and grades of mineralization on our properties.

The estimating of mineral reserves and mineral resources is a subjective process that relies on the judgment of the persons preparing the estimates. The process relies on the quantity and quality of available data and is based on knowledge, mining experience, analysis of drilling results and industry practices. Valid estimates made at a given time may significantly change when new information becomes available. While we believe that the mineral resource estimates included in this Form 10-K for the Upper Kobuk Mineral Projects are well established and reflect management's best estimates, by their nature mineral resource estimates are imprecise and depend, to a certain extent, upon analysis of drilling results and statistical inferences that may ultimately prove to be inaccurate. There can be no assurances that actual results will meet the estimates contained in feasibility studies. As well, further studies are required.

Estimated mineral reserves or mineral resources may have to be recalculated based on changes in metal prices, further exploration or development activity or actual production experience. This could materially and adversely affect estimates of the volume or grade of mineralization, estimated recovery rates or other important factors that influence mineral reserve or mineral resource estimates. The extent to which mineral resources may ultimately be reclassified as mineral reserves is dependent upon the demonstration of their profitable recovery. Any material changes in mineral resource estimates and grades of mineralization will affect the economic viability of placing a property into production and a property's return on capital. We cannot provide assurance that mineralization can be mined or processed profitably.

Our mineral resource estimates have been determined and valued based on assumed future metal prices, cut-off grades and operating costs that may prove to be inaccurate. Extended declines in market prices for copper, zinc, lead, gold and silver may render portions of our mineralization uneconomic and result in reduced reported mineral resources, which in turn could have a material adverse effect on our results of operations or financial condition. We cannot provide assurance that mineral recovery rates achieved in small scale tests will be duplicated in large scale tests under on-site conditions or in production scale.

A reduction in any mineral reserves that may be estimated by us in the future could have an adverse impact on our future cash flows, earnings, results of operations and financial condition. No assurances can be given that any mineral resource estimates for the Upper Kobuk Mineral Projects will ultimately be reclassified as mineral reserves. See "*Cautionary Note to United States Investors.*"

Significant uncertainty exists related to inferred mineral resources.

There is a risk that inferred mineral resources referred to in this Form 10-K cannot be converted into measured or indicated mineral resources as there may be limited ability to assess geological continuity. Due to the uncertainty that may attach to inferred mineral resources, there is no assurance that inferred mineral resources will be upgraded to resources with sufficient geological continuity to constitute proven and probable mineral reserves as a result of continued exploration. See "*Cautionary Note to United States Investors.*"

Mining is inherently risky and subject to conditions or events beyond our control.

The development and operation of a mine is inherently dangerous and involves many risks that even a combination of experience, knowledge and careful evaluation may not be able to overcome, including:

- unusual or unexpected geological formations;
- metallurgical and other processing problems;
- metal losses;

- environmental hazards;
- power outages;
- labour disruptions;
- industrial accidents;
- periodic interruptions due to inclement or hazardous weather conditions;
- flooding, explosions, fire, rockbursts, cave-ins and landslides;
- mechanical equipment and facility performance problems; and
- the availability of materials and equipment.

These risks could result in damage to, or destruction of, mineral properties, production facilities or other properties, personal injury or death, including to our employees, environmental damage, delays in mining, increased production costs, asset write downs, monetary losses and possible legal liability. We may not be able to obtain insurance to cover these risks at economically feasible premiums, or at all. Insurance against certain environmental risks, including potential liability for pollution and other hazards associated with mineral exploration and production, is not generally available to companies within the mining industry. We may suffer a material adverse effect on our business if we incur losses related to any significant events that are not covered by our insurance policies.

General economic conditions may adversely affect our growth, future profitability and ability to finance.

The unprecedented events in global financial markets in the past several years have had a profound impact on the global economy. Many industries, including the copper mining industry, are impacted by these market conditions. Some of the key impacts of the current financial market turmoil include contraction in credit markets resulting in a widening of credit risk, devaluations, high volatility in global equity, commodity, foreign exchange and precious metal markets and a lack of market liquidity. A worsening or slowdown in the financial markets or other economic conditions, including but not limited to, consumer spending, employment rates, business conditions, inflation, fuel and energy costs, consumer debt levels, lack of available credit, the state of the financial markets, interest rates and tax rates, may adversely affect our growth and ability to finance. Specifically:

- the global credit/liquidity crisis could impact the cost and availability of financing and our overall liquidity;
- the volatility of copper and other metal prices would impact our estimates of mineral resources, revenues, profits, losses and cash flow, and the feasibility of our projects;
- negative economic pressures could adversely impact demand for our future production, if any;
- construction related costs could increase and adversely affect the economics of any project in the Ambler district;
- volatile energy, commodity and consumables prices and currency exchange rates would impact our estimated production costs; and
- the devaluation and volatility of global stock markets would impact the valuation of our equity and other securities.

We cannot provide assurance that we will successfully acquire commercially mineable mineral rights.

Exploration for and development of copper properties involves significant financial risks which even a combination of careful evaluation, experience and knowledge may not eliminate. While the discovery of an ore body may result in substantial rewards, few properties which are explored are ultimately developed into producing mines. Major expenses may be required to establish reserves by drilling, constructing mining and processing facilities at a site, developing metallurgical processes and extracting metals from ore. We cannot ensure that our current exploration and development programs will result in profitable commercial mining operations.

The economic feasibility of development projects is based upon many factors, including the accuracy of mineral resource estimates; metallurgical recoveries; capital and operating costs; government regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting and environmental protection; and metal prices, which are highly volatile. Development projects are also

subject to the successful completion of feasibility studies, issuance of necessary governmental permits and availability of adequate financing.

Most exploration projects do not result in the discovery of commercially mineable ore deposits, and no assurance can be given that any anticipated level of recovery of ore reserves, if any, will be realized or that any identified mineral deposit will ever qualify as a commercially mineable (or viable) ore body which can be legally and economically exploited. Estimates of mineral reserves, mineral resources, mineral deposits and production costs can also be affected by such factors as environmental permitting regulations and requirements, weather, environmental factors, unforeseen technical difficulties, the metallurgy of the mineralization forming the mineral deposit, unusual or unexpected geological formations and work interruptions. If current exploration programs do not result in the discovery of commercial ore, we may need to write-off part or all of our investment in our existing exploration stage properties, and may need to acquire additional properties.

Material changes in mineral reserves, if any, grades, stripping ratios or recovery rates may affect the economic viability of any project. Our future growth and productivity will depend, in part, on our ability to develop commercially mineable mineral rights at our existing properties or identify and acquire other commercially mineable mineral rights, and on the costs and results of continued exploration and potential development programs. Mineral exploration is highly speculative in nature and is frequently non-productive. Substantial expenditures are required to:

- establish mineral reserves through drilling and metallurgical and other testing techniques;
- determine metal content and metallurgical recovery processes to extract metal from the ore; and
- construct, renovate or expand mining and processing facilities.

In addition, if we discover ore, it would take several years from the initial phases of exploration until production is possible. During this time, the economic feasibility of production may change. As a result of these uncertainties, there can be no assurance that we will successfully acquire commercially mineable (or viable) mineral rights.

We are subject to significant governmental regulations.

Our exploration activities are subject to extensive federal, state, provincial and local laws and regulations governing various matters, including:

- environmental protection;
- the management and use of toxic substances and explosives;
- the management of natural resources;
- the exploration and development of mineral properties, including reclamation;
- exports;
- price controls;
- taxation and mining royalties;
- management of tailing and other waste generated by operations;
- labour standards and occupational health and safety, including mine safety; and
- historic and cultural preservation.

Failure to comply with applicable laws and regulations may result in civil or criminal fines or penalties or enforcement actions, including orders issued by regulatory or judicial authorities enjoining, curtailing or closing operations or requiring corrective measures, installation of additional equipment or remedial actions, any of which could result in significant expenditures. We may also be required to compensate private parties suffering loss or damage by reason of a breach of such laws, regulations or permitting requirements. It is also possible that future laws and regulations, or more stringent enforcement of current laws and regulations by

governmental authorities, could cause us to incur additional expense or capital expenditure restrictions, suspensions or closing of our activities and delays in the exploration and development of our properties.

We require further permits in order to conduct current and anticipated future operations, and delays in obtaining or failure to obtain such permits, or a failure to comply with the terms of any such permits that we have obtained, would adversely affect our business.

Our current and anticipated future operations, including further exploration, development and commencement of production on our mineral properties, require permits from various governmental authorities. Obtaining or renewing governmental permits is a complex and time-consuming process. The duration and success of efforts to obtain and renew permits are contingent upon many variables not within our control. Due to the preliminary stages of the Upper Kobuk Mineral Projects, it is difficult to assess what specific permitting requirements will ultimately apply.

Shortage of qualified and experienced personnel in the U.S. federal and Alaskan State agencies to coordinate a federally led joint environmental impact statement process could result in delays or inefficiencies. Backlog within the permitting agencies could affect the permitting timeline of the Upper Kobuk Mineral Projects. Other factors that could affect the permitting timeline include (i) the number of other large-scale projects currently in a more advanced stage of development which could slow down the review process for the Upper Kobuk Mineral Projects and (ii) significant public response regarding the Upper Kobuk Mineral Projects.

We cannot provide assurance that all permits that we require for our operations, including any for construction of mining facilities or conduct of mining, will be obtainable or renewable on reasonable terms, or at all. Delays or a failure to obtain such required permits, or the expiry, revocation or failure to comply with the terms of any such permits that we have obtained, would adversely affect our business.

Our activities are subject to environmental laws and regulations that may increase our costs and restrict our operations.

All of our exploration, potential development and production activities are subject to regulation by governmental agencies under various environmental laws. These laws address emissions into the air, discharges into water, management of waste, management of hazardous substances, protection of natural resources, antiquities and endangered species and reclamation of lands disturbed by mining operations. Environmental legislation is evolving and the general trend has been towards stricter standards and enforcement, increased fines and penalties for noncompliance, more stringent environmental assessments of proposed projects and increasing responsibility for companies and their officers, directors and employees. Compliance with environmental laws and regulations may require significant capital outlays on our behalf and may cause material changes or delays in our intended activities. Several regulatory initiatives are currently ongoing within the State of Alaska that have the potential to influence the permitting process for the Upper Kobuk Mineral Projects. These include a revision of the Alaska Mixing Zone Regulations which may be required in order to permit a mixing zone for discharge in Subarctic Creek. Future changes in these laws or regulations could have a significant adverse impact on some portion of our business, requiring us to re-evaluate those activities at that time.

Environmental hazards may exist on our properties that are unknown to us at the present time and that have been caused by previous owners or operators or that may have occurred naturally. We may be liable for remediating such damage.

Failure to comply with applicable environmental laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities, causing operations to cease or to be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions.

Land reclamation requirements for our exploration properties may be burdensome.

Land reclamation requirements are generally imposed on mineral exploration companies (as well as companies with mining operations) in order to minimize long term effects of land disturbance. Reclamation may include requirements to:

- treat ground and surface water to drinking water standards;
- control dispersion of potentially deleterious effluents; and
- reasonably re-establish pre-disturbance land forms and vegetation.

In order to carry out reclamation obligations imposed on us in connection with exploration, potential development and production activities, we must allocate financial resources that might otherwise be spent on further exploration and development programs. In addition, regulatory changes could increase our obligations to perform reclamation and mine closing activities. If we are required to carry out unanticipated reclamation work, our financial position could be adversely affected.

Title and other rights to our properties may be subject to challenge.

We cannot provide assurance that title to our properties will not be challenged. We own mineral claims which constitute our property holdings. We may not have, or may not be able to obtain, all necessary surface rights to develop a property. Title insurance is generally not available for mineral properties and our ability to ensure that we have obtained a secure claim to individual mining properties may be severely constrained. Our mineral properties may be subject to prior unregistered agreements, transfers or claims, and title may be affected by, among other things, undetected defects. We have not conducted surveys of all of the claims in which we hold direct or indirect interests. A successful claim contesting our title to a property will cause us to lose our rights to explore and, if warranted, develop that property or undertake or continue production thereon. This could result in our not being compensated for our prior expenditures relating to the property. In addition, our ability to continue to explore and develop the property may be subject to agreements with other third parties including agreements with native corporations and first nations groups, for instance, the lands at the UKMP Projects are subject to NANA Agreement (as more particularly described under “*History of NovaCopper – Agreement with NANA Regional Corporation*”).

Risks inherent in acquisitions of new properties.

We may actively pursue the acquisition of exploration, development and production assets consistent with our acquisition and growth strategy. From time to time, we may also acquire securities of or other interests in companies with respect to which we may enter into acquisitions or other transactions. Acquisition transactions involve inherent risks, including but not limited to:

- accurately assessing the value, strengths, weaknesses, contingent and other liabilities and potential profitability of acquisition candidates;
- ability to achieve identified and anticipated operating and financial synergies;
- unanticipated costs;
- diversion of management attention from existing business;
- potential loss of our key employees or key employees of any business acquired;
- unanticipated changes in business, industry or general economic conditions that affect the assumptions underlying the acquisition;
- decline in the value of acquired properties, companies or securities;
- assimilating the operations of an acquired business or property in a timely and efficient manner;
- maintaining our financial and strategic focus while integrating the acquired business or property;
- implementing uniform standards, controls, procedures and policies at the acquired business, as appropriate; and
- to the extent that we make an acquisition outside of markets in which it has previously operated, conducting and managing operations in a new operating environment.

Acquiring additional businesses or properties could place increased pressure on our cash flow if such acquisitions involve a cash consideration. The integration of our existing operations with any acquired business will require significant expenditures of time, attention and funds. Achievement of the benefits expected from consolidation would require us to incur significant costs in connection with, among other things, implementing financial and planning systems. We may not be able to integrate the operations of a recently acquired business or restructure our previously existing business operations without encountering difficulties and delays. In addition, this integration may require significant attention from our management team, which may detract attention from our day-to-day operations. Over the short-term, difficulties associated with integration could have a material adverse effect on our business, operating results, financial condition and the price of NovaCopper Shares. In addition, the acquisition of mineral properties may subject us to unforeseen liabilities, including environmental liabilities, which could have a material adverse effect on us. There can be no assurance that any future acquisitions will be successfully integrated into our existing operations.

Any one or more of these factors or other risks could cause us not to realize the anticipated benefits of an acquisition of properties or companies, and could have a material adverse effect on our financial condition.

High metal prices in recent years have encouraged increased mining exploration, development and construction activity, which has increased demand for, and cost of, exploration, development and construction services and equipment.

The relative strength of metal prices in recent years has encouraged increases in mining exploration, development and construction activities around the world, which has resulted in increased demand for, and cost of, exploration, development and construction services and equipment. While recent market conditions have had a moderating effect on the costs of such services and equipment, increases in such costs may continue with the resumption of an upward trend in metal prices. Increased demand for and cost of services and equipment could result in delays if services or equipment cannot be obtained in a timely manner due to inadequate availability, and may cause scheduling difficulties due to the need to coordinate the availability of services or equipment, any of which could materially increase project exploration, development and/or construction costs.

We face industry competition in the acquisition of exploration properties and the recruitment and retention of qualified personnel.

We compete with other exploration and producing companies, many of which are better capitalized, have greater financial resources, operational experience and technical capabilities or are further advanced in their development or are significantly larger and have access to greater mineral reserves, for the acquisition of mineral claims, leases and other mineral interests as well as for the recruitment and retention of qualified employees and other personnel. If we require and are unsuccessful in acquiring additional mineral properties or in recruiting and retaining qualified personnel, we will not be able to grow at the rate we desire, or at all.

We may experience difficulty attracting and retaining qualified management and technical personnel to grow our business.

We are dependent on the services of key executives and other highly skilled and experienced personnel to advance our corporate objectives as well as the identification of new opportunities for growth and funding. Mr. Van Nieuwenhuyse, Ms. Sanders, and Mr. Piekenbrock are currently our only executive officers. It will be necessary for us to recruit additional skilled and experienced executives. Our inability to do so, or the loss of any of these persons or our inability to attract and retain suitable replacements for them, or additional highly skilled employees required for our activities, would have a material adverse effect on our business and financial condition.

Some of our directors and officers have conflicts of interest as a result of their involvement with other natural resource companies.

Certain of our directors and officers also serve as directors or officers, or have significant shareholdings in, other companies involved in natural resource exploration and development or mining-related activities, including, in particular, NovaGold. To the extent that such other companies may participate in ventures in which we may participate in, or in ventures which we may seek to participate in, our directors and officers may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. In all cases where our directors and officers have an interest in other companies, such other companies may also compete with us for the acquisition of mineral property investments. Such conflicts of our directors and officers may result in a material and adverse effect on our profitability, results of operation and financial condition. As a result of these conflicts of interest, we may miss the opportunity to participate in certain transactions, which may have a material adverse effect on our financial position.

In the future we may be subject to legal proceedings.

Due to the nature of our business, we may be subject to numerous regulatory investigations, claims, lawsuits and other proceedings in the ordinary course of our business. The results of these legal proceedings cannot be predicted with certainty due to the uncertainty inherent in litigation, including the effects of discovery of new evidence or advancement of new legal theories, the difficulty of predicting decisions of judges and juries and the possibility that decisions may be reversed on appeal. There can be no assurances that these matters will not have a material adverse effect on our business.

Our largest shareholder has significant influence on us and may also affect the market price and liquidity of the Securities.

Electrum is our single largest shareholder, controlling approximately 26.3% of the outstanding voting securities. Accordingly, Electrum will have significant influence in determining the outcome of any corporate transaction or other matter submitted to the shareholders for approval, including mergers, consolidations and the sale of all or substantially all of our assets and other significant corporate actions. Unless significant participation of other shareholders takes place in such shareholder meetings, Electrum may be able to approve such matters itself. The concentration of ownership of the shares by Electrum may: (i) delay or deter a change of control of the Company; (ii) deprive shareholders of an opportunity to receive a premium for their shares as part of a sale of the Company; and (iii) affect the market price and liquidity of the shares. Without the consent of Electrum, we could be prevented from entering into transactions that are otherwise beneficial to us. The interests of Electrum may differ from or be adverse to the interests of our other shareholders. The effect of these rights and Electrum's influence may impact the price that investors are willing to pay

for securities. If Electrum sells a substantial number of shares in the public market, the market price of the shares could fall. The perception among the public that these sales will occur could also contribute to a decline in the market price of the shares.

Global climate change is an international concern, and could impact our ability to conduct future operations.

Global climate change is an international issue and receives an enormous amount of publicity. We would expect that the imposition of international treaties or U.S. or Canadian federal, state, provincial or local laws or regulations pertaining to mandatory reductions in energy consumption or emissions of greenhouse gasses could affect the feasibility of our mining projects and increase our operating costs.

Adverse publicity from non-governmental organizations could have a material adverse effect on us.

There is an increasing level of public concern relating to the effect of mining production on our surroundings, communities and environment. Non-governmental organizations (“NGOs”), some of which oppose resource development, are often vocal critics of the mining industry. While we seek to operate in a socially responsible manner, adverse publicity generated by such NGOs related to extractive industries, or our operations specifically, could have an adverse effect on our reputation and financial condition or our relationship with the communities in which we operate.

We may fail to achieve and maintain the adequacy of our internal control over financial reporting as per the requirements of the Sarbanes-Oxley Act.

We are required to document and test our internal control procedures in order to satisfy the requirements of Section 404 of SOX. It requires an annual assessment by management of the effectiveness of our internal control over financial reporting and an attestation report by our independent auditors addressing this assessment. We may in the future fail to achieve and maintain the adequacy of our internal control over financial reporting, as such standards are modified, supplemented or amended from time to time, and we may not be able to ensure that we can conclude on an ongoing basis that we have effective internal control over financial reporting in accordance with Section 404 of SOX. Our failure to satisfy the requirements of Section 404 of SOX on an ongoing, timely basis could result in the loss of investor confidence in the reliability of our financial statements, which in turn could harm our business and negatively impact the trading price of our Common Shares. In addition, any failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm our operating results or cause us to fail to meet our reporting obligations. Future acquisitions of companies may provide us with challenges in implementing the required processes, procedures and controls in our acquired operations. Acquired companies may not have disclosure control and procedures or internal control over financial reporting that are as thorough or effective as those required by securities laws currently applicable to us.

Our business is subject to evolving corporate governance and public disclosure regulations that have increased both our compliance costs and the risk of noncompliance, which could have an adverse effect on our stock price.

We are subject to changing rules and regulations promulgated by a number of United States and Canadian governmental and self-regulated organizations, including the SEC, the Canadian Securities Administrators, the NYSE MKT, the TSX, and the Financial Accounting Standards Board. These rules and regulations continue to evolve in scope and complexity and many new requirements have been created in response to laws enacted by the United States Congress, making compliance more difficult and uncertain. Our efforts to comply with new rules and regulations, including those promulgated under Dodd-Frank, have resulted in, and are likely to continue to result in, increased general and administrative expenses and a diversion of management time and attention from revenue-generating activities to compliance activities.

Future sales or issuances of equity securities could decrease the value of any existing Common Shares, dilute investors’ voting power and reduce our earnings per share.

We may sell additional equity securities (including through the sale of securities convertible into common shares) and may issue additional equity securities to finance our operations, exploration, development, acquisitions or other projects. We are authorized to issue an unlimited number of Common Shares. We cannot predict the size of future sales and issuances of equity securities or the effect, if any, that future sales and issuances of equity securities will have on the market price of the common shares. Sales or issuances of a substantial number of equity securities, or the perception that such sales could occur, may adversely affect prevailing market prices for the Common Shares. With any additional sale or issuance of equity securities, investors will suffer dilution of their voting power and may experience dilution in our earnings per share.

Our Common Shares are subject to various factors that have historically made share prices volatile.

The market price of our common shares may be subject to large fluctuations, which may result in losses to investors. The market price of the Common Shares may increase or decrease in response to a number of events and factors, including: our operating performance and the performance of competitors and other similar companies; volatility in metal prices; the arrival or departure of key personnel; the number of Common Shares to be publicly traded after an offering; the public's reaction to our press releases, material change reports, other public announcements and our filings with the various securities regulatory authorities; changes in earnings estimates or recommendations by research analysts who track the Common Shares or the shares of other companies in the resource sector; changes in general economic and/or political conditions; acquisitions, strategic alliances or joint ventures involving us or our competitors; and the factors listed under the heading "*Cautionary Statement Regarding Forward-Looking Information*".

The market price of the Common Shares may be affected by many other variables which are not directly related to our success and are, therefore, not within our control, including other developments that affect the market for all resource sector securities, the breadth of the public market for the Common Shares and the attractiveness of alternative investments.

We do not intend to pay any cash dividends in the foreseeable future.

We have not declared or paid any dividends on our Common Shares. Our current business plan requires that for the foreseeable future, any future earnings be reinvested to finance the growth and development of our business. We do not intend to pay cash dividends on the Common Shares in the foreseeable future. We will not declare or pay any dividends until such time as our cash flow exceeds our capital requirements and will depend upon, among other things, conditions then existing including earnings, financial condition, restrictions in financing arrangements, business opportunities and conditions and other factors, or our Board determines that our shareholders could make better use of the cash.

We may be a "passive foreign investment company" in future periods, which may have adverse U.S. federal income tax consequences for U.S. shareholders.

U.S. investors in the Company should be aware that we believe we were not a passive foreign investment company ("PFIC") for the years ending November 30, 2012 and November 30, 2013 but may be a PFIC in future tax years. If we are a PFIC for any year during a U.S. shareholder's holding period, then such U.S. shareholder generally will be required to treat any gain realized upon a disposition of Common Shares and any so-called "excess distribution" received on its Common Shares as ordinary income, and to pay an interest charge on a portion of such gain or distributions, unless the shareholder makes a timely and effective "qualified electing fund" election ("QEF Election") or a "mark-to-market" election. A U.S. shareholder who makes a QEF Election generally must report on a current basis its share of our net capital gain and ordinary earnings for any year in which we are a PFIC, whether or not we distribute any amounts to its shareholders. A U.S. shareholder who makes the mark-to-market election generally must include as ordinary income each year the excess of the fair market value of the Common Shares over the taxpayer's basis therein. This paragraph is qualified in its entirety by the discussion below the heading "Certain U.S. Federal Income Tax Considerations." Each U.S. shareholder should consult its own tax advisor regarding the PFIC rules and the U.S. federal income tax consequences of the acquisition, ownership, and disposition of Common Shares.

Item 1B. UNRESOLVED STAFF COMMENTS

None.

Item 2. PROPERTIES

The following descriptions summarize selected information about our Upper Kobuk Mineral Projects, which are located in the Ambler mining district of Alaska and include the Arctic Project and the Bornite Project. All of the Upper Kobuk Mineral Projects are without known reserves, as defined under SEC Industry Guide 7, and all proposed programs for the properties are exploratory in nature.

Arctic Project, Ambler District, Alaska

Arctic – Technical Report

Except with respect to the land size disclosure and the disclosure regarding the number of claims (which were both increased subsequent to the effective date of the PEA), and the information under the heading "*Arctic Project – Current Activities*", or as otherwise stated, the scientific and technical information relating to the Arctic Project contained in this Form 10-K is derived from, and in some instances is an extract from, the technical report titled "Preliminary Economic Assessment Report on the Arctic Project, Ambler Mining District Northwest Alaska" dated effective September 12, 2013 prepared by Sabry Abdel Hafez, Ph.D., P.Eng.

Jianhui Huang, Ph.D., P.Eng., Michael F. O'Brien, M.Sc., Pr.Sci.Nat, FGSSA, FAusIMM, FSAIMM, Mike Chin, P.Eng., Graham Wilkins, P.Eng., Hassan Ghaffari, M.Sc., P.Eng., Marvin Silva, Ph.D., P.Eng., Jack DiMarchi, CPG, and H. Wayne Stoyko, P.Eng. of Tetra Tech and EBA, a Tetra Tech Company (and together with Tetra Tech, "Tetra Tech"), all of whom have worked for Tetra Tech, and all of whom are Qualified Persons as defined in NI 43-101. Scott Petsel, P. Geo, an employee to the Company and a Qualified Person as defined in NI 43-101, approved the scientific and technical information under the heading "*Arctic Project – Current Activities*," and the land size disclosure and the disclosure regarding the number of claims for the Ambler lands. The information regarding the Arctic Project is based on assumptions, qualifications and procedures which are not fully described herein. Reference should be made to the full text of the PEA which has been filed with certain Canadian securities regulatory authorities pursuant to NI 43-101 and is available for review on SEDAR at www.sedar.com and on EDGAR at www.sec.gov.

Arctic Project - Overview

The Ambler lands comprises 112,058 acres (45,348 hectares) of State of Alaska mining claims and Federal patented mining claims located in the Ambler mining district of the southern Brooks Range, in the Northwest Arctic Borough of Alaska. The Property is located 270 km east of the town of Kotzebue, 36 km northeast of the village of Kobuk, and 260 km west of the Dalton Highway, an all-weather state maintained highway, within which VMS mineralization can be found.

Exploration on the Arctic Project was intermittent between discovery in 1963 and 1998. From 1998 until 2003, there was no work performed on the Arctic Project. An exploration agreement was signed on March 22, 2004, as amended, between Kennecott Arctic Company and NovaGold under which NovaGold had the ability to earn a 51% interest in the Ambler lands. Since 2004, NovaGold has been performing project level and regional mapping, drilling, geophysics and geochemical surveys.

Under a purchase agreement dated December 18, 2009 between NovaGold, its wholly-owned subsidiary Alaska Gold Company and Kennecott Exploration Company and Kennecott Arctic Company (collectively, "Kennecott") NovaGold agreed to pay Kennecott a total purchase price of \$29 million for a 100% interest in the Ambler lands, to be paid as to: \$5 million by the issuance of 931,098 NovaGold common shares and two instalments of \$12 million in cash each, due 12 months and 24 months, respectively, from the closing date on January 7, 2010. The exploration agreement was then cancelled and Kennecott retained a security interest in the Ambler lands to secure these cash payments. The NovaGold shares were issued in January 2010, the first \$12 million payment was made on January 7, 2011 and the second \$12 million payment was made early on August 5, 2011 and Kennecott released its security interest. Kennecott retained a 1% net smelter royalty that it had subsequently sold to a third party that is purchasable by the Company at any time for a one-time payment of \$10 million.

The Ambler lands host a number of deposits, including the high-grade copper-zinc-lead-gold-silver Arctic deposit, which was the focus of the PEA. The Arctic deposit is currently estimated at 23.8 million tonnes of indicated mineral resources grading 3.26% Cu, 4.45 % Zn, 0.76% Pb, 0.71 g/t Au and 53.2g/t Ag and 3.4 million tonnes of inferred mineral resources grading 3.22% Cu, 3.84% Zn, 0.58% Pb, 0.59g/t Au and 41.5g/t Ag.

The PEA describes the potential technical and economic viability of establishing a conventional open-pit mine, a mill complex and related infrastructure to process massive and semi-massive copper-zinc-lead-silver-gold mineralization from the Arctic Deposit. A minimum 12-year mine life supporting a nominal 10,000 t/d conventional grinding mill-and-flotation circuit is envisaged. The base case scenario assumes long-term metal prices of \$2.90/lb for copper, \$0.85/lb for zinc, \$0.90/lb for lead, \$22.70/oz for silver and \$1,300/oz for gold. The after-tax NPV is \$537.2 million or 17.9% IRR at an 8% discount rate for the Arctic Project on a 100% basis estimated at the beginning of the two-year construction period.

The PEA was prepared on a 100% ownership basis and all amounts are stated in US dollars unless otherwise noted.

The total estimated capital cost for the design, construction, installation and commissioning of the Arctic Project is estimated to be \$717.7 million. The total sustaining capital costs is \$164.4 million for the 12 year life of mine including equipment, tailings and other items. The capital cost estimate has been prepared in accordance with the AACE's International Estimate Classification System, this cost estimate meets or exceeds the specifications for a Class 5 Estimate and has a deemed accuracy of $\pm 35\%$. The estimate has a base date of Q2 2013 and no escalation beyond Q2 2013 was applied to the estimate.

The total LOM average operating cost for the proposed mine is estimated at \$63.93/t milled. The estimate includes mining, processing, tailings management, general and administrative, surface services and public road toll costs. The cost is estimated based on a total LOM mill feed of 35.68 Mt from the open pit mine. The nominal annual process rate is approximately 3,650,000 t/a (LOM average annual process rate is approximately 2,973,435 t/a) or 10,000 t/d (LOM daily average rate is 8,146 t/d) at 365 d/a. The projected total payable metal production is 680,696 tonnes of copper, 826,398 tonnes of zinc, 131,200 tonnes of lead, 30,491,812 ounces of silver and 349,094 ounces of gold. For the purposes of this PEA study, it has been assumed that a toll would be paid based on AIDEA being able to obtain a \$150 million 30-year bond at a 5% interest rate, which would result in the Arctic Project paying approximately \$9.7 million each year for its 12-year mine life. The toll payments are assumed in the PEA to commence when

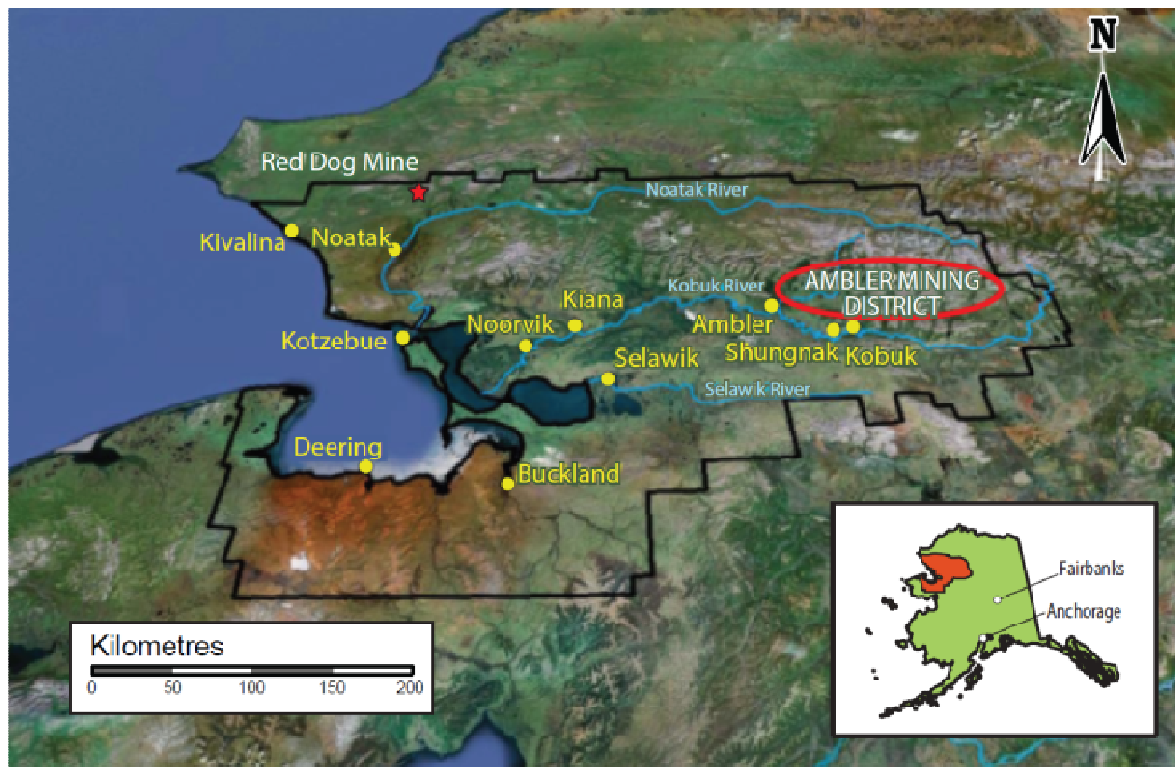
the Arctic Project has reached commercial production. Using base case metal prices of \$2.90/lb copper, \$0.85/lb zinc, \$0.90/lb lead, \$1,300/oz gold and \$22.70/oz silver, project value on a post-tax basis ($NPV_8\%$) is \$537.2 million with an IRR of 17.9%. Full payback of the \$717.7 million in initial capital costs is estimated to occur in year five of operations using base case metal prices. The proposed Arctic mine site is spread over a distance of approximately 6 km within the upper reaches of the Sub-Arctic Creek Valley. Primary access to the property is currently by air, using both fixed wing aircraft and helicopters. No surface access is currently in place. A MOU has been signed with AIDEA for the development of the AMDIAR which would provide access from the Dalton Highway to within 17 km of the Arctic Project.

The proposed development for the Arctic Project consists of the following major infrastructure: roads and an airstrip, mill buildings and related services facilities including maintenance and truck shops, and assay lab, water supply and distribution, waste management, fuel storage, on site explosive storage, power supply, tailings storage facility (“TSF”) and water management, water treatment plant, construction and permanent camp accommodation, waste rock storage facilities, and communication. All buildings and facilities will be constructed with appropriate heating, ventilation and air conditioning and fire protection systems, water distribution and plumbing systems, and dust control systems. A series of mine haul roads will be constructed from the open pit to the primary crusher, and as well as site roads to and from the truck shop, TSF, and to the Arctic Project airstrip.

Arctic Project - Property Description and Location

The Arctic Project is located in the Ambler mining district of the southern Brooks Range, in the Northwest Arctic Borough (“NWAB”) of Alaska. The Arctic Project is located 260 km east of the town of Kotzebue, 30 km north of the village of Kobuk, 260 km west of the Dalton Highway, an all-weather state maintained public road, at geographic coordinates N67.17° latitude and W156.38° longitude (Universal Transverse Mercator (UTM) North American Datum (NAD) 83, Zone 4 coordinates 7453080N, 613110E). The current size of the Ambler lands is approximately 65 km long x 8 km wide and comprises a total of 45,348 ha.

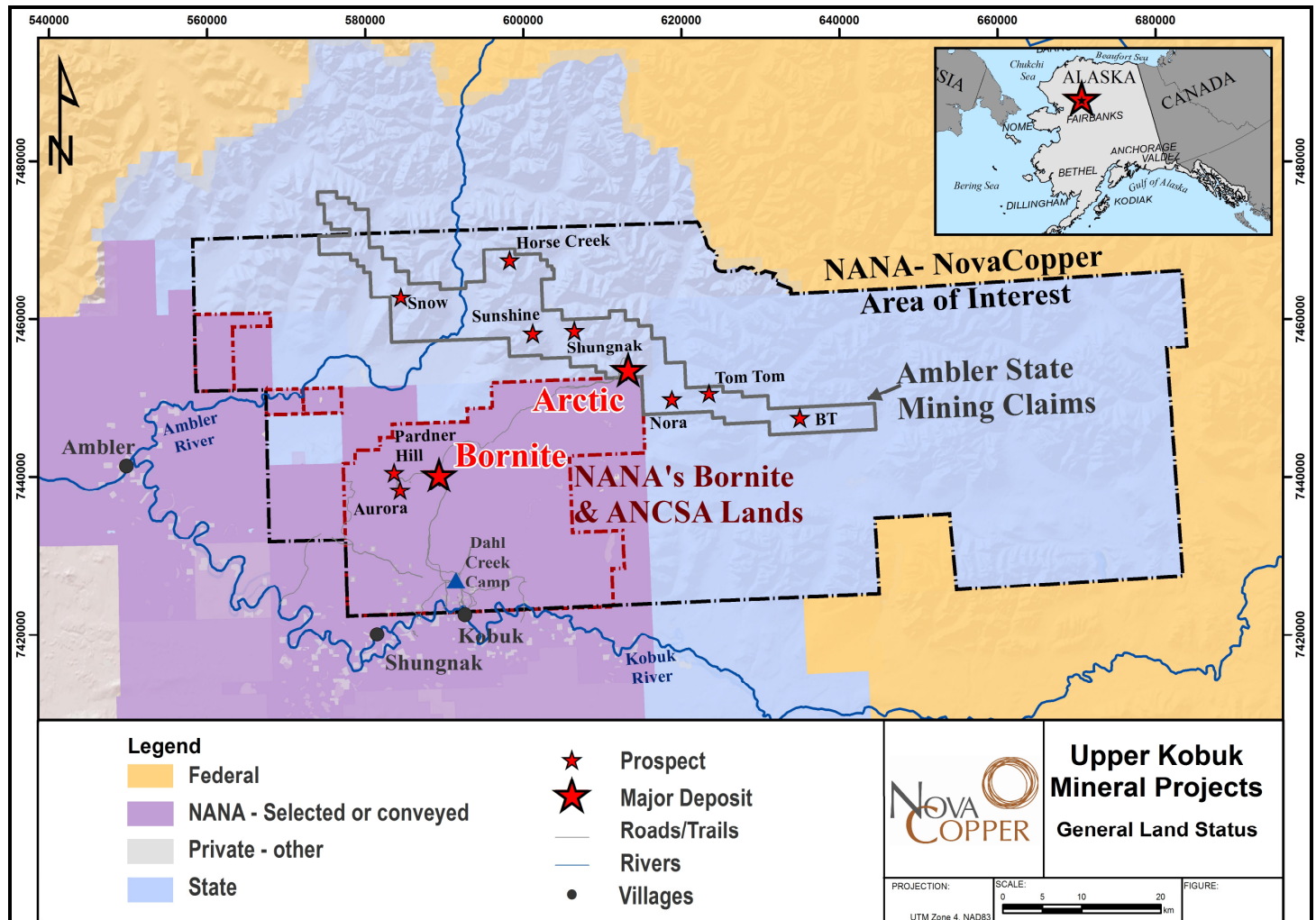
Figure 1: Regional Location Map



The Ambler lands comprise 45,348 ha of State of Alaska mining claims and US Federal patented mining claims in the Kotzebue Recording District. The Ambler land tenure consists of 1,358 contiguous claims, including 875 40-acre State claims, 481 160-acre State claims, and two Federal patented claims comprising 110 ha held in the name of NovaCopper US Inc. The Arctic Project is located near the southern edge of the centre of the claim block. The Federal patented claim corners were located by the US Geological Survey. There is no expiration date or labor requirement on the Federal patented claims. Rent for each State claim is paid annually to the Alaska Department of Natural Resources (“ADNR”). An Annual Labor Statement must be submitted annually to maintain the State claims in good standing.

In 1971, the US Congress passed the ANCSA which settled land and financial claims made by the Alaska Natives and provided for the establishment of 13 regional corporations to administer those claims. These are known as the Alaska Native Regional Corporations. One of these 13 regional corporations is NANA. ANCSA Lands controlled by NANA bound the southern border of the Property claim block. National Park lands are within 25 km of the northern property border.

Figure 2: Upper Kobuk Mineral Projects Lands Prospect Location Map



There are no known environmental liabilities due to previous operators or from our ongoing exploration activities at the Arctic Project. There has been no mine development or production on the Ambler lands.

Multiple permits are required during the exploration phase of the Arctic Project. Permits are issued from Federal, State, and Regional agencies, including: the Environmental Protection Agency (“EPA”), the US Army Corps of Engineers (“USACE”), the Alaska Department of Environmental Conservation (“ADEC”), the Alaska Department of Fish and Game (“ADF&G”), the ADNR, and the NWAB. The State of Alaska permit for exploration on the Arctic Project, the Annual Hardrock Exploration Activity (“AHEA”) Permit, is obtained and renewed every five years through the ADNR – Division of Mining, Land and Water. NovaCopper holds an AHEA exploration permit in good standing with the Alaska DNR. The Arctic Project is within the NWAB thus requiring a Title 9 Miscellaneous Land Use permit for mineral exploration, fuel storage, gravel extraction, and the operation of a landfill. NovaGold held these permits in good standing during the 2004 to 2008 seasons and renewed the permits for the 2010 exploration season to 2015. The Bornite Camp, Bornite Landfill, Dahl Creek Camp, and the to-be-constructed Arctic Camp are permitted by the ADEC.

A number of statutory reports and payments are required to maintain the claims in good standing on an annual basis. As the Arctic Project progresses, additional permits for environmental baseline and detailed engineering studies will be necessary at federal, state, and local levels.

Arctic Project - Accessibility, Climate, Local Resources, Infrastructure and Physiography

Accessibility is one of the most significant challenges of developing the Arctic Project. There is no developed surface access to the Ambler mining district.

Primary access to the Arctic Project is by air, using both fixed wing aircraft and helicopters. There are four well maintained, approximately 1,500 m-long gravel airstrips located near the Arctic Project, capable of accommodating charter fixed wing aircraft. These airstrips are located 66 km west at Ambler, 46 km southwest at Shungnak, 36 km southwest at Kobuk, and 32 km southwest at Dahl Creek. There is daily commercial air service from Kotzebue to the village of Kobuk, the closest community to the Arctic Project. During the summer months, the Dahl Creek Camp airstrip is suitable for larger aircraft, such as C-130 and DC-6. In addition to the four 1,500 m airstrips, there is a 700 m airstrip located at the Bornite Camp, approximately 25 km southwest of the Arctic Deposit, and a 400 m airstrip located approximately 10 km southwest of the Arctic Deposit. The airstrip at Bornite is suited to smaller aircraft, which support the camp with personnel and supplies. A winter trail and a one-lane dirt road suitable for all-terrain vehicles or construction equipment links the Arctic Project's main camp at Bornite to the 400 m Dahl Creek airstrip and camp southwest of the Arctic Deposit.

The climate in the region is typical of a sub-arctic environment. Exploration is generally conducted from late May until late September. Weather conditions on the Ambler lands can vary significantly from year to year and can change suddenly. During the summer exploration season, average maximum temperatures range from 10°C to 20°C, while average lows range from -2°C to 7°C (Alaska Climate Summaries: Kobuk 1971 to 2000). By early October, unpredictable weather limits regular helicopter travel to the Arctic Project. During winter months, the Arctic Project can be accessed by snow machine, track vehicle, or fixed wing aircraft. Winter temperatures are routinely below -25°C and can exceed -50°C. Annual precipitation in the region averages at 395 mm with the most rainfall occurring from June through September, and the most snowfall occurring from November through January.

The Arctic Project is located along the south slope of the Brooks Range, which separates the Arctic region from the interior of Alaska. Nearby surface water includes Subarctic Creek, the Shungnak and Kogoluktuk Rivers, the Kobuk River, and numerous small lakes. The Arctic Project is located at the eastern end of Subarctic Creek, a tributary of the Shungnak River to the west, along a ridge between Subarctic Creek and the Kogoluktuk River Valley. The property area is marked by steep and rugged terrain with high topographic relief. Elevations range from 30 masl along the Kobuk River to 1,180 masl on a peak immediately north of the Arctic Project area. The divide between the Shungnak and Kogoluktuk Rivers in the Ambler Lowlands is approximately 220 masl. The Kobuk Valley is located at the transition between boreal forest and Arctic tundra. Spruce, birch, and poplar are found in portions of the valley, with a ground cover of lichens (reindeer moss). Willow and alder thickets and isolated cottonwoods follow drainages, and alpine tundra is found at higher elevations. Tussock tundra and low, heath-type vegetation covers most of the valley floor. Intermittent permafrost exists on the Arctic Project.

Wildlife in the area include caribou, moose, Dall sheep, bears (grizzly and black), wolves, wolverines, coyotes, and foxes. Fish species include salmon, sheefish, arctic char, and arctic grayling. The Kobuk River, which briefly enters the UKMP lands on its southwest corner, is a significant salmon spawning river. Subarctic Creek, which does not contain anadromous fish, drains into the Shungnak River, which drains into the Kobuk River. The caribou on the property belong to the Western Arctic herd that migrates twice a year – south in August, from their summer range north of the Brooks Range, and north in March from their winter range along the Buckland River.

Currently, the Arctic Project does not have access to Alaska power and transportation infrastructure. Beginning in 2009, the Arctic Project has been the focus of the Ambler Mining District Access Corridor study. The State of Alaska has spent approximately US\$10 M to identify proposed access routes and to initiate environmental baseline studies. The working group for this study consists of the Alaska Department of Transportation, the ADNRR, the Governor's Office, the AIDEA, NANA, and NovaCopper. The proposed Ambler Access Route is a 322 km road running east from the Property to the Dalton Highway.

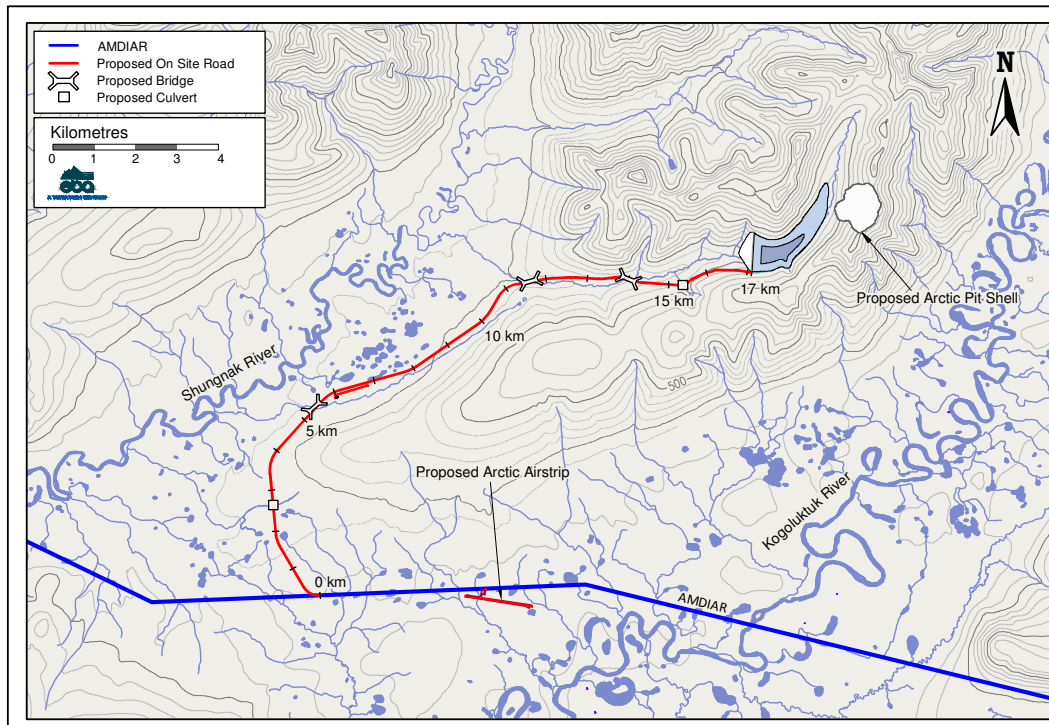
The proposed Arctic Project mine site infrastructure is spread over a distance of approximately 6 km within the upper reaches of the Sub-Arctic Creek Valley. The proposed development for the Arctic Project consists of the following major infrastructure: roads and an airstrip, mill buildings and related services facilities including maintenance and truck shops, and assay lab, water supply and distribution, waste management, fuel storage, on site explosive storage, power supply, TSF and water management, water treatment plant, construction and permanent camp accommodation, waste rock storage facilities, and communication infrastructure.

The proposed mine-site infrastructure has been located to take advantage of local topography, minimize pumping requirements from the mill building to the TSF, minimize environmental impacts to Sub-Arctic Creek, minimize snow avalanche mitigation requirements, and to reduce the haul distance from the pit to the primary crusher and TSF.

The Arctic Deposit proposed access road branches off from the proposed AMDIAR and ends at the Arctic Deposit. Figure 3 shows the overall road location plan showing the relationship of the proposed access road to the proposed Brooks East corridor which

eventually connects to the existing Dalton Highway 320 km from the access road intersection. The proposed access road is 17 km long from the AMDIAR corridor to the Arctic Project site.

Figure 3: Proposed Access to the Arctic Project Site



The proposed location for an airstrip sufficient to support project activities is located in the valley approximately 21 km from the Arctic Project site. Geotechnical data is not available for the site but it is assumed that the facility will require permafrost protection to ensure year round operations. The proposed airstrip will operate as a private aerodrome and prior permission will be required for all aircraft utilizing the site. The gravel airstrip will be approximately 1,524 meters long and capable of landing a Dash 8 – Q400/Hercules C130.

The Arctic Project will require power of 15 MW of peak load for 10,000 t/d operation demand. It is proposed that power will be generated by five self-contained 3.6 MW prime diesel generators. Four units will be in service with the fifth unit reserved for maintenance. Heat will be recovered from the generators and used to heat the mill, camp and related facilities.

Arctic Project - History

During the 1940's and 1950's BCMC, an exploration subsidiary of Kennecott, conducted regional reconnaissance exploration in the Cosmos Hills and the southern Brooks Range. Stream silt sampling in 1963 by BCMC revealed a significant copper anomaly in Arctic Creek roughly 17 km northeast of the previously identified Bornite deposit. The area was subsequently staked and, in 1967, eight core holes were drilled at the Arctic Deposit yielding impressive massive sulphide intercepts over an almost 500-m strike length. BCMC conducted intensive exploration on the property until 1977 and then intermittently through 1998. No drilling or additional exploration was conducted on the Arctic Project between 1998 and 2004.

Arctic Project - Historical Metallurgical Testwork

Metallurgical studies during the Kennecott era included: two initial mineralogical studies undertaken by the Kennecott Research Center ("KRC") to evaluate and identify the potential beneficiation or metallurgical treatment of concentrates of the samples from the deposit and a subsequent 1999 Lakefield Research Ltd. (Lakefield) metallurgical test program to confirm and improve upon the results from the 1970s KRC test work program. In 2012, NovaCopper contracted SGS to conduct an extensive metallurgical program in support of the Arctic PEA, the results of which are described and summarized below under the heading "*Arctic Project – Metallurgical Testing*".

Arctic Project - Historical Geophysics

Prior to 1998, Kennecott conducted a series of geophysical surveys which are poorly documented or are unavailable to NovaCopper. In March 1998, Kennecott initiated an extensive helicopter-supported airborne electromagnetic (“EM”) and magnetic survey covering the entire VMS belt, including the Arctic Deposit. Kennecott identified eight EM anomalies which were deemed to have significant potential for mineralization and followed-up with additional gravity lines and/or Controlled Source Audio-frequency Magneto-Telluric (“CSAMT”) lines during 1998. Kennecott conducted no further geophysical field exploration in the district after 1998.

Arctic Project - Historical Drilling

Between 1967 and July 1985, Kennecott (BCMC) completed 86 holes (including 14 large diameter metallurgical test holes) totalling 16,080 m. In 1998, Kennecott drilled an additional 6 core holes totalling 1,492 m to test for: 1) extensions of the known Arctic resource; 2) grade and thickness continuity at Arctic; and 3) a nearby airborne geophysical anomaly. Drilling for all BCMC/Kennecott campaigns in the Arctic Deposit area (1966 to 1998) totals 92 core holes for a combined 17,572 m.

No drilling was performed on the project between 1999 and 2003. NovaGold took control of the project in 2004.

Arctic Project - Historical Geochemistry

Historic geochemistry for the district, compiled in the 1998 Kennecott database, includes 2,255 soil samples, 922 stream silt samples, 363 rock samples, and 37 panned concentrate samples. Data has been sourced from several companies including Kennecott, Sunshine Mining, Resource Associates of Alaska, and NANA. Sourcing of much of the data had been poorly documented in the database. During 1998, Kennecott renewed its effort in the district, and, as a follow-up to the 1998 EM survey, undertook directed soil and rock chip sampling in and around EM anomalies generated in the geophysical targeting effort. During this period Kennecott collected 962 soils and 107 rocks and for the first time used extensive multi-element inductively coupled plasma (“ICP”) analysis.

Arctic Project - Historical Resource Estimates

A series of historic mineral resources have been estimated for the Arctic Deposit, including Russell (1975), Brown (1985), Randolph (1990), Kennecott (1995). The most widely repeated historic mineral resource number is the updated 1995 Kennecott resource, produced in conjunction with the construction of the digital database for the Arctic Project. No supporting data or discussion of the basis of the resource estimation is presented. Table 1 summarizes the results of the 1995 estimate. This historical estimate is not categorized, and it is not known what the equivalent CIM category would be.

This historical resource estimate predates the development of NI 43-101 reporting guidelines, was not estimated in compliance with NI 43-101 procedures and should not be relied on. See “*Cautionary Note to United States Investors.*”

Table 1: Historical Resource Estimate – 1995

Basis	Tons (Million Tons)	Cu%	Zn%	Pb%	Ag g/ton	Au g/ton
Unknown	36.3	4.0	5.5	0.8	54.9	0.7

Arctic Project - Geologic Setting

Regional Geology

The Ambler district occurs along the southern margin of Brooks Range within an east-west trending zone of Devonian to Jurassic age submarine volcanic and sedimentary rocks (Hitzman et al. 1986). The district covers both: 1) VMS-like deposits and prospects hosted in the Devonian age Ambler Sequence (or Ambler Schist belt), a group of metamorphosed bimodal volcanic rocks with interbedded tuffaceous, graphitic and calcareous volcanoclastic metasediments; and 2) epigenetic carbonate-hosted copper deposits occurring in Devonian age carbonate and phyllitic rocks of the Bornite Carbonate Sequence. The Ambler Sequence occurs in the upper part of the Anirak Schist, the thickest member of the Schist belt or Coldfoot subterrane (Moore et al. 1994). VMS-like stratabound mineralization can be found along the entire 110 km strike length of the district. Immediately south of the Schist belt in the Cosmos Hills, a time equivalent section of the Anirak Schist includes the approximately 1 km thick Bornite Carbonate Sequence. Mineralization of both the VMS-like deposits of the Schist belt and the carbonate-hosted deposits of the Cosmos Hills has been dated at 375 to 387 Ma (Selby et al. 2009; McClelland et al. 2006).

In addition, the Ambler district is characterized by increasing metamorphic grade north perpendicular to the strike of the east-west trending units. The district shows isoclinal folding in the northern portion and thrust faulting to south (Schmidt 1983). The Devonian

to Mississippian age Angayucham basalt and the Triassic to Jurassic age mafic volcanic rocks are in low-angle over thrust contact with various units of the Ambler Schist belt and Bornite Carbonate Sequence along the northern edge of the Ambler Lowlands.

Local/Property Geology

Rocks that form the Ambler Sequence consist of a lithologically diverse sequence of lower Paleozoic Devonian age carbonate and siliciclastic strata with interlayered mafic lava flows and sills and felsic tuffs. The clastic strata, derived from terrigenous continental and volcanic sources, were deposited primarily by mass-gravity flow into the sub-wavebase environment of an extending marginal basin.

Though the Ambler Sequence is exposed over 110 km of strike length, descriptions and comments herein will refer to an area between the Kogoluktuk River on the east and the Shungnak River on the west where we have focused the majority of our exploration efforts over the last decade.

The local base of the Ambler Sequence consists of variably metamorphosed carbonates historically referred to as the Gnurgle Gneiss. We interpret these strata as calc-turbidites, perhaps deposited in a sub-wavebase environment adjacent to a carbonate bank. Calcareous schists overlie the Gnurgle Gneiss and host sporadically distributed mafic sills and pillowed lavas. These fine-grained clastic strata indicate a progressively quieter depositional environment up section, and the presence of pillowed lavas indicates a rifting, basinal environment.

Overlying these basal carbonates and pillowed basalts is a section of predominantly fine-grained carbonaceous siliciclastic rocks which host a significant portion of the mineralization in the district including the Arctic Deposit. This quiescent section indicates further isolation from a terrigenous source terrain.

The section above the Arctic Deposit host stratigraphy contains voluminous reworked silicic volcanic strata with the Button Schist at its base. The Button Schist is a regionally continuous and distinctive albite porphyroblastic unit that serves as an excellent marker above the main mineralized stratigraphy. The paucity of volcanically derived strata below the Arctic Deposit host section and abundance above indicates that the basin and surrounding hinterlands underwent major tectonic reorganization during deposition of the Arctic Deposit section. Greywacke sands that we interpret as channeled high-energy turbidites occur throughout the section but concentrate high in the local stratigraphy.

Several rock units show substantial change in thickness and distribution in the vicinity of the Arctic Deposit that may have resulted from the basin architecture existing at the time of deposition. Between the Arctic Ridge, geographically above the Arctic Deposit, and the Riley Ridge to the west, several significant differences have been documented including: 1) the Gnurgle Gneiss, which is thickest in exposures along the northern extension of Arctic Ridge and appears to thin to the west; 2) mafic lavas and sills which thicken from east to west; they show thick occurrences in upper Subarctic Creek and to the west, but are sparsely distributed to the east; 3) the quartzite section, which within and above the Arctic sulphide horizon does not occur in abundance east of Arctic Ridge; it is thicker and occurs voluminously to the west; 4) the Button Schist which thickens dramatically to the west from exposures on Arctic Ridge; exposures to the east are virtually nonexistent; and 5) Greywacke sands which do not exist east of Subarctic Creek but occur in abundance as massive, channeled accumulations to the west, centered on Riley Ridge.

These data are interpreted by us to define a generally north-northwest-trending depocentre through the central Ambler District. Diamictite occurrences described below in concert with these formational changes suggest that the depocentre had a fault-controlled eastern margin with the basin deepening to the west. This original basin architecture appears to have controlled mineralization of the sulphide systems at Ambler and Shungnak (Dead Creek), concentrating fluid flow along structures on the eastern basin margin.

In addition to the underlying pre-deformational structural framework of the district suggested by the stratigraphic thickening of various facies around the Arctic Deposit, the Ambler Sequence is deformed by two penetrative deformational events that significantly complicate the distribution and spatial arrangement of the local stratigraphy; as described below.

F1 Deformation: the earliest penetrative deformation event is associated with greenschist metamorphism and the development of regional schistosity. True isoclinal folds are developed and fold noses typically are thickened. The most notable F1 fold is the Arctic antiform that defines the upper and lower limbs of the Arctic Deposit. The fold closes along a north-northeast- trending fold axis roughly mimicking the trace of Subarctic Creek and opening to the east. Importantly, the overturned lower limb implies that the permissive stratigraphy should be repeated on a lower synformal isocline beneath the currently explored limbs and would connect with the permissive mineralized stratigraphy to the northwest at Shungnak (Dead Creek).

F2 Deformation: the earlier F1 schistosity is in turn deformed by the F2 deformational event that resulted in the local development of an axial planar cleavage. The deformational event is well defined throughout the Schist belt and results in a series of south verging open to moderately overturned folds that define a series of east-west trending folds of similar vergence across the entire Schist belt

stratigraphies. This event is likely temporarily related to the emplacement of the Devonian Angayucham volcanics, the obducted Jurassic ophiolites and Cretaceous sediments over the Schist belt stratigraphies. In addition to the earlier penetrative deformation events, a series of poorly defined non-penetrative deformation events, likely as a consequence of Cretaceous extension, are seen as a series of warps or arches across the district. The interplay between the complex local stratigraphy, the isoclinal F1 event, the overturned south verging F2 event and the series of post-penetrative deformational events makes district geological interpretation often extremely difficult at a local scale.

Recent work by us defines the Arctic Deposit as two or more discrete horizons of sulphide mineralization contained in a complexly deformed isoclinal fold with an upright upper limb and an overturned lower limb hosting the main mineral resources. Nearby drilling suggests a third limb, an upright lower limb, likely occurs beneath the currently explored stratigraphy.

Mineralization occurs as stratiform semi-massive sulphide (“SMS”) to massive sulphide (“MS”) beds within primarily graphitic chlorite schists and fine-grained quartz sandstones. The sulphide beds average four meters in thickness but vary from less than one meter up to as much as eighteen meters in thickness. The bulk of the mineralization is within six modelled zones lying along the upper and lower limbs of the Arctic isoclinal anticline. All of the zones are within an area of roughly 1 km² with mineralization extending to a depth of approximately 250 m below the surface. Mineralization characteristically varies from MS to SMS. Unlike more typical VMS deposits, mineralization is not characterized by steep metal zonation or massive pyritic zones. Mineralization is dominantly sheet-like zones of base metal sulphides with variable pyrite and only minor zonation usually on an extremely small scale. No stockworks or stringer zones in association with the mineralization have been observed. More importantly, the mineralization in general exhibits characteristics and textures common to replacement-style mineralization. Mineralization is predominately coarse-grained sulphides consisting mainly of chalcopyrite, sphalerite, galena, tetrahedrite, arsenopyrite, pyrite and pyrrhotite. Trace amounts of electrum and enargite are also present. Gangue minerals associated with the mineralized horizons include quartz, barite, white mica, black chlorite, talc, calcite, dolomite and cymrite.

Talc and magnesium chlorite are the dominant alteration products associated with the sulphide-bearing horizons. Talc alteration grades downward and outward to mixed talc-magnesium chlorite with minor phlogopite, into zones of dominantly magnesium chlorite, then into mixed magnesium chlorite-phengite with outer phengite-albite zones of alteration. Thickness of alteration zones vary with stratigraphic interpretation, but tens of meters for the outer zones is likely, as seen in phengite-albite exposures on the east side of Arctic Ridge. Stratigraphically above the sulphide-bearing horizons significant muscovite as paragonite is developed and results in a marked shift in sodium/magnesium ratios across the sulphide bearing horizons. Of particular note are the barium (“Ba”) species including barite, cymrite (a high-pressure Ba phyllosilicate), and Ba-bearing muscovite, phlogopite and biotite. These species associated with both alteration and mineralization has also been strongly remobilized during metamorphism (Schmandt 2009).

Historic interpretation of the genesis of the Ambler Schist belt deposits have called for a syngenetic VMS origin with steep thermal gradients in and around seafloor hydrothermal vents resulting in metal deposition due to the rapid cooling of chloride bound base metals. A variety of VMS types have been well documented in the literature (Franklin et al. 2005) with the Ambler Schist belt deposits most similar to deposits associated with a bimodal mafic dominant volcanism related to incipient rifting. The majority of field observations broadly support such a scenario at the Arctic Deposit and include: 1) the tectonic setting with Devonian volcanism in an evolving continental rift; 2) the geologic setting with bimodal volcanics including pillow basalts and limited felsic volcanic tuffs; 3) an alteration assemblage with well-defined magnesium-rich footwall alteration and sodium-rich hanging wall alteration; and 4) typical polymetallic base-metal mineralization with massive and semi-massive sulphides. Although the majority of field observations support a VMS genesis to the deposits of the Schist belt, a series of other observations and characteristics suggest a more direct genetic link with that of the carbonate-hosted Bornite Deposit in the Devonian Bornite Carbonate Sequence. Both deposit types have been dated at 375 to 387 Ma suggesting a clear temporal link.

The principal lithologic units captured in logging and mapping by us, in broad chronological order from oldest to youngest are as follows: greenstone, chlorite schist, talc schist, grey to black schists, metarhyolites, most notably the so-called button schist which serves as an important stratigraphic marker, quartz muscovite schists, diamictites and greywackes

Arctic Project - Exploration

NovaGold began exploration of the Arctic Deposit and surrounding lands of the Schist belt in 2004 after optioning the property from Kennecott. Previous exploration on the Arctic Project during Kennecott’s tenure is summarized in “*Arctic Project – History*”. Field exploration was largely conducted during the period between 2004 to 2007 with associated engineering and characterization studies between 2008 and the present. Table 2 summarizes the exploration work conducted by NovaGold and us during our tenure from 2004 to the present.

Table 2: Summary of NovaCopper/NovaGold Exploration Activities Targeting VMS-style Mineralization in the Ambler Sequence Stratigraphy and the Arctic Deposit

Work Completed	Year	Details	Focus
Geological Mapping			
-	2004	-	Arctic Deposit surface geology
-	2005	-	Ambler Sequence west of the Arctic Deposit
-	2006	-	COU, Dead Creek, Sunshine, Red
Geophysical Surveys			
SWIR Spectrometry	2004	2004 drill holes	Alteration characterization
TDEM	2005	2 loops	Follow-up of Kennecott DIGHEM EM survey
	2006	13 loops	District targets
	2007	6 loops	Arctic extensions
Downhole EM	2007	4 drill holes	Arctic Deposit
Geochemistry			
-	2005	-	Stream silts – core area prospects
-	2006	-	Soils – core area prospects
-		-	Stream silts – core area prospects
-	2007	-	Soils – Arctic Deposit area
Survey			
Collar	2004 to 2011	GPS	All 2004 to 2011 NovaCopper drill holes
	2004, 2008	Resurveys	Historical Kennecott drill holes
Photography/Topography	2010	-	Photography/topography
Technical Studies			
Geotechnical	2010	BGC	Preliminary geotechnical and hazards
ML/ARD	2011	SRK	Preliminary ML and ARD
Metallurgy	2012	SGS	Preliminary mineralogy and metallurgy
Geotechnical and Hydrology	2012	BGC	Preliminary rock mechanics and hydrology
Project Evaluation			
Resource Estimation	2008	SRK	Resource estimation
PEA	2011	SRK	PEA
	2012	SRK	PEA update

Note: SWIR = short wave infrared; ML = metal leaching; BGC = BGC Engineering Inc.; SRK = SRK Consulting

The results of the above exploration programs have been incorporated into the PEA results. For further details, refer to the PEA.

Arctic Project - Mineralization

In 2013, we updated the mineralization models, representing massive and semi-massive VMS-style mineralization. Geometrically, the mineralization is confined to six lenticular mineralized zones concentrated along an isoclinal fold hinge. Five of the six SMS zones contain a core of MS material. For more details regarding length, width, depth and continuity together with a description of the type, character and distribution of the mineralization see “*Local/Property Geology*” above.

Arctic Project - Drilling

Drilling at the Arctic Deposit has been ongoing since its initial discovery in 1965. Approximately 31,907 m of drilling in 135 drill holes have been completed at the deposit or on potential extensions in 23 campaigns spanning 45 years. All of the drill campaigns have been run under the auspices of either: 1) Kennecott and its subsidiaries, or 2) NovaGold, our predecessor company.

We and our predecessor company NovaGold, have drilled 17,983 m in 59 different drill holes targeting the Arctic Deposit and several other prospects of the Ambler Schist belt. Table 3 summarizes all of the NovaCopper/NovaGold tenure drilling on the Property.

Table 3: Summary of NovaCopper/NovaGold Drilling

Year	Meters	No. of Drill Holes	Sequence	Purpose of Drilling
2004	2,996	11	AR04-78 to 88	Deposit scoping and verification
2005	3,030	9	AR05-89 to 97	Extensions to the Arctic Deposit
2006 ^{***}	3,100	12	AR06-98 to 109	Property-wide exploration drilling
2007	2,606	4	AR07-110 to 113	Deep extensions of the Arctic Deposit
2008 [*]	3,306	14	AR08-114 to 126	Grade continuity and metallurgy
2011 ^{**}	1,193	5	AR11-127 to 131	Geotechnical studies
2012 ^{***}	1,752	4	SC12-014 to 017	Exploration drilling – Sunshine

Notes: ^{*} A total of 12 of the 14 holes drilled in 2008 were utilized in the 2012 SRK resource update. Two holes were maintained in sealed frozen storage to provide additional metallurgical samples if required.

^{**} Geotechnical holes drilled in 2011 are not included in the current resource estimation contained herein.

^{***} Drilling in 2006 and 2012 targeted exploration targets elsewhere in the VMS belt.

Over the Arctic Project's history, a relatively limited number of drill companies have been used by Kennecott and NovaCopper/NovaGold at the Arctic Deposit. During Kennecott's tenure on the Property, Sprague and Henwood, a Pennsylvania-based drilling company was the principal contractor. Sprague and Henwood utilized company manufactured drill rigs during their tenure on the Property. Many of their rigs remain at the Bornite Deposit and constitute a historical inventory of 1950s and 1960s exploration artifacts. Tonto Drilling provided services to Kennecott during Kennecott's short return to the district in the late 1990s. NovaGold and we have utilized Boart Longyear as our only contractor. The 2004 to 2012 NovaCopper/NovaGold drill programs used a single skid-mounted LF-70 core rig, drilling HQ or NQ core. Wireframes were updated in 2013 to incorporate interpretation of all drill results to date and have been included in the resource estimate.

Arctic Project - Sampling Methodology and Analysis

The data for the Arctic Deposit resource was generated over three primary drilling campaigns: 1966 to 1986 when BCMC, a subsidiary of Kennecott Copper Corporation was the primary operator, 1998 when Kennecott Minerals resumed work after a long hiatus, and 2004 to present with NovaGold and now us as the operators.

Sampling of drill core prior to 1998 by BCMC focused primarily on the mineralized zones; numerous intervals of weak to moderate mineralization were not sampled during this period. During the 1998 campaign, Kennecott did sample some broad zones of alteration and weak mineralization, but much of the unaltered and unmineralized drill core was left unsampled. Little documentation on historic sampling procedures is available.

Between 2004 and 2006, NovaGold conducted a systematic drill core re-logging and re-sampling campaign of Kennecott and BCMC era drill holes AR-09 to AR-74. NovaGold either took 1 to 2 m samples every 10 m, or sampled entire lengths of previously unsampled core within a minimum of 1 m and a maximum of 3 m intervals. The objective of the sampling was to generate a full ICP geochemistry dataset for the Arctic Deposit and ensure continuous sampling throughout the deposit. Sample preparation procedures for NovaGold era work are described below.

All drill core was transported by helicopter in secure core "baskets" to either the Dahl Creek camp or the Bornite camp for logging and sampling. Sample intervals were determined by the geologist during the geological logging process. Sample intervals were labelled with white paper tags and butter (aluminum) tags which were stapled to the core box. Each tag had a unique number which corresponded to that sample interval. Sample intervals were determined by the geological relationships observed in the core and limited to a three meter maximum length and one meter minimum length. An attempt was made to terminate sample intervals at lithological and mineralization boundaries. Sampling was generally continuous from the top to the bottom of the drill hole. When the hole was in unmineralized rock, the sample length was generally three meters, whereas in mineralized units, the sample length was shortened to one to two meters. Geological and geotechnical parameters were recorded based on defined sample intervals and/or drill run intervals (defined by the placement of a wooden block at the end of a core run). Logged parameters were reviewed annually and slight modifications have been made between campaigns, but generally include rock type, mineral abundance, major structures, specific gravity ("SG"), point load testing, recovery and rock quality designation measurements. Drill logs were converted to a digital format and forwarded to the Database Manager, who imported them into the master database. Core was photographed and then brought into the saw shack where it was split in half by the rock saw, divided into sample intervals, and bagged by the core cutters. Not all drill core was oriented; however, core that had been oriented was identified to samplers by a line drawn down the core stick. If core was not competent, it was split by using a spoon to transfer half of the core into the sample bag. Once the core was sawed, half was sent to ALS Chemex Laboratories ("ALS Chemex") in Vancouver for analysis and the other half was initially stored at the Dahl

Creek camp but has been consolidated at the storage facility at the Bornite camp facilities or at our warehouse in Fairbanks. Shipment of core samples from the Dahl Creek camp occurred on a drill hole by drill hole basis. Rice bags, containing two to four poly-bagged core samples each, were marked and labelled with the ALS Chemex address, project and hole number, bag number, and sample numbers enclosed. Rice bags were secured with a pre-numbered plastic security tie and a twist wire tie and then assembled into sling loads for transport by chartered flights on a commercial airline to Fairbanks, where they were met by a contracted expeditor for deliver directly to the ALS Minerals preparation facility in Fairbanks. In addition to the core, control samples were inserted into the shipments at the approximate rate of one standard, one blank and one duplicate per 20 core samples:

- Standards: four standards were used at the Arctic Deposit. The core cutter inserted a sachet of the appropriate standard, as well as the sample tag, into the sample bag.
- Blanks: were composed of an unmineralized landscape aggregate. The core cutter inserted about 150 g of blank, as well as the sample tag, into the sample bag.
- Duplicates: the assay laboratory split the sample and ran both splits. The core cutter inserted a sample tag into an empty sample bag.

Samples were logged into a tracking system on arrival at ALS Chemex, and weighed. Samples were then crushed, dried, and a 250 g split pulverized to greater than 85% passing 75 µm.

Gold assays were determined using fire analysis followed by an atomic absorption spectroscopy finish. The lower detection limit was 0.005 ppm gold; the upper limit was 1,000 ppm gold. An additional 34-element suite was assayed by inductively coupled plasma-atomic emission spectroscopy (“ICP-AES”) methodology, following nitric acid aqua regia digestion. The copper analyses were completed by atomic absorption (“AA”), following a triple acid digest.

The accreditations of Primary and Secondary assay laboratories used during the 1966 – 1986 campaigns are not known. ALS Analytical Lab (Fairbanks, Alaska) was the Primary assay lab between 1998 – present. ALS Chemex has attained International Organization for Standardization (ISO) 9001:2000 registration. In addition, the ALS Chemex laboratory in Vancouver is accredited to ISO 17025 by Standards Council of Canada for a number of specific test procedures including fire assay of gold by AA, ICP and gravimetric finish, multi-element ICP and AA assays for silver, copper, lead and zinc.

During 2013, we conducted a 26% audit of the NovaGold era assay database fields: sample interval, Au, Ag, Cu, Zn, and Pb. This audit is documented in a series of memos (Brown 2011; West 2013). Our staff did not identify and/or correct any transcription and/or coding errors in the database prior to resource estimation. We also retained independent consultant Caroline Vallat, P.Geo. of GeoSpark Consulting Inc. to: 1) re-load 100% of the historical assay certificates, 2) conduct a QA/QC review of paired historical assays and NovaGold era re-assays; 3) monitor an independent check assay program for the 2004 to 2008 and 2011 drill campaigns; and 4) generate QA/QC reports for the 2004 to 2008 and 2011 drill campaigns.

Arctic – Security of Samples

Security measures taken during historical Kennecott and BCMC programs are unknown to NovaGold or us. We are not aware of any reason to suspect that any of these samples have been tampered with. The 2004 to 2011 samples were either in the custody of NovaGold personnel, contractors or the assay laboratories at all times as discussed above, and the chain of custody of the samples is well documented.

Arctic Project - Mineral Resource Estimate

The mineral resource estimate was prepared by completed by Mike O’Brien, Pr.SciNat (SACNASP#400295/87) of Tetra Tech with an effective date of the resource estimate as July 30, 2013.

The mineral resource model prepared by Tetra Tech considers diamond drill holes drilled by different operators during the period 1965 to 2011. The majority of the assaying has been completed in recent years by us and our previous parent company NovaGold. The mineral resource for the Arctic Project is supported by 43 core holes (approximately 13,500 m) drilled by NovaGold and 92 core holes (approximately 17,600 m) drilled by previous owners Kennecott, and/or a Kennecott subsidiary. The geological and assay database used to estimate the Arctic Project mineral resources have been reviewed and audited by Tetra Tech.

Leapfrog™ software (version 2.5.1) was used to review and verify the resource estimation domains, prior to being imported into Isatis™ software (version 2012.1) to prepare assay data for geostatistical analysis, variography, block model construction, metal grade estimation and mineral resource tabulation. Mineral Resources were estimated into five MS and six SMS lenses, and then combined for an overall grade for the mineralized portion of the 10 m by 10 m by 5 m block. Extreme lead and gold assays were capped prior to compositing. Ordinary kriging and inverse distance squared estimates were run, with ordinary kriging used for resource reporting and inverse distance squared used for validation. Search parameters were constrained within each mineralized domain and required

an optimum number of 15 composites, minimum number of 5 composites, minimum number of 2 drill holes, and maximum search distance range of 200 m. In general, blocks categorized as Indicated were supported by at least two drill holes within a 75 m search radii, and blocks categorized as Inferred were supported by at least 2 drill holes within a 150 m search radii. Estimated resources for the Arctic Deposit are reported in the following Table 4 and Table 5.

The Arctic Project has no known reserves.

The PEA is preliminary in nature and includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves. There is no certainty that the estimates contained in the PEA will ever be realized. Mineral resources that are not mineral reserves do not have demonstrated economic viability.

Table 4 Indicated Resource Estimate for the Arctic Project (NSR Cut-off of \$35/t)

Cautionary Note to United States Investors concerning estimates of Indicated Resources. This section uses the term “indicated resources”. We advise United States investors that these terms are not recognized by the SEC. United States investors are cautioned not to assume that estimates of indicated mineral resources are economically minable, or will be upgraded into measured mineral resources. See “Risk Factors” and “Cautionary Note to United States Investors.”

Category	Mt	Cu (%)	Zn (%)	Pb (%)	Au (g/t)	Ag (g/t)	Cu (Mlb)	Zn (Mlb)	Pb (Mlb)	Au (Moz)	Ag (Moz)
Indicated	23.848	3.26	4.45	0.76	0.71	53.2	1,713	2,338	400.9	0.55	40.8

- Notes:
1. These resource estimates have been prepared in accordance with NI 43-101 and the Canadian Institute of Mining, Metallurgy and Petroleum (CIM) Definition Standards. Mineral resources that are not mineral reserves do not have demonstrated economic viability.
 2. Mineral Resources are reported within mineralization wireframes, contained within an Indicated pit design using an assumed copper price of \$2.90/lb, zinc price of \$0.85/lb, lead price of \$0.90/lb, silver price of \$22.70/oz, and gold price of \$1,300/oz.
 3. Appropriate mining costs, processing costs, metal recoveries and inter ramp pit slope angles were used to generate the pit design.
 4. The \$35.01/t milled cut-off is calculated based on a process operating cost of \$19.03/t, G&A of \$7.22/t and site services of \$8.76/t. NSR equals payable metal values, based on the metal prices outlined in Note 2 above, less applicable treatment, smelting, refining costs, penalties, concentrate transportation costs, insurance and losses and royalties.
 5. The LOM strip ratio is 8.39.
 6. Rounding as required by reporting guidelines may result in apparent summation differences between tonnes, grade and contained metal content.
 7. Tonnage and grade measurements are in metric units. Contained copper, zinc and lead pounds are reported as imperial pounds, contained silver and gold ounces as troy ounces.

Table 5 Inferred Resource Estimate for the Arctic Project (NSR Cut-off of \$35/t)

Cautionary Note to United States Investors concerning estimates of Inferred Resources. This section uses the term “inferred resources”. We advise United States investors that these terms are not recognized by the SEC. The estimation of inferred resources involves far greater uncertainty as to their existence and economic viability than the estimation of other categories of resources. United States investors are cautioned not to assume that estimates of inferred mineral resources exist, are economically minable, or will be upgraded into measured or indicated mineral resources. See “Risk Factors” and “Cautionary Note to United States Investors.”

Category	Mt	Cu (%)	Zn (%)	Pb (%)	Au (g/t)	Ag (g/t)	Cu (Mlb)	Zn (Mlb)	Pb (Mlb)	Au (Moz)	Ag (Moz)
Inferred	3.363	3.22	3.84	0.58	0.59	41.5	239	285	43.2	0.06	4.5

- Notes:
1. These resource estimates have been prepared in accordance with NI 43-101 and the Canadian Institute of Mining, Metallurgy and Petroleum (CIM) Definition Standards. Mineral resources that are not mineral reserves do not have demonstrated economic viability. Inferred resources have a great amount of uncertainty as to their existence and whether they can be mined legally or economically. It cannot be assumed that all or any part of the Inferred resources will ever be upgraded to a higher category.
 2. Mineral Resources are reported within mineralization wireframes, contained within an Inferred pit design using an assumed copper price of \$2.90/lb, zinc price of \$0.85/lb, lead price of \$0.90/lb, silver price of \$22.70/oz, and gold price of \$1,300/oz.

3. Appropriate mining costs, processing costs, metal recoveries and inter ramp pit slope angles were used to generate the pit design.
4. The \$35.01/t milled cut-off is calculated based on a process operating cost of \$19.03/t, G&A of \$7.22/t and site services of \$8.76/t. NSR equals payable metal values, based on the metal prices outlined in Note 2 above, less applicable treatment, smelting, refining costs, penalties, concentrate transportation costs, insurance and losses and royalties.
5. The LOM strip ratio is 8.39.
6. Rounding as required by reporting guidelines may result in apparent summation differences between tonnes, grade and contained metal content.
7. Tonnage and grade measurements are in metric units. Contained copper, zinc and lead pounds are reported as imperial pounds, contained silver and gold ounces as troy ounces.

Arctic Project – Mining Operations

The Arctic Project is not currently in production; for contemplated exploration or development activities see below.

Arctic Project – Exploration and Development

As noted in the summary *Arctic Project - Overview* above, we engaged Tetra Tech to prepare a PEA for the Arctic Project. The following summary describes the main results and assumptions of the PEA not previously discussed above.

The PEA is based on a conventional truck-and-shovel, open-pit mine design at a single pit. The mining schedule was developed based on a maximum mill capacity of 10,000 t/d. The Arctic Project's total mine life is 13 years, including 1 year of pre-stripping followed by 12 years of production. The pit uses four pushbacks and a minimum mining width of 40 m. Over the 13-year life, the pit is producing 35.7 Mt of mineralized material and 299.4 Mt of waste rock. The LOM stripping ratio is 8.39 and the stripping ratio excluding the pre-stripping waste rock is 7.94. The mining schedule does not currently consider a low-grade stockpiling option but this can be assessed in more detail in future studies.

Mineral Processing and Metallurgical Testing

Since 1970, metallurgical test work has been conducted to determine the flotation response of various samples extracted from the Arctic Deposit. In general, the samples tested produced similar metallurgical performances. In 2012, SGS Mineral Services ("SGS") conducted a metallurgical test program to further study metallurgical responses of the samples produced from Zones 1, 2, 3, and 5 of the Arctic Deposit. The flotation test procedures used talc pre-flotation, conventional copper-lead bulk flotation and zinc flotation, followed by copper and lead separation. In general, the 2012 test results indicated that the samples responded well to the flowsheet tested. Below is a summary of average results of the locked cycle tests (without copper and lead separation).

- The copper recoveries to the bulk copper-lead concentrates ranged from 89 to 93% excluding the Zone 1 & 2 composite which produced a copper recovery of approximately 84%; the copper grades of the bulk concentrates were 24 to 28%.
- Approximately 92 to 94% of the lead was recovered to the bulk copper-lead concentrates containing 9 to 13% lead.
- The zinc recovery was 84.2% from Composite Zone 1 & 2, 93.0% from Composite Zone 3 and 90.5% from Composite Zone 5. On average, the zinc grades of the concentrates produced were higher than 55%, excluding the concentrate generated from Composite Zone 1 & 2, which contained only 44.5% zinc.
- Gold and silver were predominantly recovered into the bulk copper-lead concentrates. Gold recoveries to this concentrate ranged from 65 to 80%, and silver recoveries ranged from 80 to 86%.

Using an open circuit procedure, the copper and lead separation tests on the bulk copper-lead concentrate produced from the locked cycle tests generated reasonable copper and lead separation. The copper concentrates produced contained approximately 28 to 31% copper, while the grades of the lead concentrates were in the range of 41% to 67% lead. Also, it appears that most of the gold reported to the copper concentrate and on average the silver was equally recovered into the copper and lead concentrates.

The 2012 grindability test results showed that the Bond ball millwork index tests ranged from 6.5 to 11 kWh/t and abrasion index tests fluctuated from 0.017 to 0.072 g for the mineralized samples. The data indicates that the samples are neither resistant nor abrasive to ball mill grinding. The materials are considered to be soft or very soft in terms of grinding requirements.

Recovery Methods

A 10,000 t/d process plant has been designed to process the massive and semi-massive sulphide mineralization of the Arctic Property. The main economic elements found in the deposit are copper, zinc, lead, and associated gold and silver. The process plant will operate two twelve hour shifts per day, 365 days per year with an overall plant availability of 92%. The process plant will produce three concentrates: 1) copper concentrate, 2) zinc concentrate, and 3) lead concentrate. Gold and silver are expected to be payable at a smelter and are recovered in both the copper and lead concentrates. The process plant feed will be supplied from the Arctic open pit mine.

The mill feed will be hauled from the open pit to a primary crushing facility where the material will be crushed by a jaw crusher to a particle size of 80% passing 125 mm.

The crushed material will be ground by two stages of grinding, consisting of one SAG mill and one ball mill in closed circuit with hydrocyclones (SAB circuit). The hydrocyclone overflow with a grind size of approximately 80% passing 70 μm will first undergo pre-talc flotation, and then be processed by conventional bulk flotation (to recover copper, lead, and associated gold and silver), followed by zinc flotation. The rougher bulk concentrate will be cleaned and followed by copper and lead separation to produce a lead concentrate and a copper concentrate. The final tailings from the zinc flotation circuit will be pumped to the TSF. Copper, lead, and zinc concentrates will be thickened and pressure-filtered before being transported by truck to a port and shipped to smelters.

The LOM average mill feed is expected to contain 2.28% copper, 0.53% lead, 3.13% zinc, 0.5 g/t gold, and 37 g/t silver. According to the mine plan developed for the PEA study and metallurgical test results, the LOM average metal recoveries and concentrate grades are projected below:

- copper concentrate recovery: 87.1% copper; 57.9% gold; 40.2% silver; copper grade: 29%
- lead concentrate recovery: 74.0% lead; 6.8% gold; 40.2% silver; lead grade: 50%
- zinc concentrate recovery: 86.8% zinc; zinc grade: 56%.

Tailings and Storage Facility

The co-disposal TSF will be a fully lined facility consisting of rockfill embankment constructed across the Sub-Arctic Creek drainage, creating an impoundment that will extend up the drainage. The rockfill embankment will be constructed to an ultimate crest elevation of 655 mamsl with the embankment being raised in stages to minimize the initial capital construction cost. During operations, potential acid generating (PAG) waste rock will be placed at the bottom and sides of the basin forming layers with consecutive disposal on tailings that will be filling the voids. The tailings has the potential to generate acid and, therefore, the tailings and the PAG waste rock will be placed under water and remain permanently submerged in order to reduce the potential for acid generation. Additional studies will be required to determine the most suitable method of co-disposal and potential requirements for acid rock drainage (ARD) management and mitigation programs will need to be part of the design of the TSF.

The TSF will be required to contain 110.5 Mm^3 total over the 12-year LOM, with 23.8 Mm^3 to accommodate the tailings at an assumed stored dry density of 1.5 t/m^3 and 86.7 Mm^3 of PAG waste rock at an assumed stored dry density of 1.9 t/m^3 . The TSF will be sited as a staged rockfill embankment with an upstream geomembrane liner. The starter embankment will have a crest elevation of 560 m and impound 1 year of mining production, which is approximately 670,000 m^3 of tailings and 12.3 Mm^3 of waste rock.

Arctic Project - Environmental Considerations

Environmental baseline data collection was initiated in 2007, including surface water quality sampling, wetlands mapping, stream flow monitoring, aquatic life surveys, subsistence, meteorological monitoring, and acid base accounting sampling. Additional baseline environmental data in the Ambler Lowlands, the Subarctic Creek drainage, the Shungnak River drainage and downstream receiving environments will be required to support future mine design, development of an environmental impact statement, permitting, construction and operations.

The Arctic Project has the potential to significantly improve work opportunities for local and regional residents. In October 2011, we signed an agreement with NANA which in addition to consolidating landholdings in the Ambler district, has language establishing native hiring preferences and preferential use of NANA subsidiaries for contract work. Furthermore, the agreement formalized an Oversight Committee, with equal representation from NANA and us, to regularly review project plans and activities. In addition, a Subsistence Subcommittee has been formed to protect subsistence and the Iñupiaq way of life and a Workforce Development Subcommittee is also in place to address current and future employment needs. We meet monthly, during summer months, with the residents of Kobuk, Shungnak and Ambler, the three villages closest to the project area. We also meet annually with eight other

NANA region villages including Noatak, Kivalina, Kotzebue, Kiana, Deering, Buckland, Selawik and Noorvik, for the purpose of updating residents on project plans and fielding their questions and concerns. We have also developed a good working relationship with the NWAB government.

The Arctic Project will be subject to a mine permitting process which will include compliance with the *National Environmental Policy Act* and will require a number of major mine permits from state and federal agencies as well as a significant number of minor permits. Although a number of federal conservation units are located in the general vicinity of the Arctic Project, including but not limited to the Gates of the Arctic National Parks, Kobuk Preserve, Selawik National Wildlife Refuge, and Kobuk Valley and Selawik Wilderness areas, their presence does not change the permitting process nor add to the number of permits required for the Arctic Project.

We will be required to develop a formal project description and detailed reclamation and closure plan to support a successful permit application strategy. The mine plan will embrace the concept of “design for closure”. In order to reduce any lasting risk of environmental impacts, the plan will minimize surface disturbances during operations and promote long-term stability of the site after closure.

No assurance can be given that new laws and regulations will not be enacted or that existing laws and regulations will not be applied in a manner that could limit or curtail the Arctic Project. Amendments to current laws, regulations, licenses and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Arctic Project and cause increases in capital expenditures or production costs, or reduction in levels of production, or abandonment, or delays in the development of the business.

Arctic Project - Current Activities

The focus of work on the Arctic Project in 2013 was the production of the PEA. Field work at the Arctic Project was limited during 2013 to reconnaissance work, minor geochemical processing and regional mapping. Exploration drilling was focused on the Bornite deposit in 2013.

Bornite Project, Ambler District, Alaska

Bornite Project

Except for the information under the heading “*Bornite Project – Recent Developments*” and except as otherwise stated, the scientific and technical information relating to the South Reef and Ruby Creek zones of the Bornite Project contained in this Form 10-K is derived from, and in some instances is an extract from, the technical report titled “NI 43-101 Technical Report for the Bornite Deposit, South Reef and Ruby Creek zones, Northwest Alaska” dated effective January 31, 2013 (the “Bornite Report”) prepared by Bruce Davis, FAusIMM and Robert Sim, P. Geo of BD Resource Consulting, Inc. (“BDRC”), and who are Qualified Persons as defined in NI 43-101. Scott Petsel, P. Geo, an employee to the Company and a Qualified Person as defined in 43-101, approved the scientific and technical information under the heading “*Bornite Project – Recent Developments*.” The information regarding the Bornite Project, the South Reef zone and the Ruby Creek zone is based on assumptions, qualifications and procedures which are not fully described herein. Reference should be made to the full text of the Bornite Report which has been filed with certain Canadian securities regulatory authorities pursuant to NI 43-101 and is available for review on SEDAR at www.sedar.com and on EDGAR at www.sec.gov.

Bornite Project - Property Description and Location

The UKMP Projects which encompasses the Bornite deposit and the previously reported Arctic deposit are located approximately 260 km east of Kotzebue, Alaska and 460 km northwest of Fairbanks, Alaska. The closest village is the community of Kobuk, approximately 17 km to the south situated along the banks of the Kobuk River. The Bornite Project constitutes a land package of approximately 97,483 hectares and is governed by the NANA Agreement. See “*History of NovaCopper – Agreement with NANA Regional Corporation*”.

Bornite Project - Accessibility, Climate, Local Resources, Infrastructure, and Physiography

The Bornite Project is located in Northwest Alaska in the Cosmos Hills on the southern flank of the Brooks Range. It is approximately 67.1° north latitude and 156.38° west longitude, approximately 260 km east of Kotzebue, Alaska and 460 km northwest of Fairbanks, Alaska. Kobuk is the closest community to Bornite. There is daily air service from Kotzebue to Kobuk. Twenty-six kilometers of improved gravel road connect Kobuk to the camp. On the road to the Bornite camp are the Dahl camp and a 1,460 meter airstrip. During the summer months the Dahl camp airstrip is suitable for larger aircraft such as C-130 and DC-6. A second, shorter airstrip is adjacent to the Bornite camp. This is suitable for smaller aircraft to support the Bornite camp with personnel

and supplies. The two other villages close to Bornite are Shungnak, 16 km downriver from Kobuk, and Ambler, 48 km further downriver from Shungnak. The discussion regarding the accessibility challenges relating to the Arctic Project, particularly with respect to the development of an access road from the Dalton Highway, is applicable to the Bornite Project as well. (See “*Arctic Project – Overview*”).

The Bornite camp is 64 km north of the Arctic Circle. Average rainfall is approximately 43 cm per year while average snowfall is approximately 142 cm per year. Summers are generally mild and sunny while winters are extremely dark and cold. Extreme temperatures recorded in Kobuk range from 32°C in summer to -56°C in winter.

Year-round exploration is not possible with the current camp facilities, so the field season is May to October. The Bornite camp closes during winter and a caretaker is on site during the months of November through April. Power and electricity are provided by diesel generators.

Except for resident personnel, the logistical resources necessary for the exploration work are limited. Most equipment and supplies are flown by charter flights from either Fairbanks or Kotzebue. Some supplies are flown in from Anchorage, Alaska.

In 2011, the camp was expanded to twenty sleeping tents, three administrative tents, two shower/bathroom tents, one medical tent, and one dining/cooking tent. With these additions, the camp capacity was increased to 49 beds. A 27 meter by 9 meter core logging facility was also built in summer of 2011.

In 2012, the camp was further expanded with the addition of a laundry tent, a women's shower/washroom tent, a recreation tent, several additional sleeping tents, and a twice-as-large kitchen tent. Camp capacity increased to 71 beds. The septic field was upgraded to accommodate the increase in camp population. One of the two-person cabins was winterized for use by the winter caretaker. A permitted landfill was established to allow for the continued cleanup and rehabilitation of the historic shop facilities and surroundings.

The Dahl Creek camp is an overflow facility to the Bornite camp. This camp has a main cabin for dining and administrative duties, and a shower facility. Sleeping facilities include two hard sided sleeping areas with 7 beds (primarily used for staff), two four-person sleeping tents and three two-person sleeping tents for a total of 21 beds. There are support structures including a shop and storage facilities.

The Bornite Project is located on Ruby Creek on the northern edge of the Cosmos Hills. The Cosmos Hills are part of the southern flank of the Brooks Range in Northwest Alaska. Topography in the area is moderately rugged. Maximum relief in the Cosmos Hills is approximately 1000 meters with an average of 500 to 700 meters. Talus covers the upper portions of the hills. Glacial and fluvial sediments occupy valleys.

Alder brush and spruce grows in protected valleys, but exposed terrain is tundra-covered. Water is abundant. Discontinuous permafrost occurs throughout the area and is more prevalent on north-facing slopes.

Bornite Project - History

Kennecott and Bear Creek Mining Tenure

Regional exploration began in the early 1900s when gold prospectors noted copper occurrences in the hills north of Kobuk, Alaska. In 1947, local prospector Rhinehart “Rhiny” Berg along with various partners traversing in the area located outcropping mineralization along Ruby Creek (Bornite) on the north side of the Cosmos Hills. They subsequently staked claims over the Ruby Creek showings and constructed an airstrip for access. In 1957, Bear Creek Mining Company (“BCMC”), Kennecott's exploration subsidiary, optioned the property from Berg.

Exploration drilling in 1961 and 1962 culminated in the discovery of the No.1 Ore Body in what is referred to as the Upper Reef where DDH-RC-34 cut 20 meters of 24% copper. The discovery of the No.1 Ore Body led to the development of an exploration shaft in 1966. The shaft which reached a depth of 328 meters encountered a significant watercourse and was flooded near completion depth. The shaft was subsequently dewatered and an exploration drift developed to provide access for sampling, mapping and to accommodate underground drilling to further delineate the No.1 Ore Body. A total of 59 underground holes were drilled and after the program the shaft was allowed to re-flood.

In unison with ongoing exploration at Bornite, BCMC initiated preliminary metallurgical test work in 1961. A total of 32 assay rejects samples from five AX diamond drill holes weighing approximately 68 kilograms from drill holes (RC-34, 54, 60, 61 and 65) that penetrated mainly the No.1 Ore Body were submitted for analysis.

The discovery of the Arctic Project in 1965 prompted a hiatus in exploration at Bornite. In the late 1990s, Kennecott resumed its evaluation of the Bornite deposit and the mineralization in the Cosmos Hills with an intensive soil, stream, and rock chip geochemical sampling program using 32 element ICP analysis. Grid soil sampling yielded 765 samples. Ridge and spur sampling resulted in an additional 850 soil samples in the following year. Skeletonized core samples (85 samples) from key historic drill holes were also analyzed using 32 element ICP analytical methods. Geochemical sampling identified multiple areas of elevated copper and zinc in the Bornite region.

Kennecott completed numerous geophysical surveys as an integral part of exploration throughout their tenure on the property. Various reports, notes, figures, and data files stored in Kennecott's Salt Lake City, Utah exploration office indicated that geophysical work included, but was not limited to, the following:

- Airborne magnetic and EM surveys (fixed-wing INPUT) (1950s)
- Gravity, single point, Audio-Frequency Magneto-Telluric ("AMT"), EM, borehole and surface IP/resistivity surveys (1960s)
- Gravity, airborne magnetic, and CSAMT surveys (1990s)

We have little information or documentation associated with these geophysical surveys except those conducted in the 1990's. Where data are available in earlier surveys, the lack of details in data acquisition, coordinate systems and data reduction procedures limit their usefulness. The only complete geophysical report available concerns down hole IP/resistivity results. Most notable of the 1990's surveys is the 1996 Bouger gravity survey from the Bornite deposit into the Ambler lowlands. The Bornite deposit itself is seen as a significant 3 milligal anomaly. Numerous 2 to more than 6 milligal anomalies occur under cover in the Ambler lowlands and near the Aurora and Pardner Hills occurrences.

The wide range of geophysical techniques used in and around the deposit over a span of 40 years probably indicates the difficulty Kennecott/BCMC was having directly detecting ore. When applying EM and IP/resistivity methods, the problem appears to be that deeper mineralization is often masked by the response of near-surface conductive and polarizable rocks.

In addition to the geophysical surveys conducted by Kennecott, the Alaska DNR and Geometries completed an aeromagnetic survey of portions of the Ambler district in 1974-1975.

Bornite Historical Resource Estimations

All of the historic resource estimates presented below were made prior to the implementation of NI 43-101. They do not conform to NI 43-101 reporting standards and should not be relied upon or interpreted as such. They are presented here for information purposes only.

- Lund (1961): The earliest and most widely repeated resource number reported 91 million tons at 1.2% Cu in an unconstrained polygonal resource estimate. At a constrained 1% Cu cut-off grade, 21.2 million tons of 3.04% Cu and at a 2.5% Cu cut-off, 5.2 million tons of 5.83% Cu were reported. The estimation is based on an 11.0 ft³/ton tonnage factor for the Lower Reef or lower grade mineralization and a 10.0 ft³/ton tonnage factor for the higher grade Upper Reef mineralization. It is not known if the tonnage factors were based on any direct specific gravity measurements of the Bornite drill core. Metals such as silver and cobalt were not considered in any of the historical estimations.
- C.T. Penney (1968): For the No.1 Ore Body, reported 180,000-200,000 tons at 8.4% Cu.
- Reed (1971): Apparently tabulated using a grade times thickness cut-off criterion, for the Upper Reef and Lower Reef reported a total of 35.7 M tons at 2.15% Cu.
- Sichermann (1974): The estimation utilized a polygonal methodology and is not considered entirely accurate as down-hole surveys were not available for all drill holes and mineralization lenses were observed to be erratic. A 10.5 ft³/ton tonnage factor for >1% Cu mineralization and an 8.0 ft³/ton tonnage factor for >4% Cu mineralization was applied. Two different resource estimates are documented; these estimations report 5 million tons (4.56 million tonnes) at 4% Cu and 40 million tons (36.2 million tonnes) at 2% Cu, respectively, without reporting cut-off grades. The sources of these estimations are unknown.

In 1997, Macfarlane conducted a more rigorous resource estimation of the Ruby Creek (Bornite) deposit. This estimation used Vulcan 3D modeling and resource estimation software. A series of grade shells at 0.2%, 0.5% and 1.0% copper were manually constructed on sections and imported into Vulcan. Within each shell, separate resource calculations at 0.5%, 1.0%, 2%, and 4.0% copper cut-off

grades were made. The grade shells were constructed irrespective of various lithologies or mineralization styles. Attempts to create meaningful semi-variograms for copper mineralization were unsuccessful. Lacking useful semi-variograms, an inverse distance squared weighting methodology was used to estimate the resource. Results of the estimation are shown in Table 6.

Table 6: Bornite Historical Resource (Kennecott, 1997)

Cut-off (% Cu)	0.2% Grade shell		0.5% Grade shell		1% Grade shell	
	Tonnage (M tonnes)	Grade (Cu %)	Tonnage (M tonnes)	Grade (Cu %)	Tonnage (M tonnes)	Grade (Cu %)
0.5	71.6	1.24	40.5	1.41	17.1	2.02
1.0	27.0	2.09	22.3	1.92	14.2	2.26
2.0	6.6	4.48	4.7	4.02	4.0	4.39
4.0	2.2	8.06	1.5	7.15	1.1	9.54

An approximation of the specific gravity, based on the relationship of copper grade to specific gravity, was supplied by Kennecott. No support for the approximation was presented. The author recognized that the tonnages for massive pyrite areas with low grade copper zones were significantly underestimated.

Bornite Project - Geological Setting and Mineralization

The Bornite Project is located within the Arctic Alaska Terrane, a sequence of mostly Paleozoic continental margin rocks that make up the Brooks Range and North Slope of Alaska. It is within the Phyllite Belt geologic subdivision, which together with the higher grade Schist Belt, stretches almost the entire length of the Brooks Range and is considered to represent the hinterland of the Jurassic Brooks Range orogeny. The southern margin of the Phyllite Belt is marked by melange and low angle faults associated with the Kobuk River fault zone, while the northern boundary is thought to be gradational with the higher grade metamorphic rocks of the Schist Belt (Till et al., 2008) which contains the previously discussed Arctic deposit. The autochthonous stratigraphy of the Ambler district is characterized by lower greenschist to epidote-amphibolite facies, pelitic, carbonate and local metavolcanic rocks.

The geology of the Ruby Creek resource area of the Bornite Project is composed of alternating beds of carbonate rocks (limestone and dolostone) and calcareous phyllite. Limestone transitions laterally into dolostone, which hosts the majority of the mineralization and is considered to be hydrothermal in origin. Spatial relationships and petrographic work establish dolomitization as genetically related to early stages of the copper mineralizing system.

Potentially the earliest and most prominent structure in the resource area is the northeast-trending, steeply northwest-dipping Iron Mountain structure which is interpreted as either a pre or syn-mineral (Devonian) growth fault; or, the post-mineral (Cretaceous) axis of a small overturned kink fold. Numerous observations can be made to support both interpretations. Importantly, the distribution of pre-mineral sedimentary breccias and the mineralization which is relatively undeformed along the corridor suggest an early ore-controlling origin of the structure likely modified by later post mineral deformation.

To the north, the Bornite Carbonate sequence is in fault contact with the Beaver Creek phyllite along the moderately north-dipping Beaver Creek fault.

Bornite Project - Mineralization

Copper mineralization in the South Reef zone consists of one to as many as three mineralized intervals (at a 0.5% cut-off) coalescing into a crudely stratiform body hosted in secondary dolomite developed at or near the Iron Mountain structure. The body which is approximately 250 m to 300 m wide and 750 m long varies in true thickness from roughly 10 m to as much as 170 m.

Copper mineralization at the Ruby Creek zone consists of stacked, crudely-stratiform bodies hosted in secondary dolostone. These approximately tabular zones are semi-equant in plan view and range from approximately 75 to 1700 meters in dimension (at a 0.2% copper cut-off). True thicknesses vary greatly and range from roughly 1 to greater than 150 meters with thicknesses up to 200 meters where multiple zones are closely stacked.

High grade mineralization—massive copper sulfides of greater than 10% copper—occurs as stratiform bodies with footprints of 50 to 150 meters and thicknesses ranging from 1 to 17 meters.

The Bornite deposit area is divided into three generalized zones or loci of increased grade and thickness: the South Reef zone and the Ruby Creek zone comprised of the Lower Reef and Upper Reef. The Lower and Upper Reefs of the Ruby Creek zone are separated

stratigraphically, but lie along a common north-easterly trend, and the South Reef is located about 400 to 600 m to the southeast along a similar north-easterly trend. Copper mineralization at the Bornite Project is comprised of chalcopyrite, bornite, and chalcocite distributed in stacked, roughly stratiform zones exploiting favorable stratigraphy within the dolomitized limestone package. Mineralization occurs, in order of increasing grade, as disseminations, irregular and discontinuous stringer-style veining, breccia matrix replacement, and stratiform massive sulfides. Typical high grade mineralization is composed of strong chalcocite, bornite and chalcopyrite mineralization.

The distribution of copper mineral species is zoned around the bottom-center of each zone, with bornite-chalcocite-chalcopyrite at the core and progressing outward to chalcopyrite-pyrite. Additional volumetrically minor copper species include carrollite, digenite, tennantite-tetrahedrite, and covellite. Stringer pyrite and locally significant sphalerite occur above and around the copper zones, while locally massive pyrite and sparse pyrrhotite occur in association with siderite alteration below copper mineralization in the Lower Reef.

In addition to the copper mineralization, significant cobalt mineralization (e.g. RC11-0187 with 34.7m at 0.10% Co in the South Reef, RC11-0184 with 5.5m at 0.44% Co in the Upper Reef) is found accompanying bornite-chalcocite mineralization. Cobalt occurs with high grade copper as both carrollite (Co_2CuS_4) and as cobaltiferous rims on recrystallized pyrite grains.

Appreciable silver values (e.g. RC11-0184 with 5.5m at 30.9g/t) are also found with bornite-rich mineralization in the South Reef and Ruby Creek zones.

The Bornite carbonate sequence host to the mineralization at the Bornite Project is exposed over approximately 16 km along the north slope of the Cosmos Hills and to a lesser extent on the southern margin of the Cosmos Hills arch. Numerous areas of hydrothermal dolomitization and copper mineralization occur across the entire width of outcropping carbonates and are the focus of ongoing regional exploration. Most notable of the known prospects are the Pardner Hill and Aurora Mountain areas, where outcropping mineralization was discovered and drill-tested during the Kennecott era.

The Pardner Hill prospect is located five kilometers west of the Bornite deposit and consists of a three kilometer long Cu (\pm Zn) soil and rock geochemical anomaly in rubble cropping ferroan dolostone. Kennecott drilled 16 holes in the area and defined a stratiform copper mineralized zone roughly 150 by 400 meters and varying from five to 35 meters thick at the southern end of the geochemical anomaly. Mineralization remains open down-dip and to the south.

Dolomitization and anomalous copper and zinc geochemistry also characterize the Aurora Mountain prospect, located six kilometers west of Bornite. Anomalies are distributed along a two kilometer mineralized horizon about a third of which has been tested by four Kennecott era drill holes.

Bornite Project – Exploration Targeting

Exploration in and around the Bornite Project by Kennecott from 1957 to 1998 is summarized above. In addition to the extensive drilling completed during the more than 40 year tenure of Kennecott in the district, Kennecott completed widespread surface geochemical sampling, regional and property scale mapping, and numerous geophysical surveys employing a wide variety of techniques. The majority of this data has been acquired by us and forms the basis for renewed exploration that targets Bornite-style mineralization in the Bornite carbonate sequence.

NovaGold as the precursor company to us began to actively pursue an agreement to explore the Bornite Project with NANA in 2005 resulting in an initial airborne geophysical survey in 2006. Negotiations on the consolidation and exploration of the entire Ambler district continued for the next several years culminating in the NANA Agreement in October, 2011.

With the NANA Agreement approaching completion, NovaGold initiated work in 2010 to begin to characterize the exploration potential and depositional controls by re-logging and re-analyzing select drill holes with a Niton portable XRF to determine geochemical variability. In 2011, NovaGold began an initial drill program to verify the historical database and exploration potential and conducted additional geophysical surveys to provide better targeting tools for continued exploration in the district. In 2012, we expanded the IP geophysical coverage completing a major district-wide survey that targeted the prospective Bornite Carbonate sequence. Subsequent resource drilling between 2011 and 2013 based on the exploration targeting is discussed in the *Bornite Project - Mineral Resource Estimates* section below.

2006 NovaGold Exploration

In 2006, NovaGold contracted Fugro World Wide to complete a detailed helicopter DIGHEM magnetic, electromagnetic and radiometric survey of the Cosmos Hills. The survey covered a rectangular block roughly 11 by 30 miles (18 by 49 kilometers which totaled 2852 line kilometers). The survey was flown at 300 meter line spacing with a line direction of N20E. The DIGHEM helicopter

survey system produced detailed profile data of magnetics, EM responses and radiometrics (total count, uranium, thorium and potassium) and was processed into maps of magnetics, discrete EM anomalies, EM apparent resistivities, and radiometric responses.

2010 NovaGold Exploration

In 2010, in anticipation of completing the NANA Agreement, NANA granted NovaGold permission to begin low level exploration at the Bornite Project consisting of re-logging and re-analysis of select drill holes using a Niton portable XRF.

2011 NovaGold Exploration

In light of the relatively poor understanding of appropriate ground geophysical techniques for the prospect and the extensive cover over perspective stratigraphic terrain dipping shallowly to the north in the Ambler lowlands, NovaGold in 2011 contracted Zonge International to conduct both dipole-dipole complex resistivity induced polarization (“CRIP”) and natural source audiomagnetotelluric (“NSAMT”) surveys over the prospect to develop better geophysical tools for further exploration.

NSAMT data were acquired along two lines totaling 5.15 line-km, with one line oriented generally N-S through the center of the survey area and one being the southernmost E-W line in the survey area. CRIP data were acquired on five lines – four E-W lines and one N-S line – for a total coverage of 14.1 line-km and 79 collected CRIP stations. The initial objective of the survey was to investigate geological structures and the distribution of sulfides possibly associated with copper mineralization.

Results from the paired surveys show that wide spaced dipole-dipole resistivity is the most effective technique in direct targeting of the mineralization package. Broad low resistivity anomalies reflecting the pyrite haloes and mineralization appear to define the limits of the fluid package. Well defined and often very strong chargeability anomalies are also present but appear in part to be masked by phyllitic units which also have strong chargeability signatures. The NSAMT show similar resistivity features as the IP but are less well resolved.

2012 NovaCopper Exploration

Based on the success of the 2011 geophysical program, we contracted Zonge International to conduct a major district-wide dipole/dipole IP survey, a down-hole IP radial array survey in the South Reef, and an extensive physical property characterization study of the various lithologies to better interpret the existing historical geophysical data.

Zonge completed 48 line km of 200 m dipole/dipole IP during 2012, infilling and expanding on the 2011 survey, and stretching across the most prospective part of the outcropping permissive Bornite Carbonate sequence. The results show a well-defined low resistivity area associated with mineralization and variable IP signatures attributed both to mineralization and the overlying Beaver Creek phyllite. Numerous target areas occur in the immediate Bornite area with lesser targets occurring in the Aurora Mountain and Pardner Hill areas and in the far east of the survey area. During the 2012 drill program at South Reef, a single drill hole was targeted on a low resistivity area approximately 500 m to 600 m southeast of the South Reef trend. Although the drill hole intersected some dolomite alteration in the appropriate stratigraphy, no significant sulphides were encountered.

In addition to the extensive ground IP survey, Zonge also completed 9 km of down-hole radial IP using an electrode placed in drill hole RCDH12-0197 to further delineate the trend and potential in and around the South Reef. Mineralization shows as broad conductive areas in both the Ruby Creek and the South Reef zones. The resistivity survey indicates there is potential to expand the South Reef zone to the northeast and to the south.

Bornite Project - Drilling

The Bornite Project has been explored by 217 drill holes, totaling 70,003 meters. These holes were completed during 20 different annual campaigns dating from 1957 through 2012. Three underground programs totalling 51 drill holes and targeting the No.1 Ore Body at Ruby Creek were completed between 1966 and 1968. For information on additional drilling completed in 2013, see *Bornite Project – Recent Developments*.

All of the drill campaigns except the 2011 NovaGold campaign and our 2012 campaign, 14 and 22 drill holes, respectively, were undertaken by Kennecott. Sprague and Henwood, a Pennsylvania-based drill company completed all of the Kennecott drilling except the 1997 program (3 drill holes) completed by Tonto Drilling Services, Inc. (a NANA Dynatech company). The 2011 NovaGold and our 2012 programs utilized Boart Longyear Company.

In the initial years of drilling at the Bornite Project, Kennecott relied on AX core (1.1875 inch diameter) but as deeper holes pursuing mineralization down dip to north became the norm, use of BX core (1.625 inch diameter) was gradually implemented. Small diameter AX rods would twist under the high torque and deviate in undetermined directions. From 1966 to 1967 drilling activity at Bornite

moved underground and EX diameter core (0.845 inch diameter) was implemented to define the No.1 Ore Body. Drilling activity moved back to the surface in 1968 and from 1968 to 1972, BX core was most commonly drilled. In later years, core size increased to NX (2.125 inch diameter) and in 2011 to NQ (1.874 inch or 47.6 mm diameter) and HQ (2.5 inch or 63.5 mm diameter). Progressively larger diameter drill rods have been continually increased over the years in an attempt to minimize drill hole deviations.

Drill Campaigns

In October 1965, Kennecott began a shaft to further investigate the No.1 Ore Body. In 1966 the shaft reached the 297 meter level. At this level a 91 meter crosscut was driven due north to the No.1 Ore Body. The shaft was continued to 328 meter deep to prepare a sump and loading pocket. On October 27, 1966 a small blast to excavate a bay at the bottom of the shaft opened a watercourse. The in-flood of water quickly exceeded the pump capacity and within 12 hours the 328 meter shaft was flooded to within 13 meters from the surface.

Prior to the shaft flooding, six diamond drill holes were completed from the 700 level shaft station and 22 drill holes from the 975 shaft station and cross cut. In 1967 the shaft bottom was partially sealed then pumped out and an additional twenty-four holes were drilled from the 975 level and the 700 level shaft stations.

Between 1968 and 1983, Kennecott completed very limited drilling at the Bornite Project largely focusing on extensions to the No.1 ore Body or targeting the South reef area. Kennecott subsequently sold the property to NANA and no exploration drilling occurred between 1983 and 1997. In 1997 Kennecott leased the Bornite Project from NANA and drilled five exploration holes.

In 2011, NovaGold negotiated a preliminary agreement with NANA, allowing NovaGold to conduct an exploration program on the Bornite Project in anticipation of the broader scoped NANA Agreement which was close to completion. That year NovaGold drilled 14 holes totaling 5,819 meters.

The 2011 NovaGold drill program had three objectives: 1) to obtain new geologic and assay data to verify and validate the previous work done by Kennecott; 2) to test extensions of the known deposit; and 3) to drill new areas for potential mineralization and geologic information near the deposit. The highlight of the program was drill hole RC11-187 which intersected 178 meters of 4% copper and led to the discovery and recognition of the South Reef zone as a major potential resource.

In 2012, based on the results of its 2011 exploration drilling at South Reef, we began aggressively delineating mineralization in that zone. A total of 21 drill holes and one nearby exploration drill hole were completed totaling 15,457 m. The drilling was patterned on hexagonal closely-packed drill spacing with individual holes spaced approximately 100 m apart on the apices of equilateral triangles. Drilling in 2012 targeted expansion and definition of the South Reef zone culminating in the current resource estimation discussed below.

All of the drill data collected during the Kennecott drilling programs (1958 – 1997) was logged on paper drill logs, copies of which are stored in the Kennecott Exploration office in Salt Lake City, Utah. Electronic scanned copies of the paper logs, in PDF format, are held by us.

In 1995, Kennecott entered the drill assay data, the geologic core logs, and the down hole collar survey data into an electronic format. In 2009, NovaGold geologists verified the geologic data from the original paper logs against the Kennecott electronic format and then merged the data into a Microsoft SQL database.

For the 2011 and 2012 NovaGold/NovaCopper drill programs, a commercial computer based core logging system was used. The core logging software, GeoSpark Logger was developed by GeoSpark Consultants Inc. The data logger program stores the information logged in a Microsoft SQL database which in turn is validated then merged into the main database. In 2012, the system was modified to allow each laptop to sync daily to the master Data Logger database residing on the Bornite Camp server. The server was periodically backed up and the database was sent to Vancouver, British Columbia for backup storage. The camp server is stored in the Fairbanks field office at the end of each field season. Hardcopies of the 2011 and 2012 drill core logs are stored in the Fairbanks office. Scanned copies of the Kennecott-era drill logs are also stored in the Fairbanks field office.

In general, core recovery averaged >90 percent with only slightly poorer recovered in phyllitic rocks. Mineralized dolomitic units had excellent recoveries in excess of 93 percent. South Reef drilling, in 2012, showed core recovery rates of 88.8% overall and 88.3% in the mineralized dolomite and massive sulphide intervals.

Bornite Project - Sample Preparation, Analyses and Security

During the 2011 and 2012 drill programs at the Bornite Project, we utilized strict sampling protocols developed for the nearby Arctic deposit in 2004 and documented in written NovaGold procedures manuals for all subsequent years. The following discussion outlines

the standard protocols used by us in 2011 and 2012. The entire length of each hole was sampled excluding recovered overburden. Core-logging geologists marked each sample interval on the core and labelled the core boxes using a china marker. A tear-off sample tag was affixed to the core box at the beginning of each sample interval which typically ranged from 1 to 3 meters in length though samples as short as 0.35 meters and as long as 6.09 meters were taken in a few instances. Sample intervals within mineralized zones were limited to a 2 meter maximum length. Sample breaks were placed at lithological contacts and changes in alteration and sulfide mineralization. There are no known drilling or recovery issues that could materially impact accuracy.

The core was digitally photographed and cut in half using diamond core saws after logging at the on-site core facility. If the drill core intersected mineralization at a shallow angle, the core logging geologist would place a guide line on the core to ensure a representative sample. Oriented core was cut along the orientation mark to preserve the orientation of the core unless otherwise marked by the core geologist. One-half of the cut core was returned to the box for storage on-site and the other half was bagged and labeled for sample processing and analysis.

Sampling of drill core by Kennecott during their tenure on the property focused primarily on moderate to strongly mineralized zones. Numerous intervals of weak to moderate mineralization remain un-sampled in the historic drill core and in the 1997 campaign, where Kennecott did not intersect significant mineralization, no analyses were undertaken for resource evaluation. Intervals of moderate to strong sulfide mineralization were selected for sampling and analyses were conducted by the Union Assay Office Inc. of Salt Lake City, Utah, prior to the establishment of the on-site lab in 1962.

The 2011 and 2012 halved core samples were crushed to 70% passing two millimeters and a nominal 250 gram split was pulverized to 85% passing 75 microns at the ALS Minerals Fairbanks facility. The resulting pulp was sent to ALS Minerals Vancouver lab for analysis. Gold content was determined by fire assay fusion with an atomic absorption (AA) finish from a nominal 30 gram split. Initial results for all other elements (48) were determined via four acid digestion and both ICP-MS and ICP-AES analysis on a nominal 25 gram split. Samples with over limit values for copper and zinc (>10,000ppm) were re-run using a four acid digestion, which was diluted for an ICP-AES or AA finish. Samples greater than 40% Cu were re-run using a volumetric titration finish after a four acid digestion.

We continued our QA/QC program first initiated by NovaGold in 2004. Three QA/QC samples selected by the logging geologist were inserted into every 20 sample batch. QA/QC samples included one duplicate, one blank, and one standard reference material ("SRM"). Duplicate samples were prepared at the prep facility by taking a second split from the entire prepped sample. In 2011, a commercial landscape marble was used as the blank material for every drill hole, except one. Barren marble core, from a previous abandoned drill hole, was used as the blank material for one 2011 drill hole and all 2012 drill holes.

In 2011, a very low grade SRM was inserted in batches that consisted of unmineralized core. The other three SRMs, ranging in accepted copper values of 0.193% to 2.37%, were inserted to match the estimated copper content of the core. One SRM was sourced from CDN Resource Laboratories Ltd. labs in Langley, British Columbia and the other three were from Ore Research and Exploration in North Victoria, Australia. In 2012, a very low grade SRM was inserted in batches that consisted of unmineralized core. The other four SRMs, ranging in accepted copper values of 0.193% to 10.403%, were inserted to match the estimated copper content of the core. Two SRMs were sourced from CDN labs; one was sourced from Ore Research & Exploration Pty Ltd., North Victoria, Australia; and, the remaining two were sourced from Geostats Pty Ltd. of Western Australia. Assay performance for blank and SRM samples was within acceptable limits.

Check samples for a second lab were selected by the project geologist once all the primary assay results were received. The check samples consisted of 5% of the total samples from only the mineralized lithologies (carbonates and semi to massive sulfides) and were randomly selected. These samples were forwarded to Acme labs, also located in Vancouver, British Columbia. No bias is apparent.

The QA/QC results are reviewed by the database administrator in the Vancouver office.

All 2011 and 2012 core logging data including sample intervals and descriptions were directly entered into a Microsoft Access based application called DataLogger, created by, and customized for the project by GeoSpark Consulting Inc., of Nanaimo, British Columbia. In 2011, this data was imported on a weekly basis into the DataShed database located on a server in the NovaGold Vancouver Office. In 2012, the system was modified to allow each laptop to sync daily to the master Data Logger database residing on the Bornite camp server. Assay data was imported directly into DataShed from csv files either downloaded or e-mailed from ALS Labs.

Each cut sample interval was placed in a 6-mil polyethylene bag with the sample number written in black permanent marker with an attached Tyvek sample card stub detailing the sample number and bar code. Two to four samples were placed into a larger rice bag labeled with the ALS Minerals address, project (hole) number, bag number, and sample numbers enclosed. The rice bag was secured with a pre-number plastic security tie and a twist wire tie. The security tie number was recorded, along with the total weight. The rice

bags were transported from the Bornite Camp to Fairbanks by chartered flights on a commercial carrier. A contracted expeditor met the chartered flights at the airport to pick-up up the sample shipment and deliver directly to the ALS Minerals prep facility, 1060 Bush Street, Fairbanks. Each drill hole was dispatched as one project, though many shipments were necessary per hole due to the limited capacity of the charter flights. ALS processed each batch as they arrived at the prep facility; however, ALS held the pulps until the entire drill hole was prepared so that the drill hole was analyzed as a single project or job in Vancouver. ALS Minerals did not notify us that any security ties were missing or broken or that any other issues occurred with the sample shipments or packaging.

In addition to the analytical data, density measurements for the 2011 and 2012 programs were performed on-site by internal personnel. The specific gravity of selected samples was calculated by weighing the entire assay interval dry and then submersed it in water. No known density measurements were performed by Kennecott.

Our independent Qualified Person (BD Resource Consulting) considers the Bornite Project drill core sampling protocols, security and analytical procedures to meet accepted industry standard procedures. Core recovery is good and there is no evidence that diamond drill recovery could materially impact the assay sampling results.

Analytical and Test Laboratories

ALS Minerals was used for all primary analyses submitted in 2011 and 2012. The core samples were sent from site to the ALS prep facility in Fairbanks, Alaska. The samples were processed and reduced to pulps at this facility and sent to ALS Minerals Vancouver, British Columbia lab for analysis. ALS Minerals is located at 2103 Dollarton Highway, North Vancouver, British Columbia, V7H 0A7. ALS Minerals complies with and is accredited for the requirements of ISO 9001:2008 and ISO/IEC 17025:2005 General Requirements for the Competence of Testing and Calibration Laboratories.

The ALS Minerals Vancouver lab forwarded the selected check sample pulps to Acme Analytical Labs, also in Vancouver. Acme Labs is located at 1020 Cordova St. East, Vancouver, British Columbia V6A 4A3. Acme Labs is compliant with the ISO 9001 Model for Quality Assurance and ISO/IEC 17025 General Requirements for the Competence of Testing and Calibration Laboratories.

Historical core was analyzed by Union Assay Lab in Salt Lake City, Utah and by the on-site Kennecott lab established in 1964.

Bornite Project - Mineral Resource Estimates

The Ruby Creek zone mineral resource estimate has been prepared by Bruce M. Davis, FAusIMM of BD Resource Consulting, Inc. ("BDRC"). The South Reef zone mineral resource estimate has been prepared by Bruce M. Davis FAusIMM, BDRC and Robert Sim P.Geo., SIM Geological Inc. ("SGI") both independent "Qualified Persons" as defined in NI 43-101. We filed a NI 43-101 compliant Technical Report, with an effective date of January 31, 2013 titled "Technical Report for the Bornite Deposit, South Reef and Ruby Creek Zones, Northwest Alaska, USA".

The Bornite Project has no known reserves.

This section describes the resource estimation methodology and summarizes the key assumptions considered by BDRC. In the opinion of BDRC, the resource evaluation reported herein is a sound representation of the copper mineral resources found at the Bornite Project at the current level of sampling. The mineral resources have been estimated in conformity with generally accepted CIM "Estimation of Mineral Resource and Mineral Reserves Best Practices" guidelines and are reported in accordance with the Canadian Securities Administrators' National Instrument 43-101. Mineral resources are not mineral reserves and do not have demonstrated economic viability. There is no certainty that all or any part of the mineral resource will be converted into mineral reserve.

The databases used to estimate the Bornite Project mineral resources were audited and the current drilling information is deemed sufficiently reliable to interpret with confidence the boundaries for copper mineralization and the assay data are deemed sufficiently reliable to support mineral resource estimation.

Vulcan version 8.1.4 was used to review, verify, and design the Ruby Creek resource estimation domains, prepare assay data for geostatistical analysis, construct the block model, estimate metal grades, and tabulate mineral resources. The non-commercial software, including Geostatistical Library (GSLib) family of software, and Sage 2001© were used for geostatistical analysis and variography. At Ruby Creek, the average sample length is 1.64 m, with the majority of samples collected at 1.5 m intervals. A 5-m composite length was selected for Ruby Creek to be consistent with the 5 m block size, and to avoid segmenting long sample intervals. At Ruby Creek, 5-m composited samples containing greater than 10% copper in any domain are limited to a maximum distance of influence of 20 m laterally and 10 m vertically, during block grade estimation. Overall, this approach resulted in a 14% reduction in the total contained metal in the deposit. Search parameters were constrained within each mineralized domain and required an optimum number of 12 composites, minimum number of one composite, minimum number of one drill hole, and

maximum search distance range of 300 m. In general, blocks categorized as Indicated were supported by at least three drill holes within a 50 m search radii, and blocks categorized as Inferred were supported by at least two drill holes within an 88 m search radii.

MineSight® v7.50 was used to review, verify, and design the South Reef resource estimation domains, prepare assay data for geostatistical analysis, construct the block model, determine a “dynamic anisotropy” search orientation, estimate metal grades, and tabulate mineral resources. The non-commercial software, including Geostatistical Library (GSLib) family of software was used for geostatistical analysis. At South Reef, the average sample length is 1.22 m, with the majority of samples collected at one meter intervals; sample length varies depending on local geologic conditions. A one meter composite length was selected for South Reef. At South Reef, seven one meter composite samples inside the probability shell domain have been top-cut to a grade of 25% copper. During interpolation inside the probability shell, composites that exceeded a grade of 10% copper were limited to a maximum distance of influence of 50 m. Outside of the probability shell, composites greater than 10% copper were restricted to a maximum distance of influence of 25 m. Overall; these limitations resulted in a 10.2% loss in copper metal in the resource model. Search parameters were constrained within each mineralized domain and required an optimum number of 21 composites, minimum number of five composites, minimum number of one drill hole, and maximum search distance range of 500 m. In general, blocks categorized as Inferred were supported by at least one drill hole within a 100 m search radii and exhibit reasonable confidence in the grade and continuity of mineralization.

Ruby Creek and South Reef copper grades were estimated using ordinary kriging. The ordinary kriging models were evaluated using a series of validation approaches including visual inspection, model checks for change of support, comparison of interpolation methods, and swath plots (drift analysis).

Bornite Project - Mineral Resource Statement

Mineral Resources are classified in accordance with the 2010 CIM Definition Standards for Mineral Resources and Mineral Reserves.

The Qualified Person for the Mineral Resource estimate is Bruce Davis a Qualified Person independent of us. Mineral Resources for the Bornite Project are found in Table 7 and Table 8.

Table 7: Indicated Resource Estimate for the Bornite Project

See “*Cautionary Note to United States Investors*” This section uses the term “indicated resources”. We advise United States investors that these terms are not recognized by the SEC. United States investors are cautioned not to assume that estimates of indicated mineral resources are economically minable, or will be upgraded into measured mineral resources. See “*Risk Factors*” and “*Cautionary Note to United States Investors*”.

Deposit	Cut-off (Cu %)	Mtonnes	Cu%	Cu (Mlbs)
Indicated				
Ruby Creek⁽²⁾	0.5	6.8	1.19	179

- Notes:
1. These resource estimates have been prepared in accordance with NI 43-101 and the Canadian Institute of Mining, Metallurgy and Petroleum (CIM) Definition Standards. Mineral resources that are not mineral reserves do not have demonstrated economic viability. See “*Risk Factors*” and “*Cautionary Note to United States Investors*.”
 2. Mineral Resources stated as contained within a manually constructed potentially economic resource limiting pit shell using metal price of \$3.00/lb for copper, mining costs of \$1.50/tonne, processing costs of \$10.00/tonne, 100% recoveries and an average pit slope of 45 degrees.
 3. Mineral resources at a 1.0% cut-off are considered as potentially economically viable in an underground mining scenario based on an assumed projected copper price of \$2.75/lb and total site operating costs of \$60 per tonne.
 4. Rounding as required by reporting guidelines may result in apparent summation differences between tonnes, grade and contained metal content.
 5. Tonnage and grade measurements are in metric units. Contained copper are reported as imperial pounds.
 6. All amounts are stated in U.S. dollars unless otherwise noted.

Table 8: Inferred Resource Estimate for the Bornite Project

See “*Cautionary Note to United States Investors*” This section uses the term “inferred resources”. We advise United States investors that these terms are not recognized by the SEC. The estimation of inferred resources involves far greater uncertainty as to their existence and economic viability than the estimation of other categories of resources. United States investors are cautioned not to assume that estimates of inferred mineral resources exist, are economically minable, or will be upgraded into measured or indicated mineral resources. See “*Risk Factors*” and “*Cautionary Note to United States Investors*”.

Deposit	Cut-off (Cu %)	Mtonnes	Cu%	Cu (Milbs)
Inferred				
South Reef⁽³⁾	1.0	43.1	2.54	2,409
Ruby Creek⁽²⁾	0.5	47.7	0.84	883
Total Inferred		90.8	1.64	3,292

- Notes:
1. These resource estimates have been prepared in accordance with NI 43-101 and the Canadian Institute of Mining, Metallurgy and Petroleum (CIM) Definition Standards. Mineral resources that are not mineral reserves do not have demonstrated economic viability. Inferred resources have a great amount of uncertainty as to their existence and whether they can be mined legally or economically. It cannot be assumed that all or any part of the Inferred resources will ever be upgraded to a higher category. See "Risk Factors" and "Cautionary Note to United States Investors."
 2. Mineral Resources stated as contained within a manually constructed potentially economic resource limiting pit shell using metal price of \$3.00/lb for copper, mining costs of \$1.50/tonne, processing costs of \$10.00/tonne, 100% recoveries and an average pit slope of 45 degrees.
 3. Mineral resources at a 1.0% cut-off are considered as potentially economically viable in an underground mining scenario based on an assumed projected copper price of \$2.75/lb and total site operating costs of \$60 per tonne.
 4. Rounding as required by reporting guidelines may result in apparent summation differences between tonnes, grade and contained metal content.
 5. Tonnage and grade measurements are in metric units. Contained copper are reported as imperial pounds.
 6. All amounts are stated in U.S. dollars unless otherwise noted.

The mineral resources for the project have been estimated to conform to the requirements of CIM (2010). There are no known factors related to environmental, permitting, legal, title, taxation, socio-economic, marketing or political issues which could materially affect the mineral resource.

Bornite Project - Metallurgy

In late 2012, we requested an initial metallurgical evaluation on a series of varying grade composites developed from the South Reef zone. Four composites reflecting low-grade (0.5-1.0% Cu), medium-grade (1.0-2.0% Cu), high-grade (2.0-10.0% Cu), and very high-grade (>10.0% Cu) copper have been submitted to ALS Chemex Labs Ltd. in Vancouver, British Columbia and G&T Metallurgical Services Ltd. in Kelowna, British Columbia for analysis. Results are as yet incomplete pending additional test work on lower grade composites for the Ruby Creek zone.

Bornite Project – Exploration and Development Permitting

Development of the Bornite Project will require a significant number of permits and authorizations from state, federal, and regional organizations. Much of the groundwork to support a successful permitting effort must be undertaken prior to submission of permit applications so that issues can be identified and resolved, baseline data can be acquired, and regulators and stakeholders can become familiar with the proposed project.

The comprehensive permitting process for the Bornite Project can be divided into three categories:

1. Exploration state/regional permitting: required to obtain approval for drilling, camp operations, engineering, and environmental baseline studies.
2. Pre-application phase: conducted in conjunction with engineering feasibility studies. This stage includes the collection of environmental baseline data and interaction with stakeholders and regulators to facilitate the development of a project that can be successfully permitted.
3. The National Environmental Policy Act phase: formal agency review of the Federal and State requirements for public and agency participation to determine if and how the Project can be done in an acceptable manner.

Multiple permits are required during the exploration phase of the Bornite Project. The AHEA issued by ADNR's Division of Mining, Land, and Water is a multi-year permit that is valid for up to five years. The AHEA is a multi-agency permit that includes various Nationwide Permits issued by the COE, a Title 16 Fish Habitat Permit issued by the ADF&G, a Temporary Water Use Permit issued by the ADNR, and a mining license issued by the ADOR. We have retained a valid AHEA permit since 2011. The EPA requires a Spill Prevention, Control, and Countermeasures ("SPCC") plan for bulk fuel storage of greater than 1,320 gallons. We have (and our immediate predecessor, NovaGold, had) retained a valid SPCC plan since 2010. Due to the location of the Project within the Northwest Arctic Borough, several Title 9 Miscellaneous Land Use permits are required, including permits for mineral exploration,

bulk fuel storage, use of airstrips, and establishment of camps. We have, and our immediate predecessor, NovaGold, had, retained Title 9 Permits since 2004. A number of statutory reporting obligations and payments are required to maintain the claims in good standing on annual basis.

Under the NANA Agreement, NANA is required to complete a baseline environmental report following completion of cleanup of the former mining camp on the Bornite lands, to the standards required by the ADEC. This includes removal and disposal as required by law of all hazardous substances present at the Bornite Project. NANA has indemnified us and will hold us harmless for any loss, cost, expense or damage suffered or incurred attributable to the environmental condition of the Bornite lands at the date of the baseline report which relate to any activities prior to the date of the agreement.

In addition, there are no indications of any known environmental impairment or enforcement actions associated with NovaGold's or our activities to date. As a result, neither NovaGold nor we have incurred outstanding environmental liabilities in conjunction with its entry into the NANA Agreement.

Bornite Project – Environmental Considerations

We have initiated environmental baseline data collection with respect to the Bornite Project. The general discussion herein regarding environmental considerations and the Arctic Project is applicable to the Bornite Project as well. (See “*Arctic Project – Environmental Considerations*”).

Bornite Project – Recent Developments

The 2013 Bornite drilling program completed drilling of 4,684 meters at the Ruby Creek zone (a potential open pit target) and 3,458 meters on depth extensions of the South Reef zone and Lower Reef mineralization (a potential underground target) of the Bornite Project. The 2013 exploration program was focused on expansion of the resources identified in the 2013 Bornite resource technical report as discussed above and acquisition of additional samples for metallurgical test work. Results from the drill program were released throughout the fall and winter.

In 2013, we drilled 17 holes totaling 8,140 m targeting: 1) expansion of the South Reef zone further to the north; 2) infill and expansion of resources within and marginal to an envisioned open pit in the Ruby Creek zone; and 3) two holes reserved for future metallurgical test work.

The 2013 exploration field season program also saw us undertake a significant drill core re-sampling and re-assaying program at the Bornite Project consisting of 33 historical drill holes comprising 11,067 meters of drill core, which were originally drilled by Kennecott between 1957 and 1975. The objectives of the program were twofold: 1) to confirm and conduct a Quality Assurance/Quality Control program on the historical sample results; and 2) to identify additional lower-grade (0.2%-0.5% copper) shallow material, which was not previously sampled. The re-sampling and re-assaying program confirmed previously known high-grade mineralization and extended the known limits of lower grade mineralization. The results from these 33 historical drill holes combined with the 15 holes drilled during the 2013 program at the Ruby Creek and South Reef zones will be incorporated into an updated resource estimate.

The 2013 drill campaign followed consistent sampling methodology, assay and analytical procedures as described above in 2011 and 2012.

We also completed the installation of an additional stream gauging station on Ruby Creek, near Bornite to allow us to continue to improve our environmental baseline data collection in the region.

Item 3. LEGAL PROCEEDINGS

We are not aware of any material pending or threatened litigation or of any proceedings known to be contemplated by governmental authorities that are, or would be, likely to have a material adverse effect upon us or our operations, taken as a whole. There are no material proceedings pursuant to which any of our directors, officers or affiliates or any owner of record or beneficial owner of more than 5% of our securities or any associate of any such director, officer or security holder is a party adverse to us or has a material interest adverse to us.

Item 4. MINE SAFETY DISCLOSURES

Operations are subject to regulation by the Federal Mine Safety and Health Administration (“MSHA”) under the Federal Mine Safety and Health Act of 1977 (the “Mine Act”). At our current stage of exploration, we are not yet subject to MSHA.

Companies required to file periodic reports under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), that operate mines regulated under the Mine Act are required to make certain disclosures pursuant to Section 1503(a) of Dodd-Frank. We have nothing to disclose pursuant to Section 1503(a) of Dodd-Frank for the fiscal year ended November 30, 2013.

PART II

Item 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Price Range of Common Shares

The NovaCopper Shares are listed on the TSX and the NYSE-MKT under the symbol "NCQ". On January 29, 2014, there were 1,514 holders of record of our shares, which does not include shareholders for which shares are held in nominee or street name. The following tables set out the market price range of the Common Shares on the TSX and NYSE-MKT for the 12 months prior to the date hereof.

Quarter	NYSE-MKT		TSX (C\$)	
	High	Low	High	Low
April 25 – May 31, 2012	3.73	2.45	5.16	2.40
Q3 2012	2.84	1.70	2.81	1.67
Q4 2012	2.90	1.79	2.90	1.76
Q1 2013	2.28	1.75	2.19	1.75
Q2 2013	2.10	1.66	2.14	1.69
Q3 2013	2.07	1.66	2.20	1.72
Q4 2013	2.08	1.55	2.18	1.60
Dec 2013- Jan 29, 2014	2.03	1.35	2.15	1.45

On January 29, 2014, the closing price of our Common Shares on the TSX was CDN\$1.56 per Common Share and on the NYSE-MKT was \$1.39 per Common Share.

Dividend Policy

We have not declared or paid any dividends on our Common Shares. Our current business plan requires that for the foreseeable future, any future earnings be reinvested to finance the growth and development of our business. We will not declare or pay any dividends until such time as our cash flow exceeds our capital requirements and will depend upon, among other things, conditions then existing including earnings, financial condition, restrictions in financing arrangements, business opportunities and conditions and other factors, or our Board determines that our shareholders could make better use of the cash.

Securities Authorized for Issuance under Equity Compensation Plans

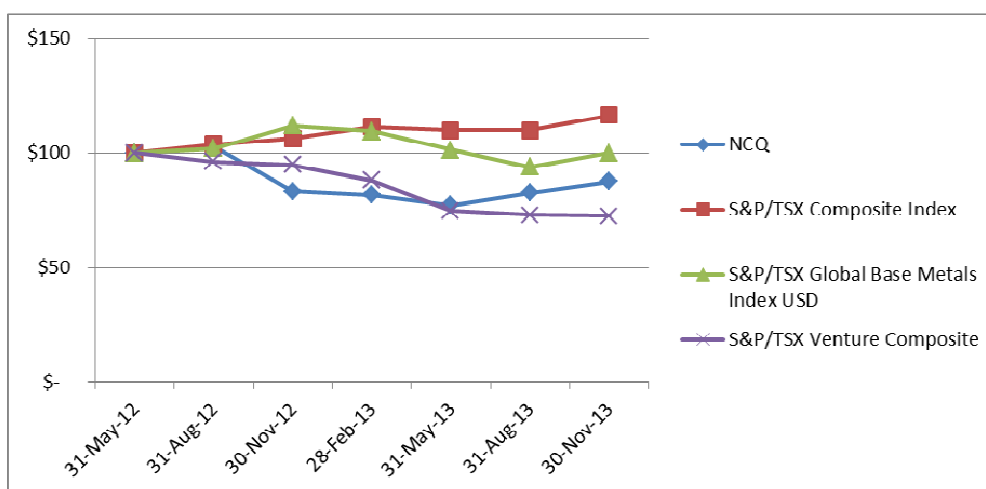
The following table is as of January 29, 2014.

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
	(a)	(b)	(c)
Equity compensation plans approved by security holders	2,854,382	2.32	6,694,072
Equity compensation plans not approved by security holders	-	-	-
Total	2,854,382	2.32	6,694,072

Stock Performance Graph

The following graph compares the percentage change in the Company's cumulative total shareholder return on its NovaCopper Shares with the cumulative total return of the S&P/TSX Composite Index, assuming the reinvestment of dividends. The performance

chart assumes that C\$100 per share was invested on May 31, 2012, in (i) the Company's Common Shares at the closing price of the Common Shares on such date of C\$2.40 per share, as quoted on the TSX; (ii) the S&P/TSX Composite Index; (iii) the S&P/TSX Global Base Metals Index USD; (iv) the S&P/TSX Venture Composite Index.



Exchange Controls

There are no governmental laws, decrees or regulations in Canada that restrict the export or import of capital, including foreign exchange controls, or that affect the remittance of dividends, interest or other payments to non-resident holders of the securities of NovaCopper, other than Canadian withholding tax.

Certain Canadian Federal Income Tax Considerations for U.S. Holders

The following is a general summary of the principal Canadian federal income tax considerations generally applicable under *Income Tax Act* (Canada) (the "Tax Act") to a holder of Common Shares, each of whom, at all relevant times, for the purposes of the Tax Act, holds such Common Shares as capital property, deals at arm's length with the Company, is not affiliated with the Company and, for purposes of the Tax Act, is not, and is not deemed to be, a resident of Canada and has not and will not use or hold or be deemed to use or hold the Common Shares in the course of carrying on business in Canada (a "Non-Resident Holder"). Special rules, which are not discussed below, may apply to a non-resident of Canada that is an insurer which carries on business in Canada and elsewhere.

The Common Shares will generally be considered capital property to a Non-Resident Holder unless either (i) the Non-Resident Holder holds the Common Shares in the course of carrying on a business of buying and selling securities or (ii) the Non-Resident Holder has acquired the Common Shares in a transaction or transactions considered to be an adventure or concern in the nature of trade.

The term "U.S. Holder," for the purposes of this section, means a Non-Resident Holder who, for purposes of the *Canada-United States Income Tax Convention* (1980) as amended, (the "Convention"), is at all relevant times a resident of the United States and is a "qualifying person" within the meaning of the Convention. In some circumstances, fiscally transparent entities (including limited liability companies) will be entitled to benefits under the Convention. U.S. Holders are urged to consult with their own tax advisors to determine their entitlement to benefits under the Convention based on their particular circumstances.

This summary is based on the current provisions of the Tax Act, the regulations thereunder (the "Regulations"), the current provisions of the Convention, counsel's understanding of the current published administrative policies and assessing practices of the Canada Revenue Agency (the "CRA") publicly available prior to the date hereof.

This summary also takes into account all specific proposals to amend the Tax Act and Regulations publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (collectively, the "Proposed Tax Amendments"). No assurances can be given that the Proposed Tax Amendments will be enacted or will be enacted as proposed. Other than the Proposed Tax Amendments, this summary does not take into account or anticipate any changes in law or the administration policies or assessing practice of CRA, whether by judicial, legislative, governmental or administrative decision or action, nor does it take into account provincial, territorial or foreign income tax legislation or considerations, which may differ significantly from those discussed herein.

This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular U.S. Holder and no representations with respect to the income tax consequences to any particular U.S. Holder are

made. This summary is not exhaustive of all Canadian federal income tax considerations. Accordingly, U.S. Holders should consult their own tax advisors with respect to their own particular circumstances. The discussion below is qualified accordingly.

Disposition of Common Shares

A Non-Resident Holder will not be subject to tax under the Tax Act in respect of any capital gain realized by such Non-Resident Holder on a disposition of the Common Shares, nor will capital losses arising from the disposition be recognized under the Tax Act, unless the Common Shares constitute “taxable Canadian property” (as defined in the Tax Act) of the Non-Resident Holder at the time of disposition and the Non-Resident Holder is not entitled to relief under an applicable income tax treaty or convention. As long as the shares are then listed on a designated stock exchange (which currently includes the TSX and the NYSE-MKT) at the time of disposition, the Common Shares generally will not constitute taxable Canadian property of a Non-Resident Holder, unless at any time during the 60-month period immediately preceding the disposition: (i) the Non-Resident Holder, persons with whom the Non-Resident Holder did not deal at arm’s length, partnerships in which the taxpayer or persons with whom the taxpayer did not deal at arm’s length holds a membership interest directly or indirectly through one or more partnerships, or the Non-Resident Holder together with all such persons, owned or was considered to own 25% or more of the issued shares of any class or series of shares of the capital stock of the Company; and (ii) more than 50% of the fair market value of the Common Shares was determined directly or indirectly from one or any combination of real or immovable property situated in Canada, “Canadian resource properties” (as determined in the Tax Act), “timber resource properties” (as defined in the Tax Act) or a options in respect of, or interests in, or civil law rights in, such properties, whether or not it exists.

If the Common Shares are taxable Canadian property to a Non-Resident Holder, any capital gain realized on the disposition or deemed disposition of such shares, may not be subject to Canadian federal income tax pursuant to the terms of an applicable income tax treaty or convention between Canada and the country of residence of a Non-Resident Holder, including the Convention.

A Non-Resident Holder whose shares are taxable Canadian property should consult their own advisors.

Dividends on Common Shares

Under the Tax Act, dividends on shares paid or credited to a Non-Resident Holder will be subject to Canadian withholding tax at the rate of 25% of the gross amount of the dividends. This withholding tax may be reduced pursuant to the terms of an applicable income tax treaty or convention between Canada and the country of residence of a Non-Resident Holder. Under the Convention, a U.S. Holder will generally be subject to Canadian withholding tax at a rate of 15% of the gross amount of such dividends. In addition, under the Convention, dividends may be exempt from Canadian non-resident withholding tax if paid to certain U.S. Holders that are qualifying religious, scientific, literary, educational or charitable tax-exempt organizations and qualifying trusts, companies, organizations or arrangements operated exclusively to administer or provide pension, retirement or employee benefits that are exempt from tax in the United States and that have complied with specific administrative procedures.

Certain U.S. Federal Income Tax Considerations

The following is a general summary of certain anticipated U.S. federal income tax considerations applicable to a U.S. Holder (as defined below) arising from and relating to the acquisition, ownership and disposition of Common Shares.

This summary is for general information purposes only and does not purport to be a complete analysis or listing of all potential U.S. federal income tax considerations that may apply to a U.S. Holder as a result of acquisition of Common Shares. Furthermore, this summary does not take into account the individual facts and circumstances of any particular U.S. Holder that may affect the U.S. federal income tax considerations applicable to such U.S. Holder of Common Shares. Except as specified below, this summary does not discuss applicable tax reporting requirements. Accordingly, this summary is not intended to be, and should not be construed as, legal or U.S. federal income tax advice with respect to any U.S. Holder. U.S. Holders should consult their own tax advisors regarding the U.S. federal, U.S. state and local, and foreign tax consequences relating to the acquisition, ownership and disposition of Common Shares.

No ruling from the U.S. Internal Revenue Service (the “IRS”) or legal opinion has been requested, or will be obtained, regarding the potential U.S. federal income tax considerations applicable to U.S. Holders as discussed in this summary. This summary is not binding on the IRS, and the IRS is not precluded from taking a position that is different from, and contrary to, the positions taken in this summary. In addition, because the authorities on which this summary is based are subject to various interpretations, the IRS and the U.S. courts could disagree with one or more of the positions taken in this summary.

Scope of this Summary

Authorities

This summary is based on the Code, regulations promulgated by the Department of the Treasury (whether final, temporary or proposed) (“Treasury Regulations”), U.S. court decisions, published rulings and administrative positions of the IRS, and the Convention, that are applicable and, in each case, in effect as of the date of this document. Any of the authorities on which this summary is based could be changed in a material and adverse manner at any time, and any such change could be applied on a retroactive or prospective basis, which could affect the U.S. federal income tax considerations described in this summary. This summary does not discuss the potential effects, whether adverse or beneficial, of any proposed legislation that, if enacted, could be applied on a retroactive basis.

U.S. Holders

For purposes of this section, a “U.S. Holder” is a beneficial owner of Common Shares that, for U.S. federal income tax purposes, is (a) an individual who is a citizen or resident of the United States for U.S. federal income tax purposes; (b) a corporation, or other entity classified as a corporation for U.S. federal income tax purposes, that is created or organized in or under the laws of the United States or any state in the United States, including the District of Columbia; (c) an estate if the income of such estate is subject to U.S. federal income tax regardless of the source of such income; or (d) a trust if (i) such trust has validly elected to be treated as a U.S. person for U.S. federal income tax purposes, or (ii) a U.S. court is able to exercise primary supervision over the administration of such trust and one or more U.S. persons have the authority to control all substantial decisions of such trust.

Non-U.S. Holders

For purposes of this summary, a “Non-U.S. Holder” is a beneficial owner of Common Shares that is neither a U.S. Holder nor a partnership (or other “pass-through” entity). This summary does not address the U.S. federal income tax considerations applicable to Non-U.S. Holders relating to the acquisition, ownership and disposition of Common Shares. Accordingly, Non-U.S. Holders should consult their own tax advisors regarding the U.S. federal, U.S. state and local, and foreign tax consequences (including the potential application of and operation of any tax treaties) relating to the acquisition, ownership, and disposition of Common Shares.

U.S. Holders Subject to Special U.S. Federal Income Tax Rules Not Addressed

This summary does not address the U.S. federal income tax considerations applicable to U.S. Holders that are subject to special provisions under the Code, including (a) U.S. Holders that are tax-exempt organizations, qualified retirement plans, individual retirement accounts or other tax-deferred accounts; (b) U.S. Holders that are financial institutions, underwriters, insurance companies, real estate investment trusts or regulated investment companies or that are broker-dealers, dealers, or traders in securities or currencies that elect to apply a mark-to-market accounting method; (c) U.S. Holders that have a “functional currency” other than the U.S. dollar; (d) U.S. Holders that own Common Shares as part of a straddle, hedging transaction, conversion transaction, constructive sale or other arrangement involving more than one position; (e) U.S. Holders that acquired Common Shares in connection with the exercise of employee stock options or otherwise as compensation for services; (f) U.S. Holders that hold Common Shares other than as a capital asset (generally property held for investment purposes) within the meaning of Section 1221 of the Code; or (g) U.S. Holders that own, directly, indirectly or by attribution, 10% or more, by voting power or value, of the outstanding shares of the Company. The summary below also does not address the impact on persons who are U.S. expatriates or former long-term residents of the United States subject to Section 877 of the Code. U.S. Holders and others that are subject to special provisions under the Code, including U.S. Holders described immediately above, should consult their own tax advisors.

If an entity that is classified as a partnership (or other “pass-through” entity) for U.S. federal income tax purposes holds Common Shares, the U.S. federal income tax consequences applicable to such partnership (or “pass-through” entity) and the partners of such partnership (or owners of such “pass-through” entity) generally will depend on the activities of the partnership (or “pass-through” entity) and the status of such partners (or owners). Partners of entities that are classified as partnerships (and owners of “pass-through” entities) for U.S. federal income tax purposes should consult their own tax advisors regarding the U.S. federal income tax consequences relating to the acquisition, ownership and disposition of Common Shares.

Tax Consequences Other than U.S. Federal Income Tax Consequences Not Addressed

This summary does not address the U.S. state and local, U.S. estate and gift, U.S. alternative minimum tax, or foreign tax consequences to U.S. Holders relating to the acquisition, ownership, and disposition of Common Shares. Each U.S. Holder should consult its own tax advisor regarding the U.S. state and local, U.S. estate and gift, U.S. federal alternative minimum tax and foreign tax consequences relating to the acquisition, ownership, and disposition of Common Shares.

U.S. Federal Income Tax Consequences of the Acquisition, Ownership and Disposition of Common Shares

Distributions on Common Shares

Subject to the PFIC rules discussed below, a U.S. Holder that receives a distribution, including a constructive distribution, with respect to a Common Share will be required to include the amount of such distribution in gross income as a dividend (without reduction for any Canadian income tax withheld from such distribution) to the extent of the current or accumulated “earnings and profits” of the Company, as computed for U.S. federal income tax purposes. To the extent that a distribution exceeds the current and accumulated “earnings and profits” of the Company, such distribution will be treated first as a tax-free return of capital to the extent of a U.S. Holder’s tax basis in the Common Shares and thereafter as a gain from the sale or exchange of such Common Shares (see “*Sale or Other Taxable Disposition of Common Shares*” below). However, the Company does not intend to maintain the calculations of earnings and profits in accordance with U.S. federal income tax principles, and each U.S. Holder should therefore assume that any distribution by the Company with respect to the Common Shares will constitute ordinary dividend income. Subject to applicable limitations, dividends paid by the Company to non-corporate U.S. Holders, including individuals, generally will be eligible for the preferential tax rates applicable to long-term capital gains for dividends, provided certain holding period and other conditions are satisfied, including that the Company not be classified as a PFIC (as discussed below) in the tax year of distribution or in the preceding tax year. Dividends received on Common Shares by corporate U.S. Holders will not be eligible for the “dividends received deduction”. The dividend rules are complex, and each U.S. Holder should consult its own tax advisor regarding the application of such rules.

Sale or Other Taxable Disposition of Common Shares

Subject to the PFIC rules discussed below, upon the sale or other taxable disposition of Common Shares a U.S. Holder generally will recognize capital gain or loss in an amount equal to the difference between (a) the amount of cash plus the fair market value of any property received and (b) its tax basis in such Common Shares sold or otherwise disposed of. Such gain generally will be treated as “U.S. source” for purposes of applying the U.S. foreign tax credit rules unless the gain is subject to tax in Canada and is resourced as “foreign source” under the Convention and such U.S. Holder elects to treat such gain or loss as “foreign source” (see a more detailed discussion at “*Foreign Tax Credit*” below). Any such gain or loss generally will be capital gain or loss, which will be long-term capital gain or loss if, at the time of the sale or other disposition, such Common Shares are held for more than one year. Preferential tax rates apply to long-term capital gains of a U.S. Holder that is an individual, estate, or trust. There are currently no preferential tax rates for long-term capital gains of a U.S. Holder that is a corporation. Deductions for capital losses are subject to significant limitations under the Code.

Foreign Tax Credit

A U.S. Holder who pays (whether directly or through withholding) Canadian income tax with respect to dividends paid on the Common Shares generally may elect to deduct or credit such tax. This election is made on a year-by-year basis and applies to all foreign taxes paid (whether directly or through withholding) by a U.S. Holder during a year.

Complex limitations apply to the foreign tax credit, including the general limitation that the credit cannot exceed the proportionate share of a U.S. Holder’s U.S. federal income tax liability that such U.S. Holder’s “foreign source” taxable income bears to such U.S. Holder’s worldwide taxable income. In applying this limitation, a U.S. Holder’s various items of income and deduction must be classified, under complex rules, as either “foreign source” or “U.S. source”. In addition, this limitation is calculated separately with respect to specific categories of income. Dividends paid by the Company generally will constitute “foreign source” income and generally will be categorized as “passive category income”. However, and subject to certain exceptions, a portion of the dividends paid by a foreign corporation will be treated as U.S. source income for United States foreign tax credit purposes, in proportion to its U.S. source earnings and profits, if United States persons own, directly or indirectly, 50 percent or more of the voting power or value of the foreign corporation’s shares. A portion of any dividends paid with respect to the Common Shares may be treated as U.S. source income under these rules, which may limit the ability of a U.S. Holder to claim a foreign tax credit for any Canadian withholding taxes payable in respect of such amount. Because the foreign tax credit rules are complex, U.S. Holders should consult their own tax advisors regarding the foreign tax credit rules, including the source of any dividends paid to U.S. Holders.

Subject to certain specific rules, foreign income and withholding taxes paid with respect to any distribution in respect of stock in a PFIC should qualify for the foreign tax credit. The rules relating to distributions by a PFIC are complex, and a U.S. Holder should consult with its own tax advisor with respect to any distribution received from a PFIC.

Receipt of Foreign Currency

The amount of any distribution paid in foreign currency to a U.S. Holder in connection with the ownership of Common Shares, or on the sale, exchange or other taxable disposition of Common Shares, generally will be equal to the U.S. dollar value of such foreign

currency based on the exchange rate applicable on the date of actual or constructive receipt (regardless of whether such foreign currency is converted into U.S. dollars at that time). If the foreign currency received is not converted into U.S. dollars on the date of receipt, a U.S. Holder will have a basis in the foreign currency equal to its U.S. dollar value on the date of receipt. A U.S. Holder that receives foreign currency and converts such foreign currency into U.S. dollars at a conversion rate other than the rate in effect on the date of receipt may have a foreign currency exchange gain or loss, which generally would be treated as U.S. source ordinary income or loss for foreign tax credit purposes. U.S. Holders should consult their own U.S. tax advisors regarding the U.S. federal income tax consequences of receiving, owning and disposing of foreign currency.

Additional Tax on Passive Income

Individuals, estates and certain trusts whose income exceeds certain thresholds will be required to pay a 3.8% Medicare surtax on “net investment income” including, among other things, dividends and net gain from disposition of property (other than property held in certain trades or businesses). U.S. Holders should consult with their own tax advisors regarding the effect, if any, of this tax on their ownership and disposition of Common Shares.

Passive Foreign Investment Company Rules

If the Company is considered a PFIC within the meaning of Section 1297 of the Code at any time during a U.S. Holder’s holding period, then certain different and potentially adverse tax consequences would apply to such U.S. Holder’s acquisition, ownership and disposition of Common Shares.

PFIC Status of the Company

The Company generally will be a PFIC if, for a given tax year, (a) 75% or more of the gross income of the Company for such tax year is passive income or (b) 50% or more of the assets held by the Company either produce passive income or are held for the production of passive income, based on the fair market value of such assets. “Gross income” generally includes all revenues less the cost of goods sold plus income from investments and from incidental or outside operations or sources,, and “passive income” includes, for example, dividends, interest, certain rents and royalties, certain gains from the sale of stock and securities, and certain gains from commodities transactions. Active business gains arising from the sale of commodities generally are excluded from passive income if substantially all (85% or more) of a foreign corporation’s commodities are stock in trade or inventory, depreciable property used in a trade or business, or supplies regularly used or consumed in a trade or business, and certain other requirements are satisfied.

For purposes of the PFIC income test and asset test described above, if the Company owns, directly or indirectly, 25% or more of the total value of the outstanding shares of another corporation, the Company will be treated as if it (a) held a proportionate share of the assets of such other corporation and (b) received directly a proportionate share of the income of such other corporation. In addition, for purposes of the PFIC income test and asset test described above, “passive income” does not include any interest, dividends, rents or royalties that are received or accrued by the Company from a “related person” (as defined in Section 954(d)(3) of the Code), to the extent such items are properly allocable to the income of such related person that is not passive income.

Under certain attribution rules, if the Company is a PFIC, U.S. Holders will be deemed to own their proportionate share of any subsidiary of the Company which is also a PFIC (a “Subsidiary PFIC”), and will be subject to U.S. federal income tax on (a) a distribution on the shares of a Subsidiary PFIC and (b) a disposition of shares of a Subsidiary PFIC, both as if the U.S. Holder directly held the shares of such Subsidiary PFIC.

The Company believes that it was not a PFIC for the tax years ended November 30, 2012 and 2013. The determination of whether the Company (or a subsidiary of the Company) was, or will be, a PFIC for a tax year depends, in part, on the application of complex U.S. federal income tax rules, which are subject to differing interpretations. In addition, whether the Company (or subsidiary) will be a PFIC for any tax year depends on the assets and income of the Company (and each such subsidiary) over the course of each such tax year and, as a result, cannot be predicted with certainty as of the date of this document. Accordingly, there can be no assurance that the IRS will not challenge any determination made by the Company (or subsidiary) concerning its PFIC status or that the Company (and any subsidiary) was not, or will not be, a PFIC for any tax year. U.S. Holders should consult their own tax advisors regarding the PFIC status of the Company and any subsidiary of the Company.

Default PFIC Rules under Section 1291 of the Code

If the Company is a PFIC, the U.S. federal income tax consequences to a U.S. Holder of the acquisition, ownership and disposition of Common Shares will depend on whether such U.S. Holder makes a QEF election or makes a mark-to-market election under Section 1296 of the Code (a “Mark-to-Market Election”) with respect to Common Shares. A U.S. Holder that does not make either a QEF Election or a Mark-to-Market Election will be referred to in this summary as a “Non-Electing U.S. Holder”.

A Non-Electing U.S. Holder will be subject to the rules of Section 1291 of the Code with respect to (a) any gain recognized on the sale or other taxable disposition of Common Shares and (b) any excess distribution paid on the Common Shares. A distribution generally will be an “excess distribution” to the extent that such distribution (together with all other distributions received in the current tax year) exceeds 125% of the average distributions received during the three preceding tax years (or during a U.S. Holder’s holding period for the Common Shares, if shorter).

If the Company is a PFIC, under Section 1291 of the Code any gain recognized on the sale or other taxable disposition of Common Shares (including an indirect disposition of shares of a Subsidiary PFIC), and any excess distribution paid on Common Shares (or a distribution by a Subsidiary PFIC to its shareholder that is deemed to be received by a U.S. Holder) must be ratably allocated to each day of a Non-Electing U.S. Holder’s holding period for the Common Shares. The amount of any such gain or excess distribution allocated to the tax year of disposition or excess distribution and to years before the Company became a PFIC, if any, would be taxed as ordinary income. The amounts allocated to any other tax year would be subject to U.S. federal income tax at the highest tax applicable to ordinary income in each such year, and an interest charge would be imposed on the tax liability for each such year, calculated as if such tax liability had been due in each such year. A Non-Electing U.S. Holder that is not a corporation must treat any such interest paid as “personal interest”, which is not deductible.

If the Company is a PFIC for any tax year during which a Non-Electing U.S. Holder holds Common Shares, the Company will continue to be treated as a PFIC with respect to such Non-Electing U.S. Holder, regardless of whether the Company ceases to be a PFIC in one or more subsequent years. If the Company ceases to be a PFIC, a Non-Electing U.S. Holder may terminate this deemed PFIC status with respect to Common Shares by electing to recognize gain (which will be taxed under the rules of Section 1291 of the Code discussed above) as if such Common Shares were sold on the last day of the last tax year for which the Company was a PFIC.

Under proposed Treasury Regulations, if a U.S. Holder has an option, warrant or other right to acquire stock of a PFIC, such option, warrant or right is considered to be PFIC stock subject to the default rules of Section 1291 of the Code. Under rules described below, if the Company were a PFIC, the holding period for the option, warrant or other right would begin on the day after the date a U.S. Holder acquired the option, warrant or other right. This would impact the availability of the QEF Election and Mark-to-Market Election with respect to an option, warrant or other right. Thus, a U.S. Holder would have to account for an option, warrant or other right and Common Shares under the PFIC rules and the applicable elections differently (see discussion below under “*QEF Election*” and “*Market-to-Market Election*”).

QEF Election

In the event the Company is a PFIC and a U.S. Holder makes a QEF Election for the first tax year in which its holding period of its Common Shares begins, such U.S. Holder generally will not be subject to the rules of Section 1291 of the Code discussed above with respect to its Common Shares. However, a U.S. Holder that makes a QEF Election will be subject to U.S. federal income tax on such U.S. Holder’s pro rata share of (a) the net capital gain of the Company, which will be taxed as long-term capital gain to such U.S. Holder, and (b) the ordinary earnings of the Company, which will be taxed as ordinary income to such U.S. Holder. Generally, “net capital gain” is the excess of (a) net long-term capital gain over (b) net short-term capital gain, and “ordinary earnings” are the excess of (a) “earnings and profits” over (b) net capital gain. A U.S. Holder that makes a QEF Election will be subject to U.S. federal income tax on such amounts for each tax year in which the Company is a PFIC, regardless of whether such amounts are actually distributed to such U.S. Holder by the Company. However, a U.S. Holder that makes a QEF Election may, subject to certain limitations, elect to defer payment of current U.S. federal income tax on such amounts, subject to an interest charge. If such U.S. Holder is not a corporation, any such interest paid will be treated as “personal interest”, which is not deductible.

A U.S. Holder that makes a QEF Election generally (a) may receive a tax-free distribution from the Company to the extent that such distribution represents “earnings and profits” of the Company that were previously included in income by the U.S. Holder because of such QEF Election and (b) will adjust such U.S. Holder’s tax basis in the Common Shares to reflect the amount included in income or allowed as a tax-free distribution because of such QEF Election. In addition, a U.S. Holder that makes a QEF Election generally will recognize capital gain or loss on the sale or other taxable disposition of Common Shares.

The procedure for making a QEF Election, and the U.S. federal income tax consequences of making a QEF Election, will depend on whether such QEF Election is timely. A QEF Election will be treated as “timely” if it is made for the first year in the U.S. Holder’s holding period for the Common Shares in which the Company was a PFIC. A U.S. Holder may make a timely QEF Election by filing the appropriate QEF Election documents at the time such U.S. Holder files a U.S. federal income tax return for such year.

A QEF Election will apply to the tax year for which such QEF Election is made and to all subsequent tax years, unless such QEF Election is invalidated or terminated or the IRS consents to revocation of such QEF Election. If a U.S. Holder makes a QEF Election and, in a subsequent tax year, the Company ceases to be a PFIC, the QEF Election will remain in effect (although it will not be applicable) during those tax years in which the Company is not a PFIC. Accordingly, if the Company becomes a PFIC in a

subsequent tax year, the QEF Election will be effective, and the U.S. Holder will be subject to the QEF rules described above during a subsequent tax year in which the Company qualifies as a PFIC.

As discussed above, under proposed Treasury Regulations, if a U.S. Holder has an option, warrant or other right to acquire stock of a PFIC, such option, warrant or right is considered to be PFIC stock subject to the default rules of Section 1291 of the Code on its disposition. However, a holder of an option, warrant or other right to acquire stock of a PFIC may not make a QEF Election that will apply to the option, warrant or other right to acquire PFIC stock. In addition, under proposed Treasury Regulations, if a U.S. Holder holds an option, warrant or other right to acquire stock of a PFIC, the holding period with respect to shares of stock of the PFIC acquired upon exercise of such option, warrant or other right will include the period that the option, warrant or other right was held. U.S. Holders should consult their own tax advisors regarding the application of the PFIC rules to Common Shares.

The Company will make available to U.S. Holders, upon their written request, timely and accurate information as to its status as a PFIC, and will provide to a U.S. Holder all information and documentation that a U.S. Holder making a QEF Election with respect to the Company, and any Subsidiary PFIC in which the Company owns, directly or indirectly, more than 50% of such Subsidiary PFIC's total aggregate voting power, is required to obtain for U.S. federal income tax purposes in the event it is a PFIC. However, U.S. Holders should be aware that the Company can provide no assurances that it will provide any such information relating to any Subsidiary PFIC, in which the Company owns, directly or indirectly, 50% or less of such Subsidiary PFIC's aggregate voting power. Because the Company may own shares in one or more Subsidiary PFICs, and may acquire shares in one or more Subsidiary PFICs in the future, they will continue to be subject to the rules discussed above with respect to the taxation of gains and excess distributions with respect to any Subsidiary PFIC for which the U.S. Holders do not obtain the required information. U.S. Holders should consult their tax advisor regarding the availability of, and procedure for making, a QEF Election with respect to the Company and any Subsidiary PFIC.

Mark-to-Market Election

A U.S. Holder may make a Mark-to-Market Election only if the Common Shares are marketable stock. The Common Shares generally will be "marketable stock" if they are regularly traded on (a) a national securities exchange that is registered with the SEC; (b) the national market system established pursuant to section 11A of the Securities and Exchange Act of 1934; or (c) a foreign securities exchange that is regulated or supervised by a governmental authority of the country in which the market is located, provided that (i) such foreign exchange has trading volume, listing, financial disclosure and other requirements and the laws of the country in which such foreign exchange is located, together with the rules of such foreign exchange, ensure that such requirements are actually enforced; and (ii) the rules of such foreign exchange ensure active trading of listed stocks. If such stock is traded on such a qualified exchange or other market, such stock generally will be "regularly traded" for any calendar year during which such stock is traded, other than in de minimis quantities, on at least 15 days during each calendar quarter. Each U.S. Holder should consult its own tax advisor regarding whether the Common Shares constitute marketable stock.

A U.S. Holder that makes a Mark-to-Market Election with respect to its Common Shares generally will not be subject to the rules of Section 1291 of the Code discussed above. However, if a U.S. Holder does not make a Mark-to-Market Election beginning in the first tax year of such U.S. Holder's holding period for Common Shares or such U.S. Holder has not made a timely QEF Election, the rules of Section 1291 of the Code discussed above will apply to certain dispositions of, and distributions on, the Common Shares.

A U.S. Holder that makes a Mark-to-Market Election will include in ordinary income, for each tax year in which the Company is a PFIC, an amount equal to the excess, if any, of (a) the fair market value of the Common Shares, as of the close of such tax year over (b) such U.S. Holder's tax basis in such Common Shares. A U.S. Holder that makes a Mark-to-Market Election will be allowed a deduction in an amount equal to the excess, if any, of (i) such U.S. Holder's adjusted tax basis in the Common Shares over (ii) the fair market value of such Common Shares (but only to the extent of the net amount of previously included income as a result of the Mark-to-Market Election for prior tax years).

U.S. Holders that make a Mark-to-Market Election generally also will adjust their tax basis in the Common Shares to reflect the amount included in gross income or allowed as a deduction because of such Mark-to-Market Election. In addition, upon a sale or other taxable disposition of Common Shares, a U.S. Holder that makes a Mark-to-Market Election will recognize ordinary income or loss (not to exceed the excess, if any, of (a) the amount included in ordinary income because of such Mark-to-Market Election for prior tax years over (b) the amount allowed as a deduction because of such Mark-to-Market Election for prior tax years).

A Mark-to-Market Election applies to the tax year in which such Mark-to-Market Election is made and to each subsequent tax year, unless the Common Shares cease to be "marketable stock" or the IRS consents to revocation of such election. U.S. Holders should consult their own tax advisors regarding the availability of, and procedure for making, a Mark-to-Market Election.

Although a U.S. Holder may be eligible to make a Mark-to-Market Election with respect to Common Shares, no such election may be made with respect to the stock of any Subsidiary PFIC that a U.S. Holder is treated as owning because such stock is not marketable.

Hence, the Mark-to-Market Election will not be effective to eliminate the interest charge described above with respect to deemed dispositions of Subsidiary PFIC stock or distributions from a Subsidiary PFIC.

Other PFIC Rules

Under Section 1291(f) of the Code, the IRS has issued proposed Treasury Regulations that, subject to certain exceptions, would cause a U.S. Holder that had not made a timely QEF Election to recognize gain (but not loss) upon certain transfers of Common Shares that would otherwise be tax-deferred (e.g., gifts and exchanges pursuant to corporate reorganizations) in the event the Company is a PFIC during such U.S. Holder's holding period for the relevant shares. However, the specific U.S. federal income tax consequences to a U.S. Holder may vary based on the manner in which Common Shares are transferred.

Certain additional adverse rules will apply with respect to a U.S. Holder if the Company is a PFIC, regardless of whether such U.S. Holder makes a QEF Election. For example, under Section 1298(b)(6) of the Code, a U.S. Holder that uses Common Shares as security for a loan will, except as may be provided in Treasury Regulations, be treated as having made a taxable disposition of such Common Shares.

In any year in which the Company is classified as a PFIC, a U.S. Holder may be required to file an annual report with the IRS containing such information as Treasury Regulations and/or other IRS guidance may require. U.S. Holders should consult their own tax advisors regarding the requirements of filing such information returns under these rules, including the requirement to file an IRS Form 8621.

In addition, a U.S. Holder who acquires Common Shares from a decedent will not receive a "step up" in tax basis of such Common Shares to fair market value unless such decedent had a timely and effective QEF Election in place.

Special rules also apply to the amount of foreign tax credit that a U.S. Holder may claim on a distribution from a PFIC.

The PFIC rules are complex, and U.S. Holders should consult their own tax advisors regarding the PFIC rules and how they may affect the U.S. federal income tax consequences of the acquisition, ownership, and disposition of Common Shares in the event the Company is a PFIC at any time during such holding period for such Common Shares.

Information Reporting, Backup Withholding Tax

Certain U.S. Holders are required to report information relating to an interest in Common Shares subject to certain exceptions (including an exception for Common Shares held in accounts maintained by certain financial institutions), by attaching a completed IRS Form 8938, Statement of Specified Foreign Financial Assets, with their tax return for each year in which they hold an interest in Common Shares. U.S. Holders are urged to consult their own tax advisors regarding information reporting requirements relating to their ownership of Common Shares.

Payments made within the United States, or by a U.S. payor or U.S. middleman, of dividends on Common Shares, and proceeds arising from certain sales or other taxable dispositions of Common Shares, may be subject to information reporting and backup withholding tax, at the rate of 28%, if a U.S. Holder (a) fails to furnish such U.S. Holder's correct U.S. social security or other taxpayer identification number (generally on Form W-9); (b) furnishes an incorrect U.S. taxpayer identification number; (c) is notified by the IRS that such U.S. Holder has previously failed to properly report items subject to backup withholding tax; or (d) fails under certain circumstances to certify, under penalty of perjury, that such U.S. Holder has furnished its correct U.S. taxpayer identification number and that the IRS has not notified such U.S. Holder that it is subject to backup withholding tax. However, U.S. Holders that are corporations generally are excluded from these information reporting and backup withholding tax rules. Any amounts withheld under the U.S. backup withholding tax rules will be allowed as a credit against a U.S. Holder's U.S. federal income tax liability, if any, or will be refunded, if such U.S. Holder timely furnishes the required information to the IRS. U.S. Holders should consult their own tax advisors regarding the information reporting and backup withholding tax rules.

Unregistered Sales of Equity Securities

None.

Repurchase of Securities

During 2013, neither NovaCopper nor any affiliate of NovaCopper repurchased Common Shares of NovaCopper registered under Section 12 of the Exchange Act.

Item 6. SELECTED FINANCIAL DATA

The selected financial data in the table below have been selected in part, from our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The selected financial data should be read in conjunction with those consolidated financial statements and the notes thereto. The selected financial data for the year ended November 30, 2009 were prepared in accordance with Canadian generally accepted accounting principles and reconciled to accounting principles generally accepted in the United States. There were no measurement differences for the year ended November 30, 2009.

in thousands of dollars, except per share amounts

Year ended November 30					
	2013	2012	2011	2010	2009
	\$	\$	\$	\$	\$
Results of operations					
Loss and comprehensive loss for the period	24,394	31,018	11,336	3,340	646
Basic and diluted loss per share	0.47	0.67	0.44	0.14	0.03
Financial position					
Working capital (deficit)	5,423	21,190	(424)	(12,153)	10
Total assets	38,899	55,696	31,772	26,607	10
Total long-term liabilities	-	-	-	11,098	-
Shareholders' equity	37,157	53,723	31,251	3,296	10

Item 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

NovaCopper Inc.
(An Exploration-Stage Company)

Management's Discussion & Analysis
For the Fourth Quarter and Year Ended November 30, 2013
(expressed in US dollars)

General

This Management's Discussion and Analysis ("MD&A") of NovaCopper Inc. is dated January 29, 2014 and provides an analysis of our audited financial results for the year ended November 30, 2013 compared to the year ended November 30, 2012.

The following information should be read in conjunction with our November 30, 2013 audited consolidated financial statements and related notes which were prepared in accordance with United States generally accepted accounting principles ("U.S. GAAP"). A summary of the U.S. GAAP accounting policies are outlined in note 2 of the audited consolidated financial statements. All amounts are in United States dollars unless otherwise stated.

Scott Petsel, P.Geo., an employee and the Upper Kobuk Mineral Projects Manager, is a Qualified Person under NI 43-101, and has approved the scientific and technical information in this MD&A.

NovaCopper's shares are listed on the TSX and the NYSE-MKT under the symbol "NCQ". Additional information related to NovaCopper, including our annual report on Form 10-K, is available on SEDAR at www.sedar.com and on EDGAR at www.sec.gov.

Description of business

We are a base metals exploration company focused on exploring and developing the Ambler mining district located in Alaska, U.S.A. We conduct our operations through a wholly-owned subsidiary, NovaCopper US. Our Upper Kobuk Mineral Projects or UKMP Projects consist of i) the 100% owned Ambler lands which host the Arctic copper-zinc-lead-gold-silver Project; and ii) the Bornite carbonate-hosted copper Project located on the Bornite lands being explored under a collaborative long-term agreement with NANA, a regional Alaska Native Corporation.

We are primarily focused on developing copper properties in the Ambler mining district, some of which also have significant zinc, gold and silver resources. Our principal properties are located in Alaska, a region with low geopolitical risk that has a long history of mining, established permitting standards and state and federal governments supportive of resource development. We draw on the expertise of our management and Board of Directors who have years of experience in the Ambler region from their time at NovaGold. We are focused on continuing to identify high-grade mineralization with additional exploration executed in 2013.

We were formed in 2011 by NovaGold to hold the UKMP Projects, and were spun-out to shareholders of NovaGold through a Plan of Arrangement effective April 30, 2012. NovaGold shareholders received one NovaCopper common share for every six common shares of NovaGold held on the effective date of the Plan of Arrangement.

Property review

Our principal assets, the UKMP Projects, are located in the Ambler mining district in Northwest Alaska. Our UKMP Projects comprise approximately 352,943 acres (142,831 hectares) consisting of the Ambler and Bornite lands.

Arctic Project

The Ambler lands, which host a number of deposits, including the high-grade copper-zinc-lead-gold-silver Arctic Project, and other mineralized targets within a 65 kilometer long VMS belt, are owned by NovaCopper US. The Ambler lands are located in Northwestern Alaska and consist of 112,058 acres (45,348 hectares) of Federal patented mining claims and State of Alaska mining claims, within which VMS mineralization has been found.

On January 11, 2010, NovaGold purchased 100% of the Ambler lands. As consideration, NovaGold issued 931,098 common shares with a fair value of \$5.0 million and agreed to make two cash payments to the vendor of \$12.0 million each in January 2011 and January 2012 for total consideration of \$29.0 million. The January 2011 payment was made by NovaGold on January 7, 2011 and the

January 2012 payment was made in advance by NovaGold on August 5, 2011. Total fair value of the consideration was \$26.5 million, including transaction costs associated with the acquisition of \$0.1 million. The vendor retained a 1% net smelter return royalty that the owner of the property can purchase at any time for a one-time payment of \$10.0 million.

We have recorded the Ambler lands as a mineral property with acquisition costs capitalized and exploration costs expensed in accordance with our accounting policies. As a result of the spin-out of NovaCopper from NovaGold, the interim consolidated financial statements have been presented under the continuity of interest basis of accounting whereby the amounts are based on the amounts originally recorded by NovaGold as if we had held the property from inception.

Bornite Project

On October 19, 2011, NovaCopper US and NANA signed a collaborative agreement to explore and develop the Ambler mining district. Under the NANA Agreement, NovaCopper US acquired the exclusive right to explore the Bornite property and lands deeded to NANA through the ANCSA, located adjacent to the Arctic Project, and the non-exclusive right to access and entry onto NANA's lands. The agreement establishes a framework for any future development of either the Bornite Project or the Arctic Project. Both projects are included as part of a larger area of interest set forth in the NANA agreement.

As consideration, NovaCopper paid \$4.0 million to NANA upon signing the NANA agreement and gave NANA the right to appoint a member to NovaCopper's Board of Directors within a five year period following our public listing on a stock exchange. Upon the decision to proceed with development of a mine within the area of interest, NANA maintains the right to purchase an ownership interest in the mine equal to between 16%-25% or retain a 15% net proceeds royalty which is payable after NovaCopper has recovered certain historical costs, capital and cost of capital. Should NANA elect to purchase an ownership interest in the mine, consideration will be payable based on the elected percentage purchased and the costs incurred on the properties less \$40.0 million, not to be less than zero. The parties would form a joint venture and be responsible for all future costs incurred in connection with the mine including capital costs of the mine based on each party's pro-rata share. The completion of the agreement with NANA creates a total land package which incorporates our Ambler lands with the adjacent Bornite and ANCSA lands for a total of approximately 352,900 acres (142,831 hectares).

NANA would also be granted a net smelter return royalty between 1% and 2.5% upon the execution of a mining lease or a surface use agreement, the amount of which is determined by the particular area of land from which production originates.

We have accounted for the Bornite property as a mineral property with acquisition costs capitalized and exploration costs expensed.

Corporate developments

Long-term incentives

On November 29, 2012, the Board of Directors approved a Restricted Share Unit Plan ("RSU Plan") and a Deferred Share Unit Plan ("DSU Plan") to provide long-term incentives to employees and directors. The RSU and DSU Plans may be settled in cash or common shares with each Restricted Share Unit ("RSU") and Deferred Share Unit ("DSU") entitling the holder to receive one common share or the market value of one common share, at the Company's election.

On December 5, 2012, 1,295,500 RSUs were granted to employees vesting equally in thirds on June 5, 2013, December 5, 2013, and December 5, 2014. 750,000 DSUs were granted to directors to be paid out at the time of retirement from NovaCopper.

On May 21, 2013, we held our first annual general meeting of shareholders at which our shareholders voted in favour of the authorizing the issuance of shares in settlement of RSUs and DSUs issued under the RSU and DSU Plans.

Share issuances

Under the Plan of Arrangement, we committed to issue up to 6,181,352 common shares to satisfy holders of NovaGold warrants, performance share units and deferred shares units on record as of the close of business on April 27, 2012. When a warrant is exercised or a share unit vests, we have committed to deliver one common share to such holder for every six shares of NovaGold the holder is entitled to receive, pursuant to the warrant and share unit terms, rounded down to the nearest whole number.

We issued 6,088,262 common shares upon the exercise of NovaGold warrants by various holders during the period between December 31, 2012 and January 18, 2013 and 14,180 common shares in settlement of NovaGold performance share units which vested on December 3, 2012. We received no proceeds from the exercise and settlement of these instruments.

2013 activities

We successfully completed our 2013 exploration field season program in mid-August accomplishing 8,142 meters of drilling which represents 109% of our planned drilling. We drilled 4,684 meters at the Ruby Creek zone (a potential open pit target) and 3,458 meters on depth extensions of the South Reef zone and Lower Reef mineralization (a potential underground target) of the Bornite Project. The 2013 exploration program was focused on expansion of the resources identified in the Technical Report for the Bornite Deposit, South Reef and Ruby Creek Zones, Northwest Alaska, dated February 8, 2013. Results from the drill program were released throughout the fall and winter.

The 2013 exploration field season program also saw us undertake a significant drill core re-sampling and re-assaying program at the Bornite Project consisting of 33 historical drill holes comprising 11,067 meters of drill core, which were originally drilled by Kennecott between 1957 and 1975. The objectives of the program were twofold: 1) to confirm and conduct a Quality Assurance/Quality Control program on the historical sample results; and 2) to identify additional lower-grade (0.2%-0.5% copper) shallow material, which was not previously sampled. The re-sampling and re-assaying program confirmed previously known high-grade mineralization and extended the known limits of lower grade mineralization. The results from these 33 historical drill holes combined with the 15 holes drilled during the 2013 program at the Ruby Creek and South Reef zones will be incorporated into an updated resource estimate which is expected to be completed in the first half of 2014.

We also completed the installation of an additional stream gauging station on Ruby Creek near Bornite to allow us to continue to improve our environmental baseline data collection in the region.

We had approved a budget of \$16.0 million for our 2013 exploration program, technical reviews, formal studies and general and administrative costs. We expended a total of \$14.4 million for the year ended November 30, 2013, \$1.6 million or 10% under budget. A total of \$8.9 million was expended on the UKMP Projects in drilling activities, project support and engineering studies compared to a budget of \$10.1 million. Cost savings of \$1.2 million were realized through increased drill production rates, optimizing schedules to shorten the field season and deferring camp projects. We expended \$5.4 million on corporate expenses compared to a budget of \$5.9 million. Corporate expenses were under budget by \$0.5 million or 8.5% due to cost reductions in general and administrative expenses including less corporate travel and lower office expenditures.

We continued to focus our efforts on community relations and workforce development strategies, working closely with NANA on these efforts. Our NANA shareholder hire percentage for project staff was 58% for the 2013 field season. Our community engagement during the summer was in high gear including several visits to the surrounding local communities to conduct open house meetings and facilitate dialog regarding the project. Other activities included summer picnics held in local villages, visits from elders in the region for a legacy day celebrating historic workers, and tours conducted for area school children and local community representatives. In early August, we capped the field season off with a successful tour for Alaskan State legislators and regulators and various representatives of the NANA region.

On July 30, 2013, we announced the results of our PEA study for an open-pit scenario at the Arctic deposit. The Preliminary Economic Assessment Report on the Arctic Project, Ambler Mining District, Northwest Alaska, dated effective September 12, 2013 outlines an open-pit scenario of a 12-year mine life supporting a 10,000 tonne-per-day conventional grinding mill-and-flotation circuit at the Arctic deposit with a pre-tax NPV of \$927.7 million or 22.8% IRR and an after-tax NPV of \$537.2 million or 17.9% IRR at an 8% discount rate for the Arctic Project on a 100% basis. Initial capital expenditures are estimated at \$717.7 million with sustaining capital expenditures of \$164.4 million. The PEA is preliminary in nature and includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves. There is no certainty that the PEA will be realized. The PEA is available on SEDAR, EDGAR, and our website. See *“Cautionary Note to United States Investors concerning Reserve and Resource Estimates.”*

On April 30, 2013, we announced the signing of a MOU with AIDEA to investigate the viability of permitting and constructing an industrial access road to the Ambler mining district and the UKMP Projects. The MOU formalizes the roles of each party as they relate to advancing the AMDIAR, which AIDEA is expected to commence permitting in 2014. The MOU also allows AIDEA to investigate various ways to fund the construction and maintenance of the AMDIAR. Although no specific terms have yet been discussed on payment for usage of the AMDIAR, the arrangement that AIDEA entered into with Cominco Ltd. (now Teck Resources Limited.) in 1986 for construction of the Red Dog Road and Port Facility may serve as a general template for a final financing agreement. This MOU is non-exclusive, meaning that other mining and exploration companies or other industrial users may also work in cooperation with AIDEA to support development of the AMDIAR by signing their own MOUs.

On February 5, 2013, we released an updated resource estimate for the Bornite Project in a report entitled “NI 43-101 Technical Report Resource Estimation – South Reef and Ruby Creek zones, Bornite deposit, Upper Kobuk Mineral Projects, Northwest Alaska.” This updated Bornite Project resource estimation included the newly discovered South Reef zone resources in addition to the previously estimated Ruby Creek zone resources released on July 18, 2012. The South Reef zone which lies roughly 400 to 600

meters southeast of the Ruby Creek zone reports at a 1.0% copper cut-off grade, Inferred Resources of 43.1 million tonnes of 2.54% Cu or 2,409 million pounds of contained copper. Resources are stated as potentially being economically viable in an underground mining scenario based on a projected metal price of \$2.75 per pound copper and total site operating costs of \$60.00 per tonne. See “Cautionary Note to United States Investors concerning Reserve and Resource Estimates.”

Outlook

We expect to release an updated resource estimate on the Bornite Project in late Q1/early Q2 2014 which will incorporate drilling from the 2013 exploration program as well as the results from the re-sampling and re-assaying program undertaken. We are currently working to develop the 2014 exploration program focus and initiatives.

During 2014, we will also continue to focus efforts on supporting AIDEA in permitting the AMDIAR which is expected to provide access to UKMP Projects. We continue to work closely with our partner, NANA, on community relations and workforce development strategies. We also intend to sign a memorandum of understanding with AIDEA in the first half of 2014 to explore the feasibility of utilizing liquid natural gas (“LNG”) trucked from the North Slope LNG Plant (or the Interior Energy Project) to the UKMP Projects site to replace diesel as the main source of fuel to operate the Arctic processing facility.

We do not currently generate operating cash flows. At November 30, 2013, we had cash and cash equivalents of \$6.5 million and working capital of \$5.4 million. At January 29, 2014, we had approximately \$5.4 million of cash and cash equivalents. At present, we believe that the current cash and cash equivalent balances as of November 30, 2013 are sufficient to cover the anticipated expenditures relating to fiscal 2014 general and administrative costs and to maintain our properties in good standing. Additional capital will be necessary to conduct exploration drilling and engineering studies on our properties to advance our projects to a positive production decision. Based on anticipated but not committed expenditures on our projects, we are likely to require financing within the next twelve months. Future financings are anticipated through debt financing, equity financing, convertible debt, exercise of options, or other means. Our continued operations are dependent on our ability to obtain additional financing or to generate future cash flows. However, there can be no assurance that we will be successful in our efforts to raise additional capital.

Summary of results

Selected expenses	Year ended November 30, 2013	Year ended November 30, 2012	Year ended November 30, 2011
	\$	\$	\$
Accretion expense	-	-	974
Amortization	1,033	769	283
General and administrative	1,915	2,276	1,338
Mineral properties expense	8,894	15,327	8,600
Professional fees	947	646	76
Salaries	3,173	2,410	49
Salaries – stock-based compensation	8,225	9,411	-
Loss and comprehensive loss for the year	24,394	31,018	11,336
Basic and diluted loss per common share	\$0.47	\$0.67	\$0.44

*in thousands of dollars,
except for per share amounts*

For the year ended November 30, 2013, we reported a net loss of \$24.4 million (or \$0.47 basic and diluted loss per common share) compared to a net loss of \$31.0 million for the corresponding period in 2012 (or \$0.67 basic and diluted loss per common share) and a net loss of \$11.3 million for the corresponding period in 2011 (or \$0.44 basic and diluted loss per common share). This variance was primarily due to a decrease in the exploration program at our UKMP Projects for 2013 compared to the significantly increased activities at our UKMP Projects during the 2012 field season and a decrease in general and administration expenses, and stock-based compensation in the current year. In 2013, we drilled 8,142 meters compared with 17,209 meters in 2012 and 7,141 meters in 2011. Mineral property expenses consist of direct drilling, personnel, community, resource reporting and other exploration expenses, as well as indirect project support expenses such as fixed wing charters, helicopter support, fuel, and other camp operation costs. In 2012, we became a publicly listed entity, and as a result, recorded stock-based compensation expense for the first time. Total expense recognized for the year ended November 30, 2013 was \$8.2 million (2012 - \$9.4 million, 2011 - \$nil) which included \$4.8 million in expense relating to previously granted stock options and \$3.4 million in expense relating to the RSU and DSU grants in December 2012. On November 22, 2013, we cancelled 5,710,000 stock options at an exercise price of CAD\$3.11 which were granted in 2012. Remaining expenses relating to unvested options at the time of cancellation were accelerated and recognized in the year. As we were not a publicly traded entity in 2011, there is no similar charge. General and administrative expenses for the year ended November 30, 2013 were \$1.9 million, a reduction of \$0.4 million from the \$2.3 million incurred for the year ended November 30, 2012. Expenses in 2012 were high due to the spin-out and costs incurred in connection with becoming a separate public company, compared to expenses in 2013, which represent a more consistent full year of general and administrative costs as an operating company. The comparable basic and diluted loss per common share for 2013 is lower than 2012 mainly as a result of the decreased loss and

comprehensive loss for the year, as well as additional shares issued during 2013 as a result of the commitment to issue shares upon the exercise of NovaGold warrants. The basic and diluted loss per common share for 2013 is comparable to 2011 mainly as a result of the corresponding increase in net loss and number of shares outstanding. We had 100 common shares outstanding at the end of 2011 held by NovaGold following our incorporation as a wholly-owned subsidiary of NovaGold in April 2011. Under U.S. GAAP, as a spin-out of NovaGold through a stock split, the comparable loss per share in prior periods has been restated to incorporate the shares distributed as if the spin-out occurred at inception. Expenses to April 30, 2012, the date of completion of the spin-out, were funded by NovaGold and its affiliates.

Other important variances for the twelve-month period ended November 30, 2013 compared to the same period in 2012 are as follows: (a) \$ 1.0 million in amortization in 2013 compared to \$0.8 million in 2012 due to timing of capital purchases in the prior fiscal year; (b) \$0.9 million in professional fees in 2013 compared to \$0.7 million in 2012 primarily as of additional expenses incurred in listing a base shelf prospectus in Canada and the United States; (c) \$3.2 million on salaries in 2013 with a similar amount of \$2.4 million incurred in 2012, which reflects comparable staff costs overall annualized as we did not have full time staff until May 2012; however, 2012 also included a one-time expense of \$0.6 million to account for the issuance of 76,005 common shares under the President's employment agreement on the completion of the spin-out.

Fourth quarter results

During the fourth quarter of 2013, we incurred a net loss of \$4.9 million compared to \$7.8 million for the comparable period in 2012. The decrease in net loss in 2013 compared to 2012 was a result of reduced activities in the fall of 2013 due to a shortened field season which ended in mid-August 2013 compared with the field season in 2012 which ended in early October 2012 with drilling finished in mid-September 2012. We incurred \$1.0 million of mineral property expenses in the fourth quarter of 2013 compared to \$3.1 million in the fourth quarter of 2012. The other item which reflects the decrease in net loss resulted from stock-based compensation of \$1.4 million in the fourth quarter of 2013 compared to \$1.9 million in 2012 resulting from the timing of expense due to vesting of stock options and units.

Selected financial data

Annual information

The following annual information is prepared in accordance with U.S. GAAP.

	<i>in thousands of dollars</i>		
	Year ended November 30, 2013	Year ended November 30, 2012	Year ended November 30, 2011
	\$	\$	\$
Interest income	40	45	-
Expenses	24,434	31,056	10,362
Loss and comprehensive loss for the year	24,394	31,018	11,336
Total assets	38,899	55,696	31,772
Total liabilities	1,742	1,973	521

Quarterly information

The following unaudited quarterly information is prepared in accordance with U.S. GAAP.

	<i>in thousands of dollars, except per share amounts</i>							
	Q4 2013	Q3 2013	Q2 2013	Q1 2013	Q4 2012	Q3 2012	Q2 2012	Q1 2012
	11/30/13	08/31/13	05/31/13	02/28/13	11/30/12	08/31/12	05/31/12	02/29/12
	\$	\$	\$	\$	\$	\$	\$	\$
Interest and other income	4	13	9	14	16	19	10	-
Mineral property expenses	1,134	4,727	2,231	802	3,130	9,139	2,421	637
Loss for the period	(4,931)	(6,890)	(5,947)	(6,626)	(7,841)	(12,559)	(9,753)	(865)
Loss per common share – basic and diluted	(0.09)	(0.13)	(0.11)	(0.13)	(0.17)	(0.27)	(0.21)	(0.02)

Factors that can cause fluctuations in our quarterly results include the length of the exploration field season at the properties, timing of property acquisition payments, stock option vesting, and issuance of shares. Other factors that have caused fluctuations in the quarterly results that would not be expected to re-occur include our incorporation and completion of the spin-out. Prior to April 2011,

we had no shares outstanding as it was not yet incorporated. As a result of the spin-out, the loss per common share has been restated as if the distribution of common shares would have occurred at inception.

During the first quarter of 2012, we recorded expenses of \$0.6 million in mineral property expenses in preparation activities for field season and ongoing engineering studies. During the second quarter of 2012, we had stock-based compensation expense of \$5.5 million, \$0.7 million for general and administrative and \$0.7 million for salaries expense recorded as a result of the completion of the spin-out from NovaGold. During the third quarter of 2012, mineral property expenses of \$9.1 million were recorded as a larger exploration program was conducted than previous years during which the third quarter encompasses the majority of the field season. Additionally, stock-based compensation expense of \$2.0 million was recognized due to the vesting of previously granted stock options. During the fourth quarter of 2012, mineral property expenses of \$3.1 million were recorded for the end of the 2012 field season. Stock-based compensation expense of \$1.9 million was also recognized due to the vesting of previously granted stock options. During the first quarter of 2013, we incurred expenses of \$4.1 million in stock-based compensation expense due to the vesting of previously granted stock options and the granting of RSUs and DSUs. We also recognized mineral property expenses of \$0.8 million related to preparation activities for the 2013 field season and ongoing engineering studies. During the second quarter of 2013, we incurred mineral property expenses of \$2.2 million consisting of the start-up of the field season in May and continuation of engineering studies. We also incurred expenses of \$2.0 million in stock-based compensation due to the expense being recorded evenly over the vesting period of previously granted stock options and RSUs. During the third quarter of 2013, mineral property expenses of \$4.7 million were recorded as the majority of the exploration program was conducted during the quarter. During the fourth quarter of 2013, stock-based compensation of \$1.4 million was recorded due to an acceleration of expense as a result of the cancelling of 5,710,000 stock options during the period. All expense for unvested options was accelerated and included in the current period.

Our properties are not yet in production; consequently, we believe that our loss (and consequent loss per common share) is not a primary concern to investors in the Company.

Liquidity and capital resources

At November 30, 2013, we had \$6.5 million in cash and cash equivalents. We expended \$15.2 million on operating activities during the twelve-month period ended November 30, 2013, compared with expenditures of \$19.9 million for operating activities for the same period in 2012. A majority of cash spent on operating activities during both periods was expended on mineral property expenses, which also accounts for the corresponding decrease. As the exploration field season in the Ambler district is between May and early October of each year, a significant portion of the mineral property expenses and operating activities are incurred during this time frame. The decrease is also somewhat offset by an adjustment for non-cash working capital in 2012 as accounts payable and accrued liabilities were higher at \$2.0 million at November 30, 2012 compared to \$1.7 million at November 30, 2013. This difference relates to earlier settlement of mineral property expenses in 2013 due to the earlier end to field season in 2013.

During the year ended November 30, 2013, we expended \$0.3 million in cash on financing activities compared to \$43.8 million in cash from financing activities generated in the same period in 2012. Cash was expended in 2013 to settle vested RSUs which were not able to be settled in shares due to an insider participation limit in our RSU Plan. Cash of \$40.0 million was received from NovaGold in April 2012 with the completion of the Plan of Arrangement. Additional funding of \$3.8 million was received to fund operating expenses incurred up to April 30, 2012 and \$15.1 million in operating expense funding provided in the year ended November 30, 2011. No funding was received from NovaGold subsequent to April 30, 2012. In 2011, the remaining \$24.0 million in funding received from NovaGold repaid the \$24.0 million note payable on the purchase of the Ambler lands.

During the year ended November 30, 2013, we expended \$0.2 million on investing activities compared with \$1.6 million in 2012 and \$5.4 million in 2011. In 2011, our focus was on building a camp and acquiring equipment to assist in that effort. \$4.0 million in 2011 was also paid to NANA to acquire the right to explore the Bornite property. In 2012, we spent a comparable amount on acquiring additional equipment to maintain and improve road access and expand sleeping capacity of its camp. In 2013, we purchased vehicles and equipment to replace existing aged vehicles and expand mobile capacity.

Based on our current commitments, we have sufficient working capital for the next twelve months to fund general and administrative expenses and to maintain our properties in good standing. We expect that we will undertake financing within the next twelve months to fund our exploration activities and future general corporate expenses. There is no assurance we will be able to complete such financings on favourable terms or at all.

Contractual obligations

Contractual obligated undiscounted cash flow requirements as at November 30, 2013 are as follows.

<i>in thousands of dollars, unless otherwise specified</i>					
	Total	< 1 Year	1–3 Years	3–5 Years	> 5 Years
	\$	\$	\$	\$	\$
Accounts payable and accrued liabilities	1,742	1,742	-	-	-
Office lease	637	174	380	83	-
Total	2,379	1,916	380	83	-

Off-balance sheet arrangements

We have no material off-balance sheet arrangements. On January 25, 2013, we entered into a commitment to lease office space effective May 1, 2013 for a period of four years with a remaining total commitment of \$0.6 million.

Outstanding share data

At January 29, 2014, we had 53,539,418 common shares issued and outstanding. At January 29, 2014, we had 155,000 stock options with a weighted-average exercise price of \$1.65, 1,497,428 NovaGold arrangement options with a weighted-average exercise price of \$4.27, 431,840 restricted share units, 750,000 deferred share units, 100,000 NovaGold PSUs and 20,685 NovaGold DSUs for which the holder is entitled to receive one common share for every six NovaGold shares received outstanding.

Related party transactions

Expenses to April 30, 2012 were funded by NovaGold and its affiliates. NovaGold is a company with certain directors in common. During the year ended November 30, 2013, NovaGold and its subsidiaries provided to us pursuant to a services agreement, management and office services including rent totaling \$151,000 (2012 - \$685,000, inclusive of a one-time set-up fee of \$49,000).

During the year ended November 30, 2013, we provided exploration and management services in the amount of \$82,000 (2012 - \$83,000) to NovaGold under a services agreement.

No services were provided by either company following termination of the services agreement on May 1, 2013.

We had accounts receivable of \$43,000 at November 30, 2012 due from NovaGold and payables of \$127,000 at November 30, 2012 due to NovaGold and its subsidiaries with no comparative amounts as at November 30, 2013.

New accounting pronouncements

Unless otherwise noted, the following revised standards and amendments are effective for annual periods beginning on or after December 1, 2012 or as noted. The Company is continuing to assess the impact of these standards and amendments or has determined whether it will early adopt them, as noted.

i. Income tax disclosure

The FASB issued “Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists” (“ASU 2013-11”) which amended Topic 740, Income Taxes to provide guidance on financial statement presentation of an unrecognized tax benefit when a net operating loss carryforward, a similar tax loss, or a tax credit carryforward exists. It was released to provide clear guidance to minimize divergence in practice when disclosing unrecognized tax benefits. ASU 2013-11 is effective for fiscal years beginning after December 15, 2013. We intend to adopt this standard for the year ending November 30, 2014. We do not expect the adoption of ASU 2013-11 to have any impact as our disclosure meets the recommended practice.

ii. Offsetting assets and liabilities

In January 2013, the FASB issued “Clarifying the Scope of Disclosures about Offsetting Assets and Liabilities” (“ASU 2013-01”). ASU 2013-01 clarifies Accounting Standards Update No. 2011-11: “Disclosures about Offsetting Assets and Liabilities” (“ASU 2011-11”) to restrict the scope of implementation to derivatives accounted for under Topic 815, Derivatives and Hedging, which includes bifurcated embedded derivatives repurchase agreements and reverse repurchase agreements, and securities borrowing and lending transactions that require an offset or are subject to an enforceable master

netting arrangement. ASU 2013-01 is effective for fiscal years, and interim periods within those years, beginning on or after January 1, 2013. We intend to adopt this standard for the year ending November 30, 2014. We do not expect the adoption of ASU 2013-01 to have a material impact on our results of operations, financial condition, or cash flows.

iii. Comprehensive income

In December 2011, the FASB issued “Comprehensive Income – Deferral of the Effective Date for Amendments to the Presentation of Reclassifications of Items out of Accumulated Other Comprehensive Income in Accounting Standards Update No. 2011-05” (“ASU 2011-12”). ASU 2011-12 defers changes in Update 2011-05 that relate to the presentation of reclassification adjustments. ASU 2011-12 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2011. We adopted this standard for the year ending November 30, 2013. The adoption of ASU 2011-12 did not have a material impact on our results of operations, financial condition, or cash flows.

Critical accounting estimates

The most critical accounting estimates upon which our financial status depends are those requiring estimates of the recoverability of its capitalized mineral properties, impairment of long-lived assets and valuation of stock-based compensation.

Mineral properties and development costs

All direct costs related to the acquisition of mineral property interests are capitalized. Mineral property exploration expenditures are expensed when incurred. When it has been established that a mineral deposit is commercially mineable and an economic analysis has been completed in accordance with Industry Guide 7, the costs subsequently incurred to develop a mine on the property prior to the start of mining operations are capitalized and will be amortized against production following commencement of commercial production using the unit of production method over the estimated life of proven and probable reserves.

The acquisition of title to mineral properties is a complicated and uncertain process. NovaCopper has taken steps, in accordance with industry standards, to verify the mineral property in which it has an interest. Although we have made efforts to ensure that legal title to its property is properly recorded, there can be no assurance that such title will ultimately be secured.

Impairment of long-lived assets

Management assesses the possibility of impairment in the carrying value of its long-lived assets whenever events or circumstances indicate that the carrying amounts of the asset or asset group may not be recoverable. Management calculates the estimated undiscounted future net cash flows relating to the asset or asset group using estimated future prices, proven and probable reserves and other mineral resources, and operating, capital and reclamation costs. When the carrying value of an asset exceeds the related undiscounted cash flows, the asset is written down to its estimated fair value, which is usually determined using discounted future cash flows. Management’s estimates of mineral prices, mineral resources, foreign exchange, production levels and operating capital and reclamation costs are subject to risk and uncertainties that may affect the determination of the recoverability of the long-lived asset. It is possible that material changes could occur that may adversely affect Management’s estimates.

Stock-based compensation

Compensation expense for options granted to employees, directors and certain service providers is determined based on estimated fair values of the options at the time of grant using the Black-Scholes option pricing model, which takes into account, as of the grant date, the fair market value of the shares, expected volatility, expected dividend yield and the risk-free interest rate over the expected life of the option. The cost is recognized using the graded attribution method over the vesting period of the respective options. The expense relating to the fair value of stock options is included in expenses and is credited to contributed surplus. Shares are issued from treasury in settlement of options exercised.

Compensation expense for restricted share units and deferred share units granted to employees and directors, respectively, is determined based on estimated fair values of the units at the time of grant using quoted market prices or at the time the units qualify for equity classification under ASC 718. The cost is recognized using the graded attribution method over the vesting period of the respective units. The expense relating to the fair value of the units is included in expenses and is credited to other liabilities or contributed surplus based on the unit plan’s classification. Units may be settled in either i) cash and/or ii) shares issued from treasury, at the Company’s election at the time of vesting.

Risk factors

NovaCopper and its future business, operations and financial condition are subject to various risks and uncertainties due to the nature of its business and the present stage of exploration of its mineral properties. Certain of these risks and uncertainties are under the heading “Item 1A - Risk Factors” under this Form 10-K dated January 29, 2014 available on SEDAR at www.sedar.com and EDGAR at www.sec.gov and on our website at www.novacopper.com.

Additional information

Additional information regarding the Company, including our annual report on Form 10-K, is available on SEDAR at www.sedar.com and EDGAR at www.sec.gov and on our website at www.novacopper.com.

Cautionary notes

Forward-looking statements

This Management’s Discussion and Analysis contains “forward-looking information” and “forward-looking statements” within the meaning of Section 27A of the U.S. Securities Act of 1933, as amended, Section 21E of the U.S. Securities Exchange Act of 1934, as amended (the “Exchange Act”), and other applicable securities laws. These forward-looking statements may include statements regarding perceived merit of properties, exploration results and budgets, mineral reserves and resource estimates, work programs, capital expenditures, operating costs, cash flow estimates, production estimates and similar statements relating to the economic viability of a project, timelines, strategic plans, including the Company’s plans and expectations relating to its Upper Kobuk Mineral Projects, completion of transactions, market prices for precious and base metals, or other statements that are not statements of fact. These statements relate to analyses and other information that are based on forecasts of future results, estimates of amounts not yet determinable and assumptions of management. Statements concerning mineral resource estimates may also be deemed to constitute “forward-looking statements” to the extent that they involve estimates of the mineralization that will be encountered if the property is developed.

Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, identified by words or phrases such as “expects”, “is expected”, “anticipates”, “believes”, “plans”, “projects”, “estimates”, “assumes”, “intends”, “strategy”, “goals”, “objectives”, “potential”, “possible” or variations thereof or stating that certain actions, events, conditions or results “may”, “could”, “would”, “should”, “might” or “will” be taken, occur or be achieved, or the negative of any of these terms and similar expressions) are not statements of historical fact and may be forward-looking statements.

Forward-looking statements are based on a number of material assumptions, including those listed below, which could prove to be significantly incorrect:

- *assumptions made in the interpretation of drill results, the geology, grade and continuity of the Company’s mineral deposits;*
- *our ability to achieve production at any of the Company’s mineral exploration and development properties;*
- *estimated capital costs, operating costs, production and economic returns;*
- *estimated metal pricing, metallurgy, mineability, marketability and operating and capital costs, together with other assumptions underlying the Company’s resource and reserve estimates;*
- *our expected ability to develop adequate infrastructure and that the cost of doing so will be reasonable;*
- *assumptions that all necessary permits and governmental approvals will be obtained;*
- *continued good relationship with local communities and other stakeholders*
- *our expectations regarding demand for equipment, skilled labour and services needed for exploration and development of mineral properties; and*
- *our activities will not be adversely disrupted or impeded by development, operating or regulatory risks.*

Forward-looking statements are subject to a variety of known and unknown risks, uncertainties and other factors that could cause actual events or results to differ from those reflected in the forward-looking statements, including, without limitation:

- *risks related to inability to define proven and probable reserves and none of the Company’s mineral properties are in production or under development;*
- *uncertainties relating to the assumptions underlying the Company’s resource estimates, such as metal pricing, metallurgy, mineability, marketability and operating and capital costs;*
- *risks related to uncertainty of whether there will ever be production at the Company’s mineral exploration and development properties;*

- risks related to the Company's ability to commence production and generate material revenues or obtain adequate financing for its planned exploration and development activities;
- risks related to the Company's ability to finance its planned exploration activities at its mineral properties or to complete further exploration programs;
- risks related to the Company's ability to finance the development of its mineral properties through external financing, strategic alliances, the sale of property interests or otherwise;
- commodity price fluctuations;
- risks related to market events and general economic conditions;
- uncertainty of estimates of capital costs, operating costs, production and economic returns;
- risks related to lack of infrastructure, specifically a lack of road access to the Project site;
- risks related to inclement weather which may delay or hinder exploration activities at its mineral properties;
- the Company's history of losses and expectation of future losses;
- risks and uncertainties relating to the interpretation of drill results, the geology, grade and continuity of the Company's mineral deposits;
- uncertainty related to inferred mineral resources;
- uncertainty related to the economic projections contained herein derived from the PEA;
- risks related to the third parties on which the Company depends for its exploration and development activities;
- mining and development risks, including risks related to infrastructure, accidents, equipment breakdowns, labor disputes or other unanticipated difficulties with or interruptions in development, construction or production;
- credit, liquidity, interest rate and currency risks;
- uncertainty as to the Company's ability to acquire additional commercially mineable mineral rights;
- risks related to increases in demand for equipment, skilled labor and services needed for exploration and development of mineral properties, and related cost increases;
- the risk that permits and governmental approvals necessary to develop and operate mines on the Company's properties will not be available on a timely basis or at all;
- risks related to governmental regulation and permits, including environmental regulation;
- risks related to the need for reclamation activities on the Company's properties and uncertainty of cost estimates related thereto;
- uncertainty related to title to the Company's mineral properties;
- risks related to competition in the acquisition of mineral properties;
- risks inherent in the acquisition of new properties including unknown liabilities;
- the Company's need to attract and retain qualified management and technical personnel;
- risks related to conflicts of interests of some of the directors of the Company;
- risks related to potential future litigation;
- risks related to global climate change;
- risks related to adverse publicity from non-governmental organizations;
- risks related to future sales or issuances of equity securities decreasing the value of existing common shares, diluting voting power and reducing future earnings per share;
- uncertainty as to the volatility in the price of the Company's shares;
- the Company's expectation of not paying cash dividends;
- adverse federal income tax consequences for U.S. shareholders should the Company be a passive foreign investment company;
- risks related to the Company's majority shareholder;
- uncertainty as to the Company's ability to maintain the adequacy of internal control over financial reporting as per the requirements of the Sarbanes-Oxley Act; and
- increased regulatory compliance costs relating to the Dodd-Frank Act.

This list is not exhaustive of the factors that may affect any of the Company's forward-looking statements. Forward-looking statements are statements about the future and are inherently uncertain, and actual achievements of the Company or other future events or conditions may differ materially from those reflected in the forward-looking statements due to a variety of risks, uncertainties and other factors, including, without limitation, those referred to in NovaCopper's Form 10-K dated January 29, 2014, filed with the Canadian securities regulatory authorities and the United States Securities and Exchange Commission (the "SEC"), and other information released by NovaCopper and filed with the appropriate regulatory agencies.

The Company's forward-looking statements are based on the beliefs, expectations and opinions of management on the date the statements are made, and the Company does not assume any obligation to update forward-looking statements if circumstances or management's beliefs, expectations or opinions should change, except as required by law. For the reasons set forth above, investors should not place undue reliance on forward-looking statements.

Reserve and resource estimates

This Management's Discussion and Analysis has been prepared in accordance with the requirements of the securities laws in effect in Canada, which differ from the requirements of U.S. securities laws. Unless otherwise indicated, all resource and reserve estimates included in this Management's Discussion and Analysis have been prepared in accordance with National Instrument 43-101 Standards of Disclosure for Mineral Projects ("NI 43-101") and the Canadian Institute of Mining, Metallurgy, and Petroleum Definition Standards on Mineral Resources and Mineral Reserves. NI 43-101 is a rule developed by the Canadian Securities Administrators which establishes standards for all public disclosure an issuer makes of scientific and technical information concerning mineral projects. Canadian standards, including NI 43-101, differ significantly from the requirements of the SEC, and resource and reserve information contained herein may not be comparable to similar information disclosed by U.S. companies. In particular, and without limiting the generality of the foregoing, the term "resource" does not equate to the term "reserves". Under U.S. standards, mineralization may not be classified as a "reserve" unless the determination has been made that the mineralization could be economically and legally produced or extracted at the time the reserve determination is made. The SEC's disclosure standards normally do not permit the inclusion of information concerning "measured mineral resources", "indicated mineral resources" or "inferred mineral resources" or other descriptions of the amount of mineralization in mineral deposits that do not constitute "reserves" by U.S. standards in documents filed with the SEC. Investors are cautioned not to assume that any part or all of mineral deposits in these categories will ever be converted into reserves. U.S. investors should also understand that "inferred mineral resources" have a great amount of uncertainty as to their existence and great uncertainty as to their economic and legal feasibility. It cannot be assumed that all or any part of an "inferred mineral resource" will ever be upgraded to a higher category. Under Canadian rules, estimated "inferred mineral resources" may not form the basis of feasibility or pre-feasibility studies except in rare cases. Investors are cautioned not to assume that all or any part of an "inferred mineral resource" exists or is economically or legally mineable. Disclosure of "contained ounces" in a resource is permitted disclosure under Canadian regulations; however, the SEC normally only permits issuers to report mineralization that does not constitute "reserves" by SEC standards as in-place tonnage and grade without reference to unit measures. The requirements of NI 43-101 for identification of "reserves" are also not the same as those of the SEC, and reserves reported by the Company in compliance with NI 43-101 may not qualify as "reserves" under SEC standards. Accordingly, information concerning mineral deposits set forth herein may not be comparable with information made public by companies that report in accordance with U.S. standards.

Item 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are engaged in the acquisition and exploration of base metal projects and related activities, including exploration, engineering, permitting and the preparation of feasibility studies. The value of our properties is related to the price of copper and zinc and changes in the prices of base metals could affect our ability to generate future revenues.

Base metal prices may fluctuate widely from time to time and are affected by numerous factors, including the following: expectations with respect to the rate of inflation, exchange rates, interest rates, global and regional political and economic circumstances and governmental policies. The demand for and supply of base metals significantly affect base metal prices. The supply of base metals consists of a combination of new mine production and existing stocks of fabricated base metals. The demand for copper and zinc primarily consists of use in building construction, power generation and transmission, electronic product manufacturing, and production of machinery and vehicles. Additionally, hedging activities by producers, consumers and individuals can affect base metal supply and demand. While copper and zinc can be readily sold on numerous markets throughout the world, its market value cannot be predicted for any particular time.

Financial Instruments

Our financial instruments are exposed to certain financial risks, including currency risk, credit risk, liquidity risk, interest risk and price risk. Our financial instruments consist of cash and cash equivalents, accounts receivable, deposits, accounts payable and accrued liabilities, and due to related parties. Our instruments are held in the normal course to meet daily operating and cash flow needs of the business. The fair value of accounts payable and accrued liabilities and due to related parties approximates their carrying value due to the short-term nature of their maturity. All of our financial instruments are initially measured at fair value and then held at amortized cost.

Currency risk

Currency risk is the risk of a fluctuation in financial asset and liability settlement amounts due to a change in foreign exchange rates. We operate in the United States and Canada with some expenses incurred in Canadian dollars. Our exposure is limited to cash of CDN\$250,000, accounts receivable of CDN\$45,000 and accounts payable of CDN\$120,000. Based on a 10% change in the US-Canadian exchange rate, assuming all other variables remain constant, the Company's net loss would change by approximately \$15,000.

Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. We hold cash and cash equivalents with Canadian Chartered financial institutions which are composed of financial instruments issued by Canadian banks. Our accounts receivable consist of GST receivable from the Federal Government of Canada and receivables due for camp and management services provided to other parties. Our exposure to credit risk is equal to the balance of cash and cash equivalents and accounts receivable as recorded in the financial statements.

Liquidity risk

Liquidity risk is the risk that we will encounter difficulties raising funds to meet our financial obligations as they fall due. We are in the exploration stage and do not have cash inflows from operations; therefore, we manage our liquidity risk through the management of its capital structure and financial leverage. We do expect, based on anticipated but not committed expenditures on its projects, we are likely to require financing within the next twelve months. Future financings are expected to be obtained through debt financing, equity financing, convertible debt, exercise of options, or other means. Continued operations are dependent on its ability to obtain additional financing or to generate future cash flows. Our contractually obligated cash flow is disclosed under the section titled Liquidity and capital resources.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. We hold excess cash balances in money market funds which limits the risk of loss due to interest rate changes to \$nil.

Price risk

We are exposed to price risk with respect to commodity prices as future profitability and long-term viability will depend, in large parts on the price of copper, zinc, lead, gold and silver. The market prices for such metals are volatile and subject to numerous factors

beyond Management's control. Management closely monitors commodity prices to determine the appropriate course of action to be taken. We do not have any hedging or other commodity-based risks respecting its operations.

As we are currently in the exploration phase none of its financial instruments are exposed to commodity price risk; however, our ability to obtain long-term financing and its economic viability could be affected by commodity price volatility.

Item 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Supplementary Data

For the required supplementary data, please see the section heading “*Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations – Summary of Quarterly Results and Fourth Quarter Results*” above.

NovaCopper Inc.
(An Exploration-Stage Company)

Consolidated Financial Statements
November 30, 2013, 2012 and 2011
(expressed in US dollars)

Management’s Report on Internal Control over Financial Reporting

The management of NovaCopper Inc. is responsible for establishing and maintaining adequate internal control over financial reporting under Rule 13a-15(f) and 15d-15(f) of the U.S. Exchange Act. The Securities Exchange Act of 1934 defines this as a process designed by, or under the supervision of, the Company’s principal executive and principal financial officers and effected by the Company’s Board of Directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles, and includes those policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company’s assets that may have a material effect on the consolidated financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management assessed the effectiveness of the Company’s internal control over financial reporting as of November 30, 2013. In making this assessment, the Company’s management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in Internal Control – Integrated Framework (1992).

Based upon our assessment and those criteria, management concluded that the Company’s internal control over financial reporting was effective as of November 30, 2013.

PricewaterhouseCoopers LLP, an independent registered public accounting firm, has issued an audit report on internal control over financial reporting for NovaCopper Inc. as of November 30, 2013, which is included herein.

/s/ Rick Van Nieuwenhuysse

Rick Van Nieuwenhuysse
President & Chief Executive Officer

/s/ Elaine Sanders

Elaine Sanders
Vice President & Chief Financial Officer

January 29, 2014

Report of Independent Registered Public Accounting Firm

To the Shareholders of NovaCopper Inc.

We have completed integrated audits of NovaCopper Inc.'s ("NovaCopper") 2013 consolidated financial statements and its internal control over financial reporting as at November 30, 2013. Our opinions, based on our audits, are presented below.

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of NovaCopper (an exploration stage company) which comprise the consolidated balance sheets as at November 30, 2013 and 2012 and the consolidated statements of loss, comprehensive loss and deficit, changes in shareholders' equity and cash flows for each of the years in the three year period ended November 30, 2013 and cumulatively for the period from March 22, 2004 (date of inception) to November 30, 2013, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards and the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform an audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. Canadian generally accepted auditing standards require that we comply with ethical requirements.

An audit involves performing procedures to obtain audit evidence, on a test basis, about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting principles and policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of NovaCopper as at November 30, 2013 and 2012 and its financial performance and its cash flows for each of the years in the three year period ended November 30, 2013 and cumulatively for the period from March 22, 2004 (date of inception) to November 30, 2013 in accordance with accounting principles generally accepted in the United States of America.

Report on internal control over financial reporting

We have also audited NovaCopper's internal control over financial reporting as at November 30, 2013, based on the criteria established in Internal Control - Integrated Framework (1992), issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO").

Management's responsibility for internal control over financial reporting

Management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying financial statements.

Auditor's responsibility

Our responsibility is to express an opinion on NovaCopper's internal control over financial reporting based on our audit. We conducted our audit of internal control over financial reporting in accordance with the standards of the Public Company Accounting

Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

An audit of internal control over financial reporting includes obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control, based on the assessed risk, and performing such other procedures as we consider necessary in the circumstances.

We believe that our audit provides a reasonable basis for our audit opinion on NovaCopper's internal control over financial reporting.

Definition of internal control over financial reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that: (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent limitations

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, NovaCopper maintained, in all material respects, effective internal control over financial reporting as at November 30, 2013, based on criteria established in Internal Control - Integrated Framework (1992) issued by COSO.

/s/ PricewaterhouseCoopers LLP

Chartered Accountants

Vancouver, British Columbia

January 29, 2014

NovaCopper Inc.
(An Exploration-Stage Company)

Consolidated Balance Sheets
As at November 30, 2013 and 2012

	November 30, 2013	November 30, 2012
	\$	\$
Assets		
Current assets		
Cash and cash equivalents	6,484	22,244
Accounts receivable	90	365
Deposits and prepaid amounts	591	554
	7,165	23,163
Plant and equipment (note 3)	1,148	1,947
Mineral properties and development costs (note 4)	30,586	30,586
	38,899	55,696
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 5)	1,742	1,846
Due to related parties (note 6)	-	127
	1,742	1,973
Shareholders' equity		
Share capital (note 7) – <i>unlimited common shares authorized, no par value</i>		
<i>Issued -53,066,656 (2012 – 46,665,069)</i>	104,895	92,168
Contributed surplus	152	12,180
Contributed surplus – options (note 7(a,b))	17,248	12,703
Contributed surplus – units (note 7(c))	2,584	-
Deficit accumulated during the exploration stage	(87,722)	(63,328)
	37,157	53,723
	38,899	55,696

Nature of operations, liquidity, structure and plan of arrangement (note 1)

Commitments and contingencies (notes 4, 5, 7, 11)

Subsequent event (note 12)

(See accompanying notes to the consolidated financial statements)

/s/ Rick Van Nieuwenhuyse, Director

/s/ Terry Krepiakovich, Director

Approved on behalf of the Board of Directors

NovaCopper Inc.
(An Exploration-Stage Company)

Consolidated Statements of Loss and Comprehensive Loss
For the Years Ended November 30

in thousands of dollars, except share and per share amounts

	2013	2012	2011	Cumulative
	\$	\$	\$	during
				exploration stage
				\$
Expenses				
Amortization	1,033	769	283	2,085
Corporate development	239	207	16	618
Foreign exchange loss	8	10	-	18
General and administrative	1,915	2,276	1,338	6,320
Mineral properties expense (note 4(c))	8,894	15,327	8,600	51,257
Professional fees	947	646	76	1,703
Salaries	3,173	2,410	49	5,633
Salaries – stock-based compensation (note 7)	8,225	9,411	-	17,636
Total expenses	24,434	31,056	10,362	85,270
Other items				
Accretion expense (note 4(a))	-	-	974	2,530
Loss on disposal of equipment	-	7	-	7
Interest and other income	(40)	(45)	-	(85)
Loss and comprehensive loss for the year	24,394	31,018	11,336	87,722
Basic and diluted loss per common share	\$0.47	\$0.67	\$0.44	
Weighted average number of common shares outstanding	52,347,173	46,627,308	25,649,846	

(See accompanying notes to the consolidated financial statements)

NovaCopper Inc.
(An Exploration-Stage Company)

Consolidated Statements of Changes in Shareholders' Equity
For the Years Ended November 30

in thousands of dollars, except share amounts

	Number of shares outstanding	Share capital \$	Contributed surplus \$	Contributed surplus – options \$	Contributed surplus – units \$	Deficit \$	Total shareholders' equity \$
Balance – 2010	-	-	24,270	-	-	(20,974)	3,296
Funding provided and expenses paid by NovaGold Resources Inc.	-	-	39,083	-	-	-	39,083
Issued pursuant to incorporation	100	-	-	-	-	-	-
Issued pursuant to acquisition of subsidiary	100	27,280	(27,280)	-	-	-	-
Mineral property - stock-based compensation	-	-	208	-	-	-	208
Loss for the year	-	-	-	-	-	(11,336)	(11,336)
Balance – 2011	200	27,280	36,281	-	-	(32,310)	31,251
Funding provided and expenses paid by NovaGold Resources Inc.	-	-	43,763	-	-	-	43,763
Issued pursuant to Plan of Arrangement (note 1)	46,577,878	64,496	(67,864)	3,368	-	-	-
Issued pursuant to an employment agreement	76,005	316	-	-	-	-	316
Exercise of NovaGold Arrangement Options	10,986	76	-	(76)	-	-	-
Stock-based compensation	-	-	-	9,411	-	-	9,411
Loss for the year	-	-	-	-	-	(31,018)	(31,018)
Balance – 2012	46,665,069	92,168	12,180	12,703	-	(63,328)	53,723
Exercise of NovaGold Warrants	6,088,262	11,996	(11,996)	-	-	-	-
Exercise of NovaGold Arrangement Options	52,243	254	-	(235)	-	-	19
Vesting of NovaGold Performance and Deferred Share Units	16,586	32	(32)	-	-	-	-
Restricted Share Units reclassified from liability	-	-	-	-	2,633	-	2,633
Vesting of Restricted Share Units	244,496	445	-	-	(173)	-	272
Stock-based compensation	-	-	-	4,780	124	-	4,904
Loss for the year	-	-	-	-	-	(24,394)	(24,394)
Balance – 2013	53,066,656	104,895	152	17,248	2,584	(87,722)	37,157

NovaCopper Inc.
(An Exploration-Stage Company)

Consolidated Statements of Cash Flows
For the Years Ended November 30

in thousands of dollars

	2013	2012	2011	Cumulative
	\$	\$	\$	during
				exploration stage
				\$
Cash flows used in operating activities				
Loss for the year	(24,394)	(31,018)	(11,336)	(87,722)
Items not affecting cash				
Amortization	1,033	769	283	2,105
Accretion	-	-	974	2,530
Loss on disposal of equipment	-	7	-	7
Issuance of shares as compensation	-	316	-	316
Stock-based compensation	8,136	9,411	208	18,659
Net change in non-cash working capital				
Decrease (increase) in accounts receivable	275	(365)	-	(90)
Increase in deposits and prepaid amounts	(37)	(458)	(36)	(578)
Increase (decrease) in accounts payable, accrued liabilities and due to related parties	(231)	1,452	236	1,665
	(15,218)	(19,886)	(9,671)	(63,108)
Cash flows from financing activities				
Proceeds received on exercise of options	20	-	-	20
Funding provided by NovaGold on the completion of the Plan of Arrangement	-	40,000	-	40,000
Funding provided and expenses paid by NovaGold	-	3,763	39,083	61,256
Repayment of notes payable	-	-	(24,000)	(24,000)
Settlement of Restricted Share Units	(329)	-	-	(329)
	(309)	43,763	15,083	76,947
Cash flows used in investing activities				
Acquisition of plant & equipment	(233)	(1,595)	(1,411)	(3,239)
Acquisition of mineral properties	-	(39)	(4,000)	(4,116)
	(233)	(1,634)	(5,411)	(7,355)
Increase (decrease) in cash and cash equivalents	(15,760)	22,243	1	6,484
Cash and cash equivalents – beginning of period	22,244	1	-	-
Cash and cash equivalents – end of period	6,484	22,244	1	6,484
Non-cash investing and financing activities				
Issuance of common shares to NovaGold to acquire NovaCopper US Inc.	-	-	27,280	27,280
Notes payable assumed on acquisition of Ambler lands	-	-	-	21,471
Issuance of common shares by NovaGold to acquire Ambler lands	-	-	-	5,000

(See accompanying notes to the consolidated financial statements)

NovaCopper Inc.

(An Exploration-Stage Company)

Notes to the Consolidated Financial Statements

1. Nature of operations, liquidity, structure and plan of arrangement

NovaCopper Inc. (“NovaCopper” or the “Company”) was incorporated in British Columbia under the *Business Corporations Act (BC)* on April 27, 2011. The Company is engaged in the exploration and development of mineral properties including the Arctic and Bornite Projects located in Northwest Alaska in the United States of America (“US”).

Structure and plan of arrangement

The Ambler lands are comprised of the copper-zinc-lead-gold-silver Arctic Project and other mineralized targets within a 65 kilometer long volcanogenic massive sulfide belt. On January 11, 2010, Alaska Gold Company (“AGC”), at the time a wholly owned subsidiary of NovaGold Resources Inc. (“NovaGold”), purchased 100% of the Ambler lands for consideration of \$29 million. The Ambler lands were acquired on October 17, 2011 by NovaCopper US Inc. (“NovaCopper US”) through a purchase and sale agreement with AGC. On October 24, 2011, NovaGold transferred its ownership of NovaCopper US to NovaCopper, then a wholly owned subsidiary of NovaGold, in exchange for 100 shares of NovaCopper, with an ascribed value of \$27.3 million (note 7).

On October 19, 2011, NovaCopper US acquired the exclusive right to explore the Bornite lands and lands deeded to NANA Regional Corporation, Inc. (“NANA”) through the Alaska Native Claims Settlement Act (“ANCSA”) located adjacent to the Ambler lands to create the Upper Kobuk Mineral Projects (“UKMP Projects”).

Where applicable, these consolidated financial statements reflect the balance sheets, statements of loss and comprehensive loss, and cash flows of the Arctic Project as if NovaCopper had been an independent operation from inception. The statements of loss, comprehensive loss and deficit for the years ended November 30, 2012 and 2011 include direct general and administrative and exploration costs of the Arctic Project and an allocation of NovaGold’s general and administrative costs incurred. NovaGold has historically provided corporate services to the Arctic Project, including executive oversight, information technology, technical expertise, accounting, tax, treasury, human resources and other services. The allocation of general and administrative costs to the Arctic Project was calculated on the basis of time committed by NovaGold staff to AGC and the ratio of expenses incurred on the Arctic Project in the period presented as compared to all costs incurred by AGC in the respective period.

The Arctic Project’s opening deficit has been calculated by applying the same allocation principles described above to the cumulative transactions relating to the project from the date of its initial option in 2004 and includes an allocation of NovaGold’s general and administrative expenses from the date of acquisition. Prior to the acquisition in 2010, NovaGold held an option to earn a 51% interest in the property which was terminated upon entering into the purchase and sale agreement. All historical spending prior to April 30, 2012 was funded by NovaGold.

Liquidity

These financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. As at November 30, 2013, the Company had consolidated cash of \$6.5 million and working capital of \$5.4 million. At present, the current cash and cash equivalent balances as of November 30, 2013 are sufficient to cover the anticipated expenditures relating to fiscal 2014 general and administrative costs and to maintain its properties in good standing. Additional capital will be necessary to conduct exploration drilling and engineering studies to advance the projects. Based on anticipated but not committed expenditures on its projects, the Company is likely to require financing within the next twelve months. Future financings are anticipated by way of debt financing, equity financing, convertible debt financing, exercise of options, or other means. The continued operations of the Company are dependent on its ability to obtain additional financing or to generate future cash flows.

2. Summary of significant accounting policies

Basis of presentation

These consolidated financial statements have been prepared using accounting principles generally accepted in the United States (“U.S. GAAP”) and include the accounts of NovaCopper and its wholly-owned subsidiary, NovaCopper US. All significant intercompany transactions are eliminated on consolidation. These financial statements were approved by the Company’s Board of Directors for issue on January 29, 2014.

All figures are in United States dollars unless otherwise noted.

These financial statements include the historical assets, liabilities and expenses directly related to the Arctic Project and allocations of NovaGold's general and administrative expenses, as described in note 1, to present the financial position, results of operations and cash flows of the Arctic Project on a standalone basis. The consolidated financial statements have been presented under the continuity of interest basis of accounting whereby the amounts are based on the amounts recorded by NovaGold.

The consolidated financial statements may not necessarily reflect the financial position, results of operations and changes in cash flows of the Company in the future or what they would have been had the Company been a separate, stand-alone entity for all of the periods presented.

Cash and cash equivalents

Cash and cash equivalents comprise of highly liquid investments maturing less than 90 days from date of initial investment. Cash and cash equivalents are designated as loans and receivables.

Plant and equipment

Plant and equipment are recorded at cost and amortization begins when the asset is substantially put into service. Amortization is calculated on a straight-line basis over the respective assets' estimated useful lives. Amortization periods by asset class are:

Computer hardware and software	3 years
Machinery and equipment	3 years
Office furniture and equipment	5 years
Vehicles	3 years

Mineral properties and development costs

All direct costs related to the acquisition of mineral property interests are capitalized. Mineral property exploration expenditures are expensed when incurred. When it has been established that a mineral deposit is commercially mineable, an economic analysis has been completed in accordance with SEC Industry Guide 7 and permits are obtained, the costs subsequently incurred to develop a mine on the property prior to the start of mining operations are capitalized. Capitalized costs will be amortized following commencement of commercial production using the unit of production method over the estimated life of proven and probable reserves.

The acquisition of title to mineral properties is a complicated and uncertain process. The Company has taken steps, in accordance with industry standards, to verify the title to mineral properties in which it has an interest. Although the Company has made efforts to ensure that legal title to its mining assets are properly recorded, there can be no assurance that such title will ultimately be secured.

Impairment of long-lived assets

Management assesses the possibility of impairment in the carrying value of its long-lived assets whenever events or circumstances indicate that the carrying amounts of the asset or asset group may not be recoverable. Management calculates the estimated undiscounted future net cash flows relating to the asset or asset group using estimated future prices, proven and probable reserves and other mineral resources, and operating, capital and reclamation costs. When the carrying value of an asset exceeds the related undiscounted cash flows, the asset is written down to its estimated fair value, which is usually determined using discounted future cash flows. Management's estimates of mineral prices, mineral resources, foreign exchange, production levels and operating capital and reclamation costs are subject to risk and uncertainties that may affect the determination of the recoverability of the long-lived asset. It is possible that material changes could occur that may adversely affect management's estimates.

Income taxes

The liability method of accounting for income taxes is used and is based on differences between the accounting and tax bases of assets and liabilities. Deferred income tax assets and liabilities are recognized for temporary differences between the tax and accounting basis of assets and liabilities as well as for the benefit of losses available to be carried forward to future years for tax purposes using enacted income tax rates expected to be in effect for the period in which the differences are expected to reverse. Deferred income tax assets are evaluated and, if realization is not considered more likely than not, a valuation allowance is provided.

Uncertainty in income tax positions

The Company recognizes tax benefits from uncertain tax positions only if it is at least more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon settlement with the taxing authorities. Related interest and penalties, if any, are recorded as tax expense in the tax provision.

Financial instruments

Held-for-trading financial assets and liabilities are recorded at fair value as determined by active market prices and valuation models, as appropriate. Valuation models require the use of assumptions concerning the amount and timing of estimated future cash flows and discount rates. In determining these assumptions, management uses readily observable market inputs where available or, where not available, inputs generated by management. Changes in fair value of held-for-trading financial instruments are recorded in income or loss for the period. Held-for-trading financial liabilities consist of other liabilities. The Company has no held-for-trading financial assets.

Available-for-sale financial assets are recorded at fair value as determined by active market prices. Unrealized gains and losses on available-for-sale investments are recognized in other comprehensive income. If a decline in fair value is deemed to be other than temporary, the unrealized loss is recognized in net earnings. Investments in equity instruments that do not have an active quoted market price are measured at cost. The Company has no available-for-sale financial assets.

Loans and receivables are recorded initially at fair value, net of transaction costs incurred, and subsequently at amortized cost using the effective interest rate method. Loans and receivables consist of cash and cash equivalents, accounts receivable, and deposits.

Other financial liabilities are recorded initially at fair value and subsequently at amortized cost using the effective interest rate method. Other financial liabilities include accounts payable and accrued liabilities, and due to related parties.

Translation of foreign currencies

Monetary assets and liabilities are translated at the exchange rate in effect at the balance sheet date, and non-monetary assets and liabilities at the exchange rate in effect at the time of acquisition or issue. Revenues and expenses are translated at rates approximating the exchange rate in effect at the time of transactions. Exchange gains or losses arising on translation are included in income or loss for the period.

The Company's functional and reporting currency is the United States dollar.

Loss per share

Loss per common share is calculated based on the weighted average number of common shares outstanding during the year. The Company follows the treasury stock method in the calculation of diluted earnings per share. Under the treasury stock method, the weighted average number of common shares outstanding used for the calculation of diluted loss per share assumes that the proceeds to be received on the exercise of dilutive stock options and warrants are used to repurchase common shares at the average market price during the period. Since the Company has losses, the exercise of outstanding convertible securities has not been included in this calculation as it would be anti-dilutive.

During the year ended November 30, 2012, in order to complete the spin-out of NovaCopper, a stock split was completed to be able to distribute 46,578,078 common shares to the shareholders of NovaGold. As a result of the stock split, historical earnings per share have been restated for all prior periods. Under the continuity of interest basis, the earnings per share have been presented as if the shares outstanding following the stock split had always been outstanding including prior to incorporation of the entity.

Stock-based compensation

Compensation expense for options granted to employees, directors and certain service providers is determined based on estimated fair values of the options at the time of grant using the Black-Scholes option pricing model, which takes into account, as of the grant date, the fair market value of the shares, expected volatility, expected dividend yield and the risk-free interest rate over the expected life of the option. The cost is recognized using the graded attribution method over the vesting period of the respective options. The expense relating to the fair value of stock options is included in expenses and is credited to contributed surplus. Shares are issued from treasury in settlement of options exercised.

Compensation expense for restricted share units and deferred share units granted to employees and directors, respectively, is determined based on estimated fair values of the units at the time of grant using quoted market prices or at the time the units qualify for equity classification under ASC 718. The cost is recognized using the graded attribution method over the vesting period of the respective units. The expense relating to the fair value of the units is included in expenses and is credited to other liabilities or contributed surplus based on the unit plan's classification. Units may be settled in either i) cash, and/or ii) shares purchased in the open market, and/or iii) shares issued from treasury, at the Company's election at the time of vesting.

Use of estimates and measurement uncertainties

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions of future events that affect the reported amount of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements, and the reported amounts of expenditures during the reported period. Significant estimates include the basis of impairment of mineral properties and income taxes. Actual results could differ materially from those reported.

Recent accounting pronouncements

i. *Income tax disclosure*

The FASB issued "Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists" ("ASU 2013-11") which amended Topic 740, Income Taxes to provide guidance on financial statement presentation of an unrecognized tax benefit when a net operating loss carryforward, a similar tax loss, or a tax credit carryforward exists. It was released to provide clear guidance to minimize divergence in practice when disclosing unrecognized tax benefits. ASU 2013-11 is effective for fiscal years beginning after December 15, 2013. We intend to adopt this standard for the fiscal year ending November 30, 2014. We do not expect the adoption of ASU 2013-11 to have any impact as our disclosure meets the recommended practice.

ii. *Offsetting assets and liabilities*

In January 2013, the FASB issued "Clarifying the Scope of Disclosures about Offsetting Assets and Liabilities" ("ASU 2013-01"). ASU 2013-01 clarifies Accounting Standards Update No. 2011-11: "Disclosures about Offsetting Assets and Liabilities" ("ASU 2011-11") to restrict the scope of implementation to derivatives accounted for under Topic 815, Derivatives and Hedging, which includes bifurcated embedded derivatives repurchase agreements and reverse repurchase agreements, and securities borrowing and lending transactions that require an offset or are subject to an enforceable master netting arrangement. ASU 2013-01 is effective for fiscal years, and interim periods within those years, beginning on or after January 1, 2013. We intend to adopt this standard for the fiscal year ending November 30, 2014. We do not expect the adoption of ASU 2013-01 to have a material impact on our results of operations, financial condition, or cash flows.

iii. *Comprehensive income*

In December 2011, the FASB issued "Comprehensive Income – Deferral of the Effective Date for Amendments to the Presentation of Reclassifications of Items out of Accumulated Other Comprehensive Income in Accounting Standards Update No. 2011-05" ("ASU 2011-12"). ASU 2011-12 defers changes in Update 2011-05 that relate to the presentation of reclassification adjustments. ASU 2011-12 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2011. We adopted this standard for the fiscal year ending November 30, 2013. The adoption of ASU 2011-12 did not have a material impact on our results of operations, financial condition, or cash flows.

3. Plant and equipment

in thousands of dollars

	November 30, 2013		
	Cost \$	Accumulated amortization \$	Net \$
British Columbia, Canada			
Furniture and equipment	46	(5)	41
Leasehold improvements	32	(5)	27
Computer hardware and software	80	(17)	63
Alaska, USA			
Machinery and equipment	2,833	(1,949)	884
Vehicles	275	(144)	131
Computer hardware and software	31	(29)	2
	3,297	(2,149)	1,148

in thousands of dollars

November 30, 2012			
	Cost	Accumulated	Net
	\$	amortization	\$
		\$	
Alaska, USA			
Machinery and equipment	2,831	(1,007)	1,824
Vehicles	201	(81)	120
Computer hardware	31	(28)	3
	3,063	(1,116)	1,947

4. Mineral properties and development costs

in thousands of dollars

	November 30, 2012	Acquisition costs	November 30, 2013
	\$	\$	\$
Alaska, USA			
Ambler (a)	26,586	-	26,586
Bornite (b)	4,000	-	4,000
	30,586	-	30,586

in thousands of dollars

	November 30, 2011	Acquisition costs	November 30, 2012
	\$	\$	\$
Alaska, USA			
Ambler (a)	26,547	39	26,586
Bornite (b)	4,000	-	4,000
	30,547	39	30,586

(a) Ambler

On January 11, 2010, NovaGold, through a wholly-owned subsidiary, purchased 100% of the Ambler lands in Northwest Alaska, which contains the copper-zinc-lead-gold-silver Arctic Project and other mineralized targets within the volcanogenic massive sulfide belt. As consideration, NovaGold, issued 931,098 shares with a fair value of \$5.0 million and agreed to make cash payments to the vendor of \$12.0 million each in January 2011 and January 2012, respectively, for total consideration of \$29.0 million. The fair value of these cash payments were \$11.1 million and \$10.3 million, respectively, at the transaction date valued using a discount rate of approximately 8%. The January 2011 payment was made by NovaGold on January 7, 2011 and the January 2012 payment was made by NovaGold in advance on August 5, 2011. Total fair value of the consideration was \$26.5 million, including transaction costs associated with the acquisition of \$0.1 million. The vendor retained a 1% net smelter return royalty that the owner of the property can purchase at any time for a one-time payment of \$10.0 million.

Prior to the acquisition in 2010, NovaGold held an option to earn a 51% interest in the property which was terminated upon entering into the purchase and sale agreement.

As discussed in note 1, the property was acquired on October 17, 2011 by NovaCopper US through a purchase and sale agreement with AGC.

Accretion expense of \$1.0 million for the year ended November 30, 2011 was recognized in regards to the discounted cash payments from the original transaction date to the date each cash payment was made.

During the third and fourth quarters of 2012, the Company staked additional state claims contiguous with the Ambler lands at a cost of \$39,000.

(b) Bornite

On October 19, 2011, NovaCopper US acquired the exclusive right to explore and the non-exclusive right to access and enter on the Bornite lands and lands deeded to NANA through the ANCSA, located adjacent to the Ambler lands in Northwest Alaska. As consideration, NovaCopper US paid \$4 million to acquire the right to explore and develop the combined Upper Kobuk Mineral Projects through an Exploration Agreement and Option to Lease with NANA. Upon a decision to proceed with construction of a mine on the lands, NANA maintains the right to purchase between a 16%-25% ownership interest in the mine or retain a 15% net proceeds royalty which is payable after NovaCopper has recovered certain historical costs, capital and cost of capital. Should NANA elect to purchase an ownership interest, consideration will be payable equal to all historical costs incurred on the properties at the elected percentage

purchased less \$40 million, not to be less than zero. The parties would form a joint venture and be responsible for all future costs, including capital costs of the mine based on their pro-rata share.

NANA would also be granted a net smelter return royalty of between 1% and 2.5% upon the execution of a mining lease or a surface use agreement, the percent which is determined by the classification of land from which production originates.

(c) Mineral properties expense

The following table summarizes mineral properties expense for the years ended November 30, 2013, 2012 and 2011.

	<i>in thousands of dollars</i>		
	November 30, 2013	November 30, 2012	November 30, 2011
	\$	\$	\$
Community	171	159	108
Drilling	1,949	4,685	1,759
Engineering	1,206	512	1,140
Environmental	90	243	48
Geochemistry and geophysics	438	1,182	213
Land and permitting	409	81	-
Other income	(103)	(82)	-
Project support	2,029	4,971	2,796
Wages and benefits	2,705	3,576	2,536
Mineral property expense	8,894	15,327	8,600

Mineral property expenses consist of direct drilling, personnel, community, resource reporting and other exploration expenses as outlined above, as well as indirect project support expenses such as fixed wing charters, helicopter support, fuel, and other camp operation costs. Cumulative mineral properties expense from the initial earn-in agreement on the property in 2004 to November 30, 2013 is \$51.3 million.

5. Accounts payable and accrued liabilities

	<i>in thousands of dollars</i>	
	November 30, 2013	November 30, 2012
	\$	\$
Trade accounts payable	196	207
Accrued liabilities	427	659
Accrued salaries and vacation	1,119	980
Accounts payable and accrued liabilities	1,742	1,846

Accrued liabilities include \$103,000 of accrued and unpaid directors' meeting fees relating to services provided during the year ended November 30, 2013 (2012 - \$nil). Accrued salaries and vacation include \$970,000 of accrued and unpaid bonuses relating to services provided during the year ended November 30, 2013 (2012 - \$826,000). \$711,000 of the accrued salaries due to officers at November 30, 2013 is payable upon the completion of a financing.

6. Related parties

Expenses to April 30, 2012 were funded by NovaGold and its subsidiaries. NovaGold is a company with certain directors in common. During the year ended November 30, 2013, NovaGold and its subsidiaries provided management and office services including rent totaling \$151,000 (2012 - \$685,000, inclusive of a one-time set-up fee of \$49,000) to the Company pursuant to a Services Agreement.

During the year ended November 30, 2013, the Company provided exploration and management services in the amount of \$82,000 (2012 - \$83,000) to NovaGold under the Services Agreement.

No services were provided by either company following termination of the Services Agreement on May 1, 2013.

The Company had accounts receivable of \$43,000 at November 30, 2012 due from NovaGold and payables of \$127,000 at November 30, 2012 due to NovaGold and its subsidiaries with no comparative amounts as at November 30, 2013.

7. Share capital

Authorized:
unlimited common shares, no par value

in thousands of dollars, except share amounts

	Number of shares	Ascribed value \$
November 30, 2010	-	-
Issued pursuant to incorporation	100	-
Issued pursuant to acquisition of subsidiary	100	27,280
November 30, 2011	200	27,280
Issued pursuant to Plan of Arrangement	46,577,878	64,496
Issued pursuant to employment agreement	76,005	316
Exercise of NovaGold Arrangement Options	10,986	76
November 30, 2012	46,665,069	92,168
Exercise of NovaGold Warrants	6,088,262	11,996
Exercise of NovaGold Arrangement Options	52,243	254
Vesting of NovaGold Performance and Deferred Share Units	16,586	32
Vesting of Restricted Share Units	244,496	445
November 30, 2013, issued and outstanding	53,066,656	104,895

On March 28, 2012, the shareholders of NovaGold approved the Plan of Arrangement under which NovaGold would distribute its interest in NovaCopper to its shareholders on the basis that each shareholder would receive one share in NovaCopper for every six shares of NovaGold held on the record date. As part of the Plan of Arrangement, the Company split its then issued and outstanding shares into 46,578,078 common shares. On April 30, 2012 (the “Effective Date”), the Plan of Arrangement became effective and the Company distributed a total of 46,578,078 common shares to shareholders of record of NovaGold as at the close of business on April 27, 2012. The value of \$64.5 million attributed to the common shares distributed on the spin-out is the historical value expended by NovaGold on the Upper Kobuk Mineral Projects.

Under the Plan of Arrangement, NovaCopper committed to issue up to 6,181,352 common shares to satisfy holders of NovaGold warrants (“NovaGold Warrants”), performance share units (“NovaGold PSUs”) and deferred share units (“NovaGold DSUs”) on record as of the close of business April 27, 2012 on the same basis as NovaGold shareholders under the Plan of Arrangement. When a warrant is exercised or a unit becomes vested, NovaCopper has committed to deliver one common share to the holder for every six shares of NovaGold the holder is entitled to receive, rounded down to the nearest whole number. An amount of \$12.2 million was recorded in contributed surplus representing a pro-rated amount of the historical NovaGold investment based on the fully diluted number of common shares at the time the Arrangement became effective.

The Company issued 16,586 common shares in settlement of NovaGold PSUs and NovaGold DSUs which vested during the year ended November 30, 2013. The Company also issued 6,088,262 common shares upon the exercise of NovaGold warrants by various holders during the year. The Company received no proceeds from the vesting and exercise of these instruments. \$12.0 million was reclassified to share capital to reflect the issuance of common shares for these instruments.

As of November 30, 2013, 100,000 NovaGold PSUs pursuant to which shares may be issued vary in a range between 0% and 150% of the number of NovaGold PSUs granted depending on the satisfaction of certain performance vesting criteria, and 20,685 NovaGold DSUs are outstanding.

Concurrent with completion of the Plan of Arrangement, the Company issued 76,005 shares to the CEO as part of his employment agreement, which shares were valued at \$0.3 million based on the closing trading price on April 30, 2012.

(a) Stock options

The Company has a stock option plan providing for the issuance of options at a rolling maximum number that shall not be greater than 10% of the issued and outstanding common shares of the Company at any given time. The Company may grant options to its directors, officers, employees and service providers. The exercise price of each option cannot be lower than the greater of Market Price or Fair Market Value of the shares (as such terms are defined in the plan) at the date of the option grant. The number of shares optioned to any single optionee may not exceed 10% of the issued and outstanding shares at the date of grant. The options are exercisable for a maximum of five years from the date of grant, and may be subject to vesting provisions. The Company recognizes compensation cost using the graded attribution method over the respective vesting period for the stock options.

During the year ended November 30, 2013, 65,000 options at a weighted average fair value of \$0.73 were granted to new employees exercisable for a period of five years with various vesting terms between one and two years.

On April 30, 2012, 950,000 stock options were granted to certain of its employees and service providers exercisable for a period of five years at a price equal to CDN\$3.11, which was the volume weighted-average trading price on the Toronto Stock Exchange for the five trading days commencing on the sixth trading day following the Effective Date, with one-third vesting immediately, one-third vesting on the first anniversary and one third vesting on the second anniversary. 2,850,000 stock options were granted to officers on the same pricing and expiry terms as described above, with two-thirds vesting on the first anniversary and one third vesting on the second anniversary. An initial grant of 2,000,000 options to non-executive directors was granted and vested on the Effective Date, exercisable for a period of five years on the same pricing terms as described above.

During the remainder of 2012, 510,000 options were granted to new employees and officers exercisable for a period of five years with various vesting terms between two and three years from the grant date.

The fair value of the stock options recognized in the period has been estimated using an option pricing model. Assumptions used in the pricing model for the period are as provided below.

	November 30, 2013	November 30, 2012
Average risk-free interest rate	1.11-1.46%	1.02-1.59%
Exercise price	CDN\$2.00-2.12	CDN\$1.76-3.14
Expected life	3.0 years	3.0 – 5.0 years
Expected volatility	56.2-58.8%	59.0-101.3%
Expected dividends	Nil	Nil

The Black-Scholes and other option pricing models require the input of highly subjective assumptions. As NovaCopper has no history of granting stock options prior to April 30, 2012, the Company considered historical information from NovaGold in estimating the expected life of the options granted during the period. Further, volatility was estimated based upon historical price observations of NovaGold over the expected term of the options.

For the year ended November 30, 2013, NovaCopper granted a total of 65,000 (2012 - 6,310,000) stock options at a weighted average fair value of \$0.73 (2012 - \$2.30). The Company recognized a share-based payments charge of \$4.7 million for the year ended November 30, 2013 with the majority of the expense recognized for options granted in the previous year and an additional expense of \$0.8 million for options cancelled in 2013 and \$9.2 million for the year ended November 30, 2012 for options granted to directors (\$4.1 million), employees and services providers (\$5.1 million), net of forfeitures.

On November 22, 2013, the Company cancelled 5,710,000 stock options at an exercise price of CAD\$3.11 which were granted in 2012. The remaining expense of \$0.8 million relating to unvested options at the time of cancellation was accelerated and recognized in the year.

As of November 30, 2013, there were 103,334 non-vested options outstanding with a weighted average exercise price of \$1.74; the non-vested stock option expense not yet recognized was \$0.04 million, and this expense is expected to be recognized over the next two years.

A summary of the Company's stock option plan and changes during the year ended is as follows:

	November 30, 2013
	Weighted average exercise price \$
Number of options	
Balance – beginning of year	6,064,994 3.11
Granted	65,000 1.86
Cancelled	(5,710,000) 2.93
Forfeited	(251,662) 2.92
Balance – end of year	168,332 1.79

The following table summarizes information about the stock options outstanding at November 30, 2013.

	Outstanding	Exercisable	Unvested
	Weighted average exercise price \$	Weighted average exercise price \$	Number of unvested options
Range of price	Number of outstanding options	Number of exercisable options	
\$ 1.67 to \$ 1.99	161,666 3.95	58,332 1.75	103,334
\$ 2.00 to \$ 2.99	6,666 3.41	6,666 2.93	-
	168,332 3.93	64,998 1.87	103,334

The aggregate intrinsic value of vested share options (the market value less the exercise value) at November 30, 2013 was \$0.01 million.

(b) NovaGold Arrangement Options

Under the Plan of Arrangement, holders of NovaGold stock options received one option in NovaCopper for every six options held in NovaGold ("NovaGold Arrangement Options"). The exercise price of the options in NovaCopper was determined based on the relative fair values of NovaCopper and NovaGold based on the volume weighted-average trading prices on the Toronto Stock Exchange for the five trading days commencing on the sixth trading day following the Effective Date. All other terms of the options remained the same. A total of 2,189,040 options to acquire NovaCopper shares were granted under the Plan of Arrangement on April 30, 2012. No stock options granted by NovaGold after the Effective Date are subject to the Plan of Arrangement.

The fair value of the NovaGold Arrangement Options has been estimated using an option pricing model at a weighted average fair value of \$1.74 in 2012. Assumptions used in the pricing models are as provided below.

November 30, 2012	
Average risk-free interest rate	1.34-1.44%
Exercise price	CDN\$0.55-10.67
Expected life	0.1-3.0 years
Expected volatility	50.5-61.3%
Expected dividends	Nil

The Company recognized a stock based compensation expense of \$0.07 million for the year ended November 30, 2013 and \$0.2 million for the year ended November 30, 2012.

A summary of the NovaGold Arrangement Options and changes during the year ended is as follows:

November 30, 2013		
	Number of options	Weighted average exercise price \$
Balance – beginning of year	2,076,541	4.22
Exercised	(69,019)	0.72
Forfeited	(230,437)	4.59
Expired	(67,582)	1.81
Balance – end of year	1,709,503	4.08

The following table summarizes information about the NovaGold Arrangement Options outstanding at November 30, 2013.

			Outstanding	Exercisable		Unvested
	Number of outstanding options	Weighted average years to expiry	Weighted average exercise price \$	Number of exercisable options	Weighted average exercise price \$	Number of unvested options
Range of price						
\$ 1.23 to \$ 1.99	212,075	0.10	1.23	212,075	1.23	-
\$ 2.00 to \$ 3.99	694,439	0.81	2.94	683,328	2.92	11,111
\$ 4.00 to \$ 5.99	524,600	2.95	5.08	409,918	5.15	114,682
\$ 6.00 to \$ 7.99	253,390	2.12	7.15	250,611	7.15	2,779
\$ 8.00 to \$ 8.28	24,999	3.54	8.20	24,999	3.54	-
	1,709,503	1.61	4.08	1,580,931	4.03	128,572

The aggregate intrinsic value of vested NovaGold Arrangement Options (the market value less the exercise value) at November 30, 2013 was \$0.02 million (2012 – \$0.02 million) and the aggregate intrinsic value of exercised options in 2012 was \$0.07 million (2012 - \$0.03 million).

As of November 30, 2013, there were 128,572 non-vested NovaGold Arrangement Options outstanding with a weighted average exercise price of CDN\$5.08; the non-vested stock option expense not yet recognized was \$0.08 million; and this expense is expected to be recognized over the next two years.

(c) Restricted Share Units and Deferred Share Units

On November 29, 2012, the Board of Directors approved a Restricted Share Unit Plan (“RSU Plan”) and a Non-Executive Director Deferred Share Unit Plan (“DSU Plan”) to provide long-term incentives to employees, officers and directors. The RSU and DSU Plans may be settled in cash and/or common shares at the Company’s election with each Restricted Share Unit (“RSU”) and Deferred Share Unit (“DSU”) entitling the holder to receive one common share or equivalent value.

Under Accounting Standards Codification (“ASC”) 718, the units are measured at fair value at the time of grant and recognized over the service period as stock-based compensation expense using the graded attribution method. The RSU and DSU Plans allow for the units to be settled in cash or common shares at the Company’s election. Prior to the Company’s Annual General Meeting on May 21, 2013, the Company did not have the ability to issue common shares from treasury under the plans. Accordingly, the RSU and DSU Plans were initially recognized as a liability and marked-to-market at each period end until the time of vesting. On May 21, 2013, the Company received shareholder approval to deliver common shares from treasury under the plans. Prior to November 22, 2013, the date of cancellation of stock options described in Note 7(a), due to the RSU Plan’s insider participation limits, the Company did not have the ability to deliver shares to officers to fully satisfy its obligations. As of November 30, 2013, it has been determined that the units granted to employees and officers under the RSU plan and directors under the DSU plan are equity-classified share compensation arrangements. The plans were reclassified based on the respective fair values at May 21, 2013 and November 22, 2013.

On December 5, 2012, 1,295,500 RSUs were granted to employees and officers vesting equally in thirds on June 5, 2013, December 5, 2013, and December 5, 2014. 750,000 DSUs that were granted to directors vested immediately and are to be paid out at the time of retirement from NovaCopper.

A summary of the Company’s unit plans and changes during the year ended is as follows:

	Number of RSUs	Number of DSUs
Balance – beginning of year	-	-
Granted	1,295,500	750,000
Vested/paid	(427,827)	-
Forfeited	(16,000)	-
Balance – end of year	851,673	750,000

The fair value of the units recognized in the period had been estimated using the quoted market price of the Company’s shares at each period end up to May 21, 2013 for employee granted RSUs and DSUs and up to November 22, 2013 for officer granted RSUs. The amount recorded to contributed surplus was the fair value at the date of reclassification.

For the year ended November 30, 2013, NovaCopper recognized a stock-based compensation charge of \$3.4 million for units granted to directors (\$1.4 million) and employees (\$2.0 million), net of forfeitures. On June 5, 2013, 427,827 RSUs vested to employees and officers and were settled through the issuance of 244,496 common shares and \$0.3 million in cash.

Subsequent to year end, on December 5, 2013, 425,833 RSUs vested to employees and officers and were settled through the issuance of 425,833 common shares. Following the vesting on December 5, 2013, 425,840 RSUs remain outstanding.

8. Management of capital risk

The Company relies upon management to manage capital in order to accomplish the objectives of safeguarding the Company’s ability to continue as a going concern in order to pursue the development of its mineral properties and maintain a capital structure which optimizes the costs of capital at an acceptable risk (note 1). The Company’s current capital consists of equity funding through capital markets and funding received from its prior owner, NovaGold, prior to its public listing.

As the Company is currently in the exploration phase none of its financial instruments are exposed to commodity price risk; however, the Company’s ability to obtain long-term financing and its economic viability may be affected by commodity price volatility.

To facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions.

9. Financial instruments

The Company is exposed to a variety of risks arising from financial instruments. These risks and management’s objectives, policies and procedures for managing these risks are disclosed as follows.

The Company’s financial instruments consist of cash and cash equivalents, accounts receivable, deposits, accounts payable and accrued liabilities, and due to related parties. The fair value of accounts payable and accrued liabilities and due to related parties approximates their

carrying value due to the short-term nature of their maturity. All of the Company's financial instruments are initially measured at fair value and then held at amortized cost.

Financial risk management

The Company's activities expose them to certain financial risks, including currency risk, credit risk, liquidity risk, interest risk and price risk.

(a) Currency risk

Currency risk is the risk of a fluctuation in financial asset and liability settlement amounts due to a change in foreign exchange rates. The Company operates in the United States and Canada with some expenses incurred in Canadian dollars. The Company's exposure is limited to cash of CDN\$250,000, accounts receivable of CDN\$45,000 and accounts payable of CDN\$120,000. Based on a 10% change in the US-Canadian exchange rate, assuming all other variables remain constant, the Company's net loss would change by approximately \$15,000.

(b) Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company holds cash and cash equivalents with Canadian Chartered financial institutions which are composed of financial instruments issued by Canadian banks. The Company's accounts receivable consist of GST receivable from the Federal Government of Canada and receivables due for camp and management services provided to other parties. The Company's exposure to credit risk is equal to the balance of cash and cash equivalents and accounts receivable as recorded in the financial statements.

(c) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulties raising funds to meet its financial obligations as they fall due. The Company is in the exploration stage and does not have cash inflows from operations; therefore, the Company manages liquidity risk through the management of its capital structure and financial leverage as outlined in notes 1 and 8 to the consolidated financial statements.

Contractually obligated cash flow requirements as at November 30, 2013 are as follows.

	<i>in thousands of dollars</i>				
	Total	< 1 Year	1-2 Years	2-5 Years	Thereafter
	\$	\$	\$	\$	\$
Accounts payable and accrued liabilities	1,742	1,742	-	-	-
Office lease	637	174	380	83	-
	2,379	1,916	380	83	-

(d) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company holds excess cash balances in money market funds which limits the risk of loss due to interest rate changes to \$nil.

10. Income taxes

Income tax expense differs from the amount that would result from applying the Canadian federal and provincial income tax rates to earnings before income taxes. These differences result from the following items:

in thousands of dollars

	November 30, 2013	November 30, 2012	November 30, 2011
	\$	\$	\$
Combined federal and provincial statutory tax rate	25.67%	25.13%	26.67%
Income taxes at statutory rate	(6,261)	(7,794)	(3,023)
Difference in foreign tax rates	(1,590)	(2,652)	(1,638)
Effect of statutory rate changes	(20)	6	-
Expiry of net operating losses	-	376	-
Non-deductible expenditures	2,139	2,498	86
Other	-	(39)	-
Valuation allowance	5,732	7,605	4,575
Income tax expense	-	-	-

Future income taxes arise from temporary differences in the recognition of income and expenses for financial reporting and tax purposes. The significant components of future income tax assets and liabilities at November 30, 2013 and 2012 are as follows:

in thousands of dollars

	November 30, 2013	November 30, 2012
	\$	\$
Future income tax assets		
Non-capital losses	45,278	41,778
Mineral property interest	14,704	13,036
Deferred interest	9,041	9,041
Property, plant and equipment	13	4
Share issuance costs	105	28
Other deductible temporary differences	748	235
Total future tax assets	69,889	64,122
Valuation allowance	(69,840)	(64,027)
Net future income tax assets	49	95
Future income tax liabilities		
Other taxable temporary differences	49	95
Future income tax liabilities	49	95
Net future income tax assets	-	-

The Company has loss carry-forwards of approximately \$113.5 million that may be available for tax purposes. Certain of these losses occurred prior to the incorporation of the Company and are accounted for in the financial statements as if they were incurred by the Company, as described in note 1. Prior to the Plan of Arrangement, the Company undertook a tax reorganization during the year in order to preserve the future deductibility of these losses for the Company, subject to the limitations below. Future tax assets have been recognized to the extent of future taxable income and the future taxable amounts related to taxable temporary differences for which a future tax liability is recognized can be offset. A valuation allowance has been provided against future income tax assets where it is not more likely than not that the Company will realize those benefits.

The losses expire as follows in the following jurisdictions:

in thousands of dollars

	Non-capital losses Canada	Operating losses United States
	\$	\$
2014	-	-
2015	-	-
2016	-	-
2017	-	-
Thereafter	9,116	104,372
	9,116	104,372

Future use of these U.S. loss carry-forwards is subject to certain limitations under provisions of the Internal Revenue Code including limitations subject to Section 382, which relates to a 50% change in control over a three-year period, and are further dependent upon the Company attaining profitable operations. An ownership change under Section 382 occurred on January 22, 2009 regarding losses incurred by AGC, of which the attributes of those losses were transferred to NovaCopper US with the purchase of the mineral property in October 2011. Therefore, approximately \$42.6 million of the U.S. losses above are subject to limitation under Section 382. Accordingly, the Company's ability to use these losses may be limited.

An additional change in control may have occurred after November 30, 2011 which may further limit the availability of losses prior to the date of change in control.

11. Commitment

On January 25, 2013, the Company entered into a commitment to lease office space effective May 1, 2013 for a period of four years. The future minimum lease payments as at November 30, 2013 are approximately as follows.

<i>in thousands of dollars</i>	
November 30, 2013	
	\$
2014	174
2015	185
2016	195
2017	83
Total	637

12. Subsequent events

On December 5, 2013, 425,833 RSUs vested to employees and officers and were settled through the issuance of 425,833 common shares.

Item 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

Item 9A. CONTROLS AND PROCEDURES**Disclosure Controls and Procedures**

Disclosure controls and procedures are designed to ensure that information required to be disclosed in reports filed or submitted by the Company under U.S. and Canadian securities legislation is recorded, processed, summarized and reported within the time periods specified in those rules, including providing reasonable assurance that material information is gathered and reported to senior management, including the Chief Executive Officer (“CEO”) and Chief Financial Officer (“CFO”), as appropriate, to permit timely decisions regarding public disclosure. Management, including the CEO and CFO, has evaluated the effectiveness of the design and operation of the Company’s disclosure controls and procedures, as defined in Rule 13a-15(e) and 15d-15(e) of the US Exchange Act and the rules of Canadian Securities Administration, as at November 30, 2013. Based on this evaluation, the CEO and CFO have concluded that the Company’s disclosure controls and procedures were effective.

Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rule 13a-15(f) and 15d-15(f) of the U.S. Exchange Act and National Instrument 52-109 Certification of Disclosure in Issuer’s Annual and Interim filings. Any system of internal control over financial reporting, no matter how well designed, has inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Management has used the Committee of Sponsoring Organizations of the Treadway Commission framework (1992) to evaluate the effectiveness of the Company’s internal control over financial reporting. Based on this assessment, management has concluded that as at November 30, 2013, the Company’s internal control over financial reporting was effective.

The effectiveness of the Company’s internal control over financial reporting has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, which has expressed its opinion in its report included with the Company’s annual consolidated financial statements.

Attestation Report of the Registered Public Accounting Firm

PricewaterhouseCoopers LLP’s attestation report on our internal control over financial reporting is included as part of Item 8. Financial Statements and Supplementary Data herein.

Changes in Internal Controls

There has been no change in our internal control over financial reporting during the year ended November 30, 2013 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. OTHER INFORMATION

None.

PART III

Item 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Executive Officers of NovaCopper

As of November 30, 2013, we had three executive officers, namely Rick Van Nieuwenhuyse, Elaine Sanders, and Joseph R. Piekenbrock. The following information is presented as of November 30, 2013.

Name and Residence	Age	Held Office Since	Business Experience During Past Five Years
Rick Van Nieuwenhuyse British Columbia, Canada <i>Director, President and Chief Executive Officer</i>	58	April 29, 2011 ⁽¹⁾	Chief Executive Officer of NovaCopper (2011 – present); Former President and Chief Executive Officer of NovaGold
Elaine Sanders British Columbia, Canada <i>VP, Chief Financial Officer and Corporate Secretary</i>	44	January 30, 2012 ⁽²⁾	VP and Chief Financial Officer of NovaCopper (2012 – present); Corporate Secretary of NovaCopper (2011 – present); Vice President, Chief Financial Officer and Corporate Secretary of NovaGold (2011 – 2012); and Vice President Finance of NovaGold (2006 – 2011).
Joseph R. Piekenbrock Colorado, USA <i>Senior Vice President, Exploration</i>	58	April 29, 2011 ⁽³⁾	Senior Vice President, Exploration of NovaCopper (2011 – present), Vice President, Exploration of NovaGold (2002-2012).

⁽¹⁾ Mr. Van Nieuwenhuyse was appointed President and Chief Executive Officer on April 29, 2011. He became a full-time employee of the Company on January 9, 2012.

⁽²⁾ Ms. Sanders was appointed Chief Financial Officer on January 30, 2012. She became a full-time employee of the Company on November 13, 2012.

⁽³⁾ Mr. Piekenbrock was appointed Senior VP, Exploration on April 29, 2011. He became a full-time employee of the Company on May 1, 2012.

The information responsive to Items 401, 405, 406 and 407 of Regulation S-K to be included in our definitive Proxy Statement for our 2014 Annual Meeting of Shareholders, to be filed within 120 days of November 30, 2013, pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended (the “2014 Proxy Statement”), is incorporated herein by reference.

Item 11. EXECUTIVE COMPENSATION

The information responsive to Items 402 and 407 of Regulation S-K to be included in our 2014 Proxy Statement is incorporated herein by reference.

Item 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information responsive to Items 201(d) and 403 of Regulation S-K to be included in our 2014 Proxy Statement is incorporated herein by reference.

Item 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information responsive to Items 404 and 407 of Regulation S-K to be included in our 2014 Proxy Statement is incorporated herein by reference.

Item 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information responsive to Item 9(e) of Schedule 14A to be included in our 2014 Proxy Statement is incorporated herein by reference.

PART IV

Item 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) Documents Filed With This Report

1. FINANCIAL STATEMENTS

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Consolidated Statements of Shareholders' Equity	79
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2. FINANCIAL STATEMENT SCHEDULES

None.

3. EXECUTIVE COMPENSATION PLANS AND ARRANGEMENTS

NovaCopper Inc. Equity Incentive Plan identified in exhibit list below.

Employment Agreement between the Registrant and Rick Van Nieuwenhuyse, dated January 9, 2012, identified in exhibit list below.

Employment Agreement between the Registrant and Elaine Sanders, dated November 5, 2012, identified in exhibit list below.

Employment Agreement between the Registrant and Joseph Piekenbrock, dated May 1, 2012, identified in exhibit list below.

2004 Stock Award Plan of NovaGold Resources Inc. (as amended) identified in exhibit list below.

NovaGold 2009 Performance Share Unit Plan identified in exhibit list below.

NovaGold 2009 Deferred Share Unit Plan identified in exhibit list below.

NovaCopper Inc. 2012 Restricted Share Unit Plan identified in exhibit list below.

NovaCopper Inc. 2012 Deferred Share Unit Plan identified in exhibit list below.

(b) Exhibits

Exhibit No.	Description
3.1	Certificate of Incorporation (incorporated by reference Exhibit 99.2 to the Registration Statement on Form 40-F as filed on March 1, 2012, File No. 001-35447)
3.2	Articles of NovaCopper Inc., effective April 27, 2011, as altered March 20, 2011 (incorporated by reference to Exhibit 99.3 to Amendment No. 1 to the Registration Statement on Form 40-F as filed on April 19, 2012, File No. 001-35447)
10.1	Commitment Agreement between NovaGold Resources Inc. and NovaCopper Inc. dated effective April 19, 2012

Exhibit No.	Description
	(incorporated by reference to Exhibit 99.1 to the Form 6-K dated April 25, 2012)
10.2	Exploration Agreement and Option to Lease between NovaCopper US Inc. and NANA Regional Corporation, Inc. dated October 19, 2011(incorporated by reference to Exhibit 99.1 to the Form 6-K dated April 25, 2012)
10.3	Net Smelter Returns Royalty Agreement among Kenecott Exploration Company, Kennecott Arctic Company, Alaska Gold Company, and NovaGold Resources Inc. dated effective January 7, 2010 (incorporated by reference to Exhibit 99.1 to the Form 6-K dated April 25, 2012)
10.4	Employment Agreement between the Registrant and Rick Van Nieuwenhuyse, dated January 9, 2012 (incorporated by reference to Exhibit 4.4 of the Registrant's registration statement on Form S-8 as filed on April 27, 2012, File No. 333-181020)
10.5	Employment Agreement between the Registrant and Elaine Sanders, dated November 5, 2012 (incorporated by reference to Exhibit 10.5 to the Registration Statement on Form 10-K as filed on February 12, 2013, File No. 001-35447)
10.6	Employment Agreement between the Registrant and Joseph Piekenbrock, dated May 1, 2012 (incorporated by reference to Exhibit 10.6 to the Registration Statement on Form 10-K as filed on February 12, 2013, File No. 001-35447)
10.7	2004 Stock Award Plan of NovaGold Resources Inc. (as amended) (incorporated by reference to Appendix A of Exhibit 99.2 of NovaGold Resources Inc.'s report on Form 6-K as filed on April 29, 2009), as amended pursuant to the Plan of Arrangement (incorporated by reference to Exhibit 99.1 of NovaGold Resources Inc.'s report on Form 6-K as filed on March 1, 2012)
10.8	NovaGold 2009 Performance Share Unit Plan (incorporated by reference to Appendix C of Exhibit 99.2 of NovaGold Resources Inc.'s report on Form 6-K as filed on April 29, 2009), as amended pursuant to the Plan of Arrangement (incorporated by reference to Exhibit 99.1 of NovaGold Resources Inc.'s report on Form 6-K as filed on March 1, 2012)
10.9	NovaGold 2009 Deferred Share Unit Plan (incorporated by reference to Appendix E of Exhibit 99.2 of NovaGold Resources Inc.'s report on Form 6-K as filed on April 29, 2009), as amended pursuant to the Plan of Arrangement (incorporated by reference to Exhibit 99.1 of NovaGold Resources Inc.'s report on Form 6-K as filed on March 1, 2012)
10.10	Form of NovaCopper Inc. Stock Option Agreement (incorporated by reference to Exhibit 4.5 of the Registrant's registration statement on Form S-8 as filed on April 27, 2012, File No. 333-181020)
10.11	NovaCopper Inc. 2012 Restricted Share Unit Plan (incorporated by reference to Exhibit 10.11 to the Registration Statement on Form 10-K as filed on February 12, 2013, File No. 001-35447)
10.12	NovaCopper Inc. 2012 Deferred Share Unit Plan (incorporated by reference to Exhibit 10.12 to the Registration Statement on Form 10-K as filed on February 12, 2013, File No. 001-35447)
21.1	Subsidiaries of the Registrant
23.1	Consent of PricewaterhouseCoopers LLP
23.2	Consent of Sabry Abdel Hafez
23.3	Consent of Jianhui Huang
23.4	Consent of Michael F. O'Brien
23.5	Consent of Mike Chin
23.6	Consent of Graham Wilkins
23.7	Consent of Hassan Ghaffari
23.8	Consent of Marvin Silva
23.9	Consent of Jack DiMarchi Wayne Stoyko
23.10	Consent of H. Wayne Stoyko

Exhibit No.	Description
23.11	Consent of Scott Petsel
23.12	Consent of Bruce Davis
23.13	Consent of Robert Sim
23.14	Consent of Tetra Tech
23.15	Consent of BD Resource Consulting, Inc.
31.1	Certification of the Chief Executive Officer required by Rule 13a-14(a) or Rule 15d-14(a)
31.2	Certification of the Chief Financial Officer required by Rule 13a-14(a) or Rule 15d-14(a)
32.1	Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350
32.2	Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

NOVACOPPER INC.

By: /s/ Rick Van Nieuwenhuyse
Name: Rick Van Nieuwenhuyse
Title: President and Chief Executive Officer

Date: January 29, 2014

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated:

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Rick Van Nieuwenhuyse</u> Rick Van Nieuwenhuyse	President, Chief Executive Officer and Director (Principal Executive Officer)	January 29, 2014
<u>/s/ Elaine Sanders</u> Elaine Sanders	Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	January 29, 2014
<u>/s/ Clynton Nauman</u> Clynton R. Nauman	Lead Director and Authorized US Representative	January 29, 2014
<u>/s/ Tony Giardini</u> Tony Giardini	Director	January 29, 2014
<u>/s/ Thomas Kaplan</u> Dr. Thomas S. Kaplan	Director	January 29, 2014
<u>/s/ Terry Krepiakevich</u> Terry Krepiakevich	Director	January 29, 2014
<u>/s/ Gregory Lang</u> Gregory A. Lang	Director	January 29, 2014
<u>/s/ Igor Levental</u> Igor Levental	Director	January 29, 2014

<u>Signature</u>	<u>Title</u>	<u>Date</u>
_____ /s/ Kalidas Madhavpeddi Kalidas V. Madhavpeddi	Director	January 29, 2014
_____ /s/ Gerald McConnell Gerald McConnell	Director	January 29, 2014
_____ /s/ Walter Segsworth Walter Segsworth	Director	January 29, 2014
_____ /s/ Janice Stairs Janice Stairs	Director	January 29, 2014

SUBSIDIARIES OF THE REGISTRANT

<u>Name of Subsidiary</u>	<u>Jurisdiction of Organization</u>
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NovaCopper US Inc. ⁽¹⁾	Delaware
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⁽¹⁾ 100% owned by NovaCopper Inc.

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Forms S-8 (No. 333-181020) and S-3/A (No. 333-185127) of NovaCopper Inc. of our reports dated January 29, 2014, relating to the consolidated financial statements and the effectiveness of internal control over financial reporting, which appears in this Annual Report on Form 10-K for the year ended November 30, 2013.

/s/ PricewaterhouseCoopers LLP

Vancouver, British Columbia

January 29, 2014

CONSENT OF SABRY ABDEL HAFEZ

I hereby consent to the inclusion in this Annual Report on Form 10-K, which is being filed with the United States Securities and Exchange Commission, of references to my name and to the use of the technical report titled “Preliminary Economic Assessment Report on the Arctic Project, Ambler Mining District Northwest Alaska” dated effective September 12, 2013 (the “Technical Report”).

I also consent to the incorporation by reference in NovaCopper Inc.’s Registration Statement on Form S-3 (No. 333-185127) and Registration Statements on Form S-8 (No. 333-188950 and No. 333-181020), of references to my name and to the use of the Technical Report, which is included in the Annual Report on Form 10-K.

DATED: January 29, 2014

/s/ Sabry Abdel Hafez

Name: Sabry Abdel Hafez

CONSENT OF JIANHUI HUANG

I hereby consent to the inclusion in this Annual Report on Form 10-K, which is being filed with the United States Securities and Exchange Commission, of references to my name and to the use of the technical report titled “Preliminary Economic Assessment Report on the Arctic Project, Ambler Mining District Northwest Alaska” dated effective September 12, 2013 (the “Technical Report”).

I also consent to the incorporation by reference in NovaCopper Inc.’s Registration Statement on Form S-3 (No. 333-185127) and Registration Statements on Form S-8 (No. 333-188950 and No. 333-181020), of references to my name and to the use of the Technical Report, which is included in the Annual Report on Form 10-K.

DATED: January 29, 2014

/s/ Jianhui Huang

Name: Jianhui Huang

CONSENT OF MICHAEL F. O'BRIEN

I hereby consent to the inclusion in this Annual Report on Form 10-K, which is being filed with the United States Securities and Exchange Commission, of references to my name and to the use of the technical report titled "Preliminary Economic Assessment Report on the Arctic Project, Ambler Mining District Northwest Alaska" dated effective September 12, 2013 (the "Technical Report").

I also consent to the incorporation by reference in NovaCopper Inc.'s Registration Statement on Form S-3 (No. 333-185127) and Registration Statements on Form S-8 (No. 333-188950 and No. 333-181020), of references to my name and to the use of the Technical Report, which is included in the Annual Report on Form 10-K.

DATED: January 29, 2014

/s/ Michael F. O'Brien

Name: Michael F. O'Brien

CONSENT OF MIKE CHIN

I hereby consent to the inclusion in this Annual Report on Form 10-K, which is being filed with the United States Securities and Exchange Commission, of references to my name and to the use of the technical report titled “Preliminary Economic Assessment Report on the Arctic Project, Ambler Mining District Northwest Alaska” dated effective September 12, 2013 (the “Technical Report”).

I also consent to the incorporation by reference in NovaCopper Inc.’s Registration Statement on Form S-3 (No. 333-185127) and Registration Statements on Form S-8 (No. 333-188950 and No. 333-181020), of references to my name and to the use of the Technical Report, which is included in the Annual Report on Form 10-K.

DATED: January 29, 2014

/s/ Mike Chin

Name: Mike Chin

CONSENT OF GRAHAM WILKINS

I hereby consent to the inclusion in this Annual Report on Form 10-K, which is being filed with the United States Securities and Exchange Commission, of references to my name and to the use of the technical report titled “Preliminary Economic Assessment Report on the Arctic Project, Ambler Mining District Northwest Alaska” dated effective September 12, 2013 (the “Technical Report”).

I also consent to the incorporation by reference in NovaCopper Inc.’s Registration Statement on Form S-3 (No. 333-185127) and Registration Statements on Form S-8 (No. 333-188950 and No. 333-181020), of references to my name and to the use of the Technical Report, which is included in the Annual Report on Form 10-K.

DATED: January 29, 2014

/s/ Graham Wilkins

Name: Graham Wilkins

CONSENT OF HASSAN GHAFFARI

I hereby consent to the inclusion in this Annual Report on Form 10-K, which is being filed with the United States Securities and Exchange Commission, of references to my name and to the use of the technical report titled “Preliminary Economic Assessment Report on the Arctic Project, Ambler Mining District Northwest Alaska” dated effective September 12, 2013 (the “Technical Report”).

I also consent to the incorporation by reference in NovaCopper Inc.’s Registration Statement on Form S-3 (No. 333-185127) and Registration Statements on Form S-8 (No. 333-188950 and No. 333-181020), of references to my name and to the use of the Technical Report, which is included in the Annual Report on Form 10-K.

DATED: January 29, 2014

/s/ Hassan Ghaffari

Name: Hassan Ghaffari

CONSENT OF MARVIN SILVA

I hereby consent to the inclusion in this Annual Report on Form 10-K, which is being filed with the United States Securities and Exchange Commission, of references to my name and to the use of the technical report titled “Preliminary Economic Assessment Report on the Arctic Project, Ambler Mining District Northwest Alaska” dated effective September 12, 2013 (the “Technical Report”).

I also consent to the incorporation by reference in NovaCopper Inc.’s Registration Statement on Form S-3 (No. 333-185127) and Registration Statements on Form S-8 (No. 333-188950 and No. 333-181020), of references to my name and to the use of the Technical Report, which is included in the Annual Report on Form 10-K.

DATED: January 29, 2014

/s/ Marvin Silva

Name: Marvin Silva

CONSENT OF JACK DIMARCHI

I hereby consent to the inclusion in this Annual Report on Form 10-K, which is being filed with the United States Securities and Exchange Commission, of references to my name and to the use of the technical report titled “Preliminary Economic Assessment Report on the Arctic Project, Ambler Mining District Northwest Alaska” dated effective September 12, 2013 (the “Technical Report”).

I also consent to the incorporation by reference in NovaCopper Inc.’s Registration Statement on Form S-3 (No. 333-185127) and Registration Statements on Form S-8 (No. 333-188950 and No. 333-181020), of references to my name and to the use of the Technical Report, which is included in the Annual Report on Form 10-K.

DATED: January 29, 2014

/s/ Jack DiMarchi

Name: Jack DiMarchi

CONSENT OF H. WAYNE STOYKO

I hereby consent to the inclusion in this Annual Report on Form 10-K, which is being filed with the United States Securities and Exchange Commission, of references to my name and to the use of the technical report titled “Preliminary Economic Assessment Report on the Arctic Project, Ambler Mining District Northwest Alaska” dated effective September 12, 2013 (the “Technical Report”).

I also consent to the incorporation by reference in NovaCopper Inc.’s Registration Statement on Form S-3 (No. 333-185127) and Registration Statements on Form S-8 (No. 333-188950 and No. 333-181020), of references to my name and to the use of the Technical Report, which is included in the Annual Report on Form 10-K.

DATED: January 29, 2014

/s/ H. Wayne Stoyko

Name: H. Wayne Stoyko

CONSENT OF SCOTT PETSEL

I hereby consent to the inclusion in this Annual Report on Form 10-K, which is being filed with the United States Securities and Exchange Commission, of references to my name and to the use of the technical information included in the “Arctic Project – Current Activities” and the “Bornite Project – Recent Developments” sections, and the disclosure regarding land size and the number of claims for the Ambler lands, in NovaCopper Inc.’s Annual Report on Form 10-K for the year ended November 30, 2013.

I also consent to the incorporation by reference in NovaCopper Inc.’s Registration Statement on Form S-3 (No. 333-185127) and Registration Statements on Form S-8 (No. 333-188950 and No. 333-181020), of references to my name and to the use of the technical information included in the Annual Report on Form 10-K as described above.

DATED: January 29, 2014

/s/ Scott Petsel

Name: Scott Petsel

CONSENT OF BRUCE DAVIS

I hereby consent to the inclusion in this Annual Report on Form 10-K, which is being filed with the United States Securities and Exchange Commission, of references to my name and to the use of the technical report titled “NI 43-101 Technical Report for the Bornite Deposit, South Reef and Ruby Creek zones, Northwest Alaska” dated effective January 31, 2013 (the “Technical Report”).

I also consent to the incorporation by reference in NovaCopper Inc.’s Registration Statement on Form S-3 (No. 333-185127) and Registration Statements on Form S-8 (No. 333-188950 and No. 333-181020), of references to my name and to the use of the Technical Report, which is included in the Annual Report on Form 10-K.

DATED: January 29, 2014

/s/ Bruce Davis

Name: Bruce Davis

CONSENT OF ROBERT SIM

I hereby consent to the inclusion in this Annual Report on Form 10-K, which is being filed with the United States Securities and Exchange Commission, of references to my name and to the use of the technical report titled “NI 43-101 Technical Report for the Bornite Deposit, South Reef and Ruby Creek zones, Northwest Alaska” dated effective January 31, 2013 (the “Technical Report”).

I also consent to the incorporation by reference in NovaCopper Inc.’s Registration Statement on Form S-3 (No. 333-185127) and Registration Statements on Form S-8 (No. 333-188950 and No. 333-181020), of references to my name and to the use of the Technical Report, which is included in the Annual Report on Form 10-K.

DATED: January 29, 2014

/s/ Robert Sim

Name: Robert Sim

CONSENT OF TETRA TECH

We hereby consent to the inclusion in this Annual Report on Form 10-K, which is being filed with the United States Securities and Exchange Commission, of references to our name and to the use of the technical report titled “Preliminary Economic Assessment Report on the Arctic Project, Ambler Mining District Northwest Alaska” dated effective September 12, 2013 (the “Technical Report”).

We also consent to the incorporation by reference in NovaCopper Inc.’s Registration Statement on Form S-3 (No. 333-185127) and Registration Statements on Form S-8 (No. 333-188950 and No. 333-181020), of references to our name and to the use of the Technical Report, which is included in the Annual Report on Form 10-K.

DATED: January 29, 2014

Name: Tetra Tech

CONSENT OF BD RESOURCE CONSULTING, INC.

We hereby consent to the inclusion in this Annual Report on Form 10-K, which is being filed with the United States Securities and Exchange Commission, of references to our name and to the use of the technical report titled “NI 43-101 Technical Report for the Bornite Deposit, South Reef and Ruby Creek zones, Northwest Alaska” dated effective January 31, 2013 (the “Technical Report”).

We also consent to the incorporation by reference in NovaCopper Inc.’s Registration Statement on Form S-3 (No. 333-185127) and Registration Statements on Form S-8 (No. 333-188950 and No. 333-181020), of references to our name and to the use of the Technical Report, which is included in the Annual Report on Form 10-K.

DATED: January 29, 2014

/s/ Bruce Davis

Name: BD Resource Consulting, Inc.

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

PURSUANT TO RULE 13a-14(a) OF THE

SECURITIES EXCHANGE ACT OF 1934

I, Rick Van Nieuwenhuyse, certify that:

1. I have reviewed this annual report on Form 10-K of NovaCopper Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

By: /s/ Rick Van Nieuwenhuyse
Rick Van Nieuwenhuyse
Chief Executive Officer

Date: January 29, 2014

CERTIFICATION OF CHIEF FINANCIAL OFFICER

PURSUANT TO RULE 13a-14(a) OF THE

SECURITIES EXCHANGE ACT OF 1934

I, Elaine Sanders, certify that:

1. I have reviewed this annual report on Form 10-K of NovaCopper Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

By: /s/ Elaine Sanders
Elaine Sanders
Chief Financial Officer

Date: January 29, 2014

CERTIFICATION PURSUANT TO

18 U.S.C. §1350,

AS ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of NovaCopper Inc. (the “Company”) on Form 10-K for the year ended November 30, 2013, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Rick Van Nieuwenhuyse, Chief Executive Officer of the Company, certify that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: January 29, 2014

By: /s/ Rick Van Nieuwenhuyse
Rick Van Nieuwenhuyse
President and Chief Executive Officer

CERTIFICATION PURSUANT TO

18 U.S.C. §1350,

AS ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of NovaCopper Inc. (the “Company”) on Form 10-K for the year ended November 30, 2013, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Elaine Sanders, Chief Financial Officer of the Company, certify that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: January 29, 2014

By: /s/Elaine Sanders
Elaine Sanders
Chief Financial Officer