

**Report of Organizational Actions
 Affecting Basis of Securities**

▶ See separate instructions.

Part I Reporting Issuer			
1 Issuer's name NovaCopper Inc.		2 Issuer's employer identification number (EIN) 98-1006991	
3 Name of contact for additional information Investor Relations	4 Telephone No. of contact 855.638.8088	5 Email address of contact info@novacopper.com	
6 Number and street (or P.O. box if mail is not delivered to street address) of contact Suite 1950, 777 Dunsmuir Street		7 City, town, or post office, state, and Zip code of contact Vancouver, British Columbia, Canada V7Y 1K4	
8 Date of action June 19, 2015		9 Classification and description Common Shares	
10 CUSIP number 66988K102	11 Serial number(s) N/A	12 Ticker symbol NCQ	13 Account number(s) N/A

Part II Organizational Action Attach additional statements if needed. See back of form for additional questions.

14 Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ▶ **On June 19, 2015, NovaCopper Inc. ("NovaCopper") acquired all the issued and outstanding common shares of Sunward Resources Ltd. ("Sunward") pursuant to an Agreement and Plan of Arrangement (the "Acquisition"). Immediately thereafter, Sunward amalgamated with an unlimited liability company subsidiary of NovaCopper ("ULC Sub") with ULC Sub surviving the amalgamation (the "Amalgamation"). The Sunward shareholders exchanged each of their Sunward shares for 0.3 NovaCopper common shares in the Acquisition.**

The Acquisition is described in the Joint Management Information Circular of NovaCopper and Sunward dated May 12, 2015 ("Circular"), which is available at www.sec.gov. The Circular was filed by NovaCopper with the SEC on May 14, 2015.

15 Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ▶ **See Schedule 1.**

16 Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ▶ **In the event that the Acquisition is taxable, for purposes of calculating fair market value, the fair market value of a NovaCopper common share on June 19, 2015 is estimated at US \$0.53, which was the average of the high and low prices for NovaCopper shares on the NYSE MKT on June 19, 2015.**

Shareholders should consult with their own tax advisors to determine whether they are required to recognize any gain and what measure of fair market value is appropriate.

Part II Organizational Action (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ NovaCopper believes that the Acquisition and the Amalgamation should be treated as a single integrated transaction that should qualify as a reorganization within the meaning of Code Section 368(a). Consequently, the U.S. federal income tax consequences of the Acquisition and the Amalgamation to Sunward shareholders should be determined under Code Sections 354, 358, 367, 1001, and 1221.

18 Can any resulting loss be recognized? ▶ If the Acquisition and the Amalgamation are treated as a single integrated transaction that qualified as a reorganization within the meaning of Code Section 368(a), then in general, each Sunward shareholder who received NovaCopper common shares in the Acquisition should not recognize any loss.

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ In general, any gain recognized should be reported by shareholders for the tax year which includes June 19, 2015 (e.g., a calendar year shareholder would report the transaction on his or her federal income tax return filed for the 2015 calendar year).

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here

Signature ▶ *Elaine Sanders* Date ▶ July 31, 2015

Print your name ▶ Elaine Sanders Title ▶

Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	John Hollinrake	<u><i>John Hollinrake</i></u>	<u>7/23/2015</u>		<u>PO1568530</u>
	Firm's name ▶ Dorsey & Whitney LLP	Firm's address ▶ Columbia Center, 701 Fifth Avenue, Suite 6100, Seattle, Washington 98104		Firm's EIN ▶	<u>41-0223337</u>
				Phone no.	<u>(206) 903-8812</u>

Schedule 1

Although not free from doubt, NovaCopper believes that the Acquisition and the Amalgamation should be treated as a single integrated transaction that should qualify as a tax-deferred reorganization within the meaning of Code Section 368(a). As a result, each Sunward shareholder should generally have a tax basis in the NovaCopper common shares received in the Acquisition equal to such shareholder's aggregate tax basis in the Sunward shares surrendered.

Certain Sunward shareholders that fail to file a timely gain recognition agreement with the IRS may recognize a gain under Code Section 367. Shareholders that recognize a gain should have a tax basis in the NovaCopper common shares received equal to their fair market value at the time of the Acquisition.

Even if the Acquisition and Amalgamation are treated as a single integrated transaction that qualifies as a tax-deferred reorganization under Code Section 368(a), certain special rules would apply if Sunward was a passive foreign investment company, as defined under Code Section 1297 (a "PFIC"), for any tax year during which a shareholder held Sunward common shares.

Shareholders should review the Circular and consult with their own tax advisors regarding the U.S. federal income tax consequences of the Acquisition.