NEVADA COPPER CORP.

Condensed Consolidated Interim Financial Statements
For the three and six months ended June 30, 2018 and June 30, 2017

NEVADA COPPER CORP.

Condensed Consolidated Interim Statements of Financial Position
(Expressed in thousands of United States dollars)
(Unaudited – Prepared by Management)

	June 30, 2018	December 31, 2017
Assets		
Current assets		
Cash and cash equivalents	**$37,195**	$385
Amounts receivable	**154**	105
Prepaid expenses	**157**	119
	37,506	609
Restricted cash	**456**	971
Deferred share issuance costs (note 7c)	**3,949**	966
Deferred financing fees (note 4c)	**-**	8,260
Mineral properties, plant, and equipment (note 3)	**271,165**	251,449
	$313,076	$262,255
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	**$7,500**	$3,907
Stock-based compensation liabilities (note 7e)	**406**	1,547
Current portion of long term debt (note 4)	**265**	70,038
	8,171	75,492
Long term debt (note 4)	**99,529**	113,532
Asset retirement obligation	**895**	895
	108,595	189,919
Shareholders' Equity		
Share capital (note 7)	**312,734**	161,354
Other equity reserve (note 7)	**28,899**	26,476
Accumulated other comprehensive loss	**(3,578)**	(3,578)
Deficit	**(133,574)**	(111,916)
	204,481	72,336
	$313,076	$262,255

Contractual Obligations (note 8)

Subsequent Events (note 4ciii and 7c)

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

Approved on behalf of the Board on August 13, 2018:

(Signed) “Braam Jonker”, Director **(Signed) “Lucio Genovese”, Director**

NEVADA COPPER CORP.

Condensed Consolidated Interim Statements of Operations and Comprehensive Loss
(Expressed in thousands of United States dollars except per share amounts which are in United States dollars)
(Unaudited – Prepared by Management)
Three and six-month periods ended June 30, 2018 and June 30, 2017

	Three Months Ended June 30, 2018	2017	Six Months Ended June 30, 2018	2017
Expenses				
Consulting and remuneration	**$306**	$134	**$1,394**	$282
Public company expenses	**736**	144	**1,153**	265
Office expenses	**374**	64	**505**	139
Professional fees	**531**	29	**770**	64
Business development	**31**	43	**73**	104
Stock-based compensation (note 7d)	**1,715**	(96)	**1,742**	25
	3,693	318	**5,637**	879
Interest income	**187**	2	**328**	8
Interest and finance expenses	**(963)**	(1,262)	**(991)**	(2,295)
Derivative fair value change (note 4b and 4ciii)	**413**	6,840	**(1,746)**	8,123
Other income (expense)	**-**	**-**	**(549)**	1
Debt extinguishment loss, net (note 4ciii)	**-**	**-**	**(7,737)**	-
Foreign exchange (loss) gain	**(117)**	15	**(441)**	23
	(480)	5,595	**(11,136)**	5,860
Net income (loss) and comprehensive income (loss)	**$(4,173)**	$5,277	**$(16,773)**	$4,981
Income (loss) per common share				
Basic and diluted	**$(0.01)**	$0.06	**$(0.05)**	$ 0.06
Weighted average number of common shares outstanding	**445,257,720**	90,486,617	**343,620,068**	89,333,776

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

NEVADA COPPER CORP.

Condensed Consolidated Interim Statements of Changes in Equity
(Expressed in thousands of United States dollars)
(Unaudited – Prepared by Management)

Six-month periods ended June 30, 2018 and June 30, 2017

	Share Capital			Accumulated		
	Number of Shares	Amount	Other Equity Reserve	Other Comprehensive Loss	Deficit	Total
Balances, December 31, 2016	88,168,125	$158,794	$26,519	$(3,578)	$(105,327)	$76,408
Stock-based compensation	-	92		-	-	92
Shares issued	5,010,357	2,517	(92)			2,425
Net loss	-	-	-	-	4,981	4,981
Balances, June 30, 2017	**93,178,482**	**$161,403**	**$26,427**	**$(3,578)**	**$(100,346)**	**$83,906**

	Share Capital			Accumulated		
	Number of Shares	Amount	Other Equity Reserve	Other Comprehensive Loss	Deficit	Total
Balances, December 31, 2017	93,178,482	$161,354	$26,476	$(3,578)	$(111,916)	$72,336
IFRS 9 adjustment (note 4cii)	-	-	-	-	(4,885)	(4,885)
Warrant revaluation	-	-	(52)	-	-	(52)
Stock-based compensation	-	-	2,475	-	-	2,475
Shares issued, (note 7b)	256,410,256	102,902	-	-	-	102,902
Share issue costs (note 7b)	-	(4,382)	-	-	-	(4,382)
Convertible debt conversion (note 4b)	95,561,944	52,657	-	-	-	52,657
Agent warrants exercised (note 7f)	442,750	203	-	-	-	203
Net loss	-	-	-	-	(16,773)	(16,773)
Balances, June 30, 2018	**445,593,432**	**$312,734**	**$28,899**	**$(3,578)**	**$(133,574)**	**$204,481**

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

NEVADA COPPER CORP.

Condensed Consolidated Interim Statements of Cash Flows
(Expressed in thousands of United States dollars)
(Unaudited – Prepared by Management)
Three and six-month periods ended June 30, 2018 and June 30, 2017

	Three Months Ended June 30,		**Six Months Ended June 30,**	
	2018	2017	**2018**	2017
Cash flows used in operating activities				
Income (loss) for the period	**$(4,173)**	$5,277	**$(16,773)**	$4,981
Adjustments for:				
Derivatives fair value change (note 4b and 4ciii)	**(413)**	(6,842)	**1,746**	(6,016)
Debt extinguishment loss (note 4ciii)	**-**	-	**7,737**	-
Interest and finance expenses	**-**	1,264	**-**	232
Stock-based compensation	**1,715**	(37)	**1,742**	(120)
Unrealized foreign exchange loss (gain)	**131**	-	**506**	-
Interest income	**(187)**	(2)	**(328)**	(8)
Depreciation and accretion expense	**12**	-	**25**	-
	(2,915)	(340)	**(5,345)**	(931)
Changes in non-cash working capital items:				
Amounts receivable	**(3)**	(6)	**(49)**	(7)
Prepaid expenses	**24**	3,618	**928**	(14)
Accounts payable and accrued liabilities	**5,336**	(86)	**2,520**	85
Net cash provided by (used in) operating activities	**2,442**	3,186	**(1,946)**	(867)
Cash flows used in investing activities				
Interest received	**187**	2	**328**	8
Cash moved from (to) restricted cash	**-**	-	**518**	-
Deposits for development costs	**(354)**	2	**(354)**	17
Development costs for mineral properties, plant and equipment	**(9,322)**	(1,396)	**(13,921)**	(2,263)
Net cash used in investing activities	**(9,489)**	(1,392)	**(13,429)**	(2,238)
Cash flows from financing activities				
Issuance of common shares	**203**	1,807	**102,703**	1,807
Long-term debt repayment (note 4ciii)	**-**	-	**(42,035)**	-
Pala bridge loan draw (repayment) (note 4a)	**-**	-	**(3,500)**	- 5,000
Share issuance costs incurred	**(187)**	(57)	**(2,773)**	(92)
Deferred share issuance costs (note 7b)	**(332)**	-	**(1,532)**	-
Transaction costs for debt refinancing (note 4ciii)	**-**	-	**(135)**	(408)
Interest paid	**-**	(3,612)	**(37)**	(7,136)
Net cash provided by (used in) financing activities	**(316)**	(1,862)	**52,691**	(829)
Effect of exchange rate changes on cash and equivalents	**(131)**	-	**(506)**	-
Increase (decrease) in cash and cash equivalents	**(7,494)**	(68)	**36,810**	(3,934)
Cash and cash equivalents, beginning of the period	**44,689**	935	**385**	4,801
Cash and cash equivalents, end of the period	**$37,195**	$867	**$37,195**	$867
Supplementary information:				
Depreciation capitalized in mineral properties, plant, and equipment	**$12**	$12	**$25**	$27
Convertible debt conversion (note 4b)	**$-**	$-	**$52,657**	$-
Non-cash share issuance costs – shares issued	**$-**	$-	**$402**	$-
Stock-based compensation included in mineral properties	**$662**	$9	**$662**	$103
Mineral properties, plant, and equipment in accounts payable and accrued liabilities change	**$71**	$347	**$1,023**	$288
Interest capitalised in mineral properties, plant and equipment	**$1,023**	$-	**$3,719**	$-

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

1. General Information and Nature of Operations:

Nevada Copper Corp. (the "Company" or "Nevada Copper") was incorporated on June 16, 1999 under the Business Corporations Act of the Yukon. The Company is an exploration and development stage mining company engaged in the identification, acquisition, exploration and development of copper and other mineral properties located in the United States and elsewhere. Its primary focus is the development and construction of the mining project at their Pumpkin Hollow Property (the "Property") in Western Nevada, USA.

2. Significant Accounting Policies:

a) Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting and follow the same accounting policies and methods of application as the Company's most recent annual financial statements (except for the adoption of IFRS 9 – note 2ci) . These condensed consolidated interim financial statements do not include all of the information required for full consolidated annual financial statements and should be read in conjunction with the consolidated financial statements of the Company as at and for the year ended December 31, 2017, prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

These condensed consolidated interim financial statements are presented in United States dollars ("USD"), which is the Company's functional currency. Transactions in currencies other than the functional currency are recorded at the rate of exchange prevailing on the date of the transaction. Monetary assets and liabilities that are denominated in foreign currencies are translated at the rate prevailing at each reporting date. Non-monetary items that are measured at historical cost in a foreign currency are translated at the exchange rate on the date of the transaction. Foreign currency translation differences are recognized in operations.

These interim consolidated financial statements were approved for issue by the Board of Directors on August 13, 2018.

b) Use of judgments and estimates

In preparing these condensed consolidated interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated audited financial statements as at the year ended December 31, 2017.

c) Recent accounting pronouncements:

i) Financial Instruments (IFRS 9), effective January 1, 2018, replaced the requirements in IAS 39, Financial Instruments, Recognition and Measurement for classification and measurement of financial assets and liabilities. IFRS 9 introduces a single classification and measurement approach for financial instruments, which is driven by cash flow characteristics and the business model in which an asset is held. This single, principle-based approach replaces existing rule-based requirements and results in a single impairment model being applied to all financial instruments. IFRS 9 also modified the hedge accounting model to incorporate the risk management practices of an entity.

The Company adopted IFRS 9 effective January 1, 2018. There was a change to the carrying value of the Red Kite long-term debt (note 4d) as a result of this new accounting standard. The Company has taken an exemption not to restate comparative information for prior periods with respect to the classification and measurement requirements of IFRS 9. Accordingly, the comparative information for 2017 is presented under IAS 3 with modified retrospective application during the period and the effects of the adoption are disclosed in Note 4cii.

The adoption of IFRS 9 has not had a significant effect on the Company's accounting policies related to financial liabilities and derivative financial instruments. The impact of IFRS 9 on the classification and measurement of financial assets is set out below.

Under IFRS 9, on initial recognition, a financial asset is classified as measured at: amortized cost; Fair Value through Other Comprehensive Income (FVOCI); or Fair Value from Profit or Loss (FVPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset as FVPL if doing so significantly reduces an accounting mismatch that would otherwise arise.

The following accounting policies apply to the subsequent measurement of financial assets.

1. Financial assets at FVPL - These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.
2. Financial assets at amortized cost - These assets are subsequently measured at amortized cost using the effective interest method, and reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
3. Equity investments at FVOCI - These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

ii) Leases (IFRS 16), effective for annual periods beginning on or after January 1, 2019, provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. It supersedes IAS 17 Leases and its associated interpretive guidance. Significant changes were made to lessee accounting with the distinction between operating and finance leases removed and assets and liabilities recognized in respect of all leases (subject to limited exceptions for short-term leases and leases of low value assets). The Company is evaluating the impact of the adoption on IFRS 16 but has yet to make and final conclusions.

3. Mineral Properties, Plant and Equipment

	Mineral Properties Development Costs	Plant & Equipment	Deposits	Total
Cost:				
As at Dec. 31, 2017	$251,206	$1,128	$84	$252,418
Additions	19,387	-	354	19,741
As at Jun. 30, 2018	**$270,593**	**$1,128**	**$438**	**$272,159**
Accumulated depreciation:				
As at Dec. 31, 2017	$-	$969	-	$969
Additions	-	25	-	25
As at Jun. 30, 2018	**$-**	**$994**	**-**	**$994**
Net book value:				
As at Dec. 31, 2017	$251,206	$159	84	$251,449
As at Jun. 30, 2018	**$270,593**	**$134**	**$438**	**$271,165**

Pumpkin Hollow Copper Development Property (the "Property"):

The Company has a 100% interest in the Property situated near Yerington, Nevada. The Property is comprised of private land owned directly by the Company and leased patented claims.

The Company entered into the Lease Agreement ("Lease") for the leased patented claims with RGGS Land & Minerals Ltd. ("RGGS") in May 2006. The term of the initial Lease was for ten years, renewable for up to three more additional ten-year terms for a total of 40 years. The Company's Lease obligations in the first ten-year term have been fully met and the Lease has extended to its second ten-year term expiring May 2026.

Under the terms of the Lease, the Company is required to pay advance royalty payments of $600 annually until the second expiry date of the Lease on May 2026. Following the completion of the second ten-year term the lease can be extended for to two further ten-year terms subject to performing continuous mining activities, and payment of production royalties and minimum royalty payments of $10,000 in each of these subsequent ten-year terms.

The Company must also pay RGGS a net production royalty on copper obtained from leased patented claims. The royalty rate is 4% on copper when the copper price is less than US$1.00 per pound, 5% when the copper price is between US$1.00 per pound and US$2.00 per pound, and 6% when the price of copper is greater than US$2.00 per pound. On all other minerals such as gold and silver, except iron, the royalty rate is 5%. These royalties will be offset by earlier advance royalty payments subject to the annual minimums. There is also a smaller royalty payable to RGGS in copper, gold, silver and taconite (iron) on any production derived from a defined Area of Interest (AOI) surrounding, and extending approximately 1 mile from the boundary of, the leased patented claims.

During 2017, an agreement was reached with RGGS to defer the advance royalty payments in 2017 to 2018. At December 31, 2017, the deferred amount was $863 which was accrued in the Company' accounts. In consideration for this deferral, RGGS royalty rates on production from within the AOI, increased from 1% to 2% for non-ferrous metals and the royalty rate for ferrous metals increased from $0.10 per ton to $0.20 per ton.

3. Mineral Properties, Plant and Equipment

Three months prior to commencing mining operations, the Company must provide RGGS with a standing irrevocable letter of credit in favour of RGGS. If RGGS withdraws any amounts from the letter of credit, the Company must replace the funds withdrawn within ten days of receiving notice from RGGS that funds have been withdrawn. The letter of credit remains in effect until all obligations of the Company under the Lease Agreement have been performed, and RGGS has the right to request a revision upward in the required amount of the letter of credit based upon past and projected production royalties from the Property.

The Company is current with all required Lease payments and advance royalty payments. Lease payments of $300 and $432 of 2017 deferred lease payment were due and paid during the period. Cumulative advance royalty payments made total $3,895 to June 30, 2018.

Project costs capitalised for the six months ended June 30, 2018 on the Property consists of the following:

	June 30, 2018	2018 Addition	Dec. 31, 2017	2017 Additions	Dec. 31, 2016
Property payments	**$1,961**	$-	$1,961	$-	$1,961
Advance royalty payments	**3,895**	732	3,163	-	3,163
Water rights	**2,388**	138	2,250	279	1,971
Drilling	**42,582**	1,425	41,157	-	41,157
Geological consulting, exploration & related	**9,705**	1,782	7,923	-	7,923
Feasibility, engineering & related studies	**22,674**	1,312	21,362	1,779	19,583
Permits/environmental	**11,987**	343	11,644	63	11,581
East deposit underground project					
Underground access, hoist, head frame, power & related	**82,415**	3,514	78,901	1,140	77,761
Eng. procurement	**13,262**	2,712	10,550	-	10,550
Surface infrastructure	**3,976**	172	3,804	-	3,804
Site costs	**18,195**	2,851	15,344	1,494	13,850
	213,040	14,981	198,059	4,755	193,304
Depreciation	**715**	25	690	53	637
Capitalised interest	**51,678**	3,719	47,959	15,975	31,984
Stock-based compensation	**5,160**	663	4,498	103	4,395
Total	**$270,593**	$19,388	$251,206	$20,886	$230,320

4. Debt

	June 30, 2018	December 31, 2017
Current portion of long term-debt:		
Bridge loan (a)	**$-**	$3,525
Current portion of convertible debt (b)	**-**	36,485
Current portion of convertible debt - derivatives (b)	**265**	11,735
Current portion of long term debt (c)	**-**	18,293
Total Current portion of long term-debt	**265**	70,038
Long term debt (c)	**99,529**	113,532
Total Long-Term debt	**$99,794**	$183,570

a) Bridge loan:

During October 2017, Pala Investments Limited ("Pala"), a related party (note 5), advanced funds to the Company (the "Pala Bridge Loan") as a short-term bridge loan. The Pala Bridge Loan had a maximum principal amount of $3,500, carried an interest rate of 7% and the interest was payable at maturity. The Pala Bridge Loan had a maximum term of six months and could be repaid early without penalty. The loan was advanced in two tranches. The first tranche of $2,500 was received in October and the second tranche, of $1,000, was received in December. The loan was collateralised against the Company's assets. During the period ended March 31, 2018, the Company repaid the entire Pala Bridge Loan balance, including interest of $37, upon completion of the Offering (note 7b).

b) Convertible debt:

	Loan facility	Deferred financing fees	Total
December 31, 2017	$38,232	($1,747)	$36,485
Interest accrued	224	-	224
Conversion	(38,456)	1,747	(36,709)
June 30, 2018	$-	$-	$-

	Convertible Derivative	Warrants Derivative	Total
December 31, 2017	$10,986	$749	$11,735
Change in fair value	4,961	(484)	4,477
Conversion	(15,947)	-	(15,947)
June 30, 2018	$-	$265	$265

On June 3, 2016, the Company and Pala entered into Convertible Facility ("Facility"). The Facility had an initial balance of $20,200 ("Tranche 1") and subsequent additional funding of $5,000 in each of the 2016 ("Tranche 2") and 2017 ("Tranche 3") fiscal years aggregating to a total principal balance of $30,200 at an interest of 12% per annum. The Facility was collateralised against the Company's assets and was payable on the earliest of (1) December 31, 2018; (2) the date when outstanding amounts under the Red Kite Loan Agreement were paid in full; or (3) if a change of control occurred.

Pala could elect to convert the principal amount and any accrued and unpaid interest under the Facility, in full or in part, at the conversion price, into common shares in the capital of the Company at any time up to the maturity date or upon any voluntary prepayment by the Company. The Conversion Price was $0.69 CAD per share for Tranche 1 and 2 and $0.76 CAD for Tranche 3.

In addition, 2,500,000 warrants (note 7e) were issued to Pala with a three-year term, exercisable to acquire common shares of the Company at an exercise price of $0.97 CAD per share in relation to Tranche 2. A further 2,500,000 warrants (note 7e) were issued to Pala with a three-year term, exercisable to acquire common shares of the Company at an exercise price of $1.20 CAD per share in relation to Tranche 3.

The Facility also granted Pala the right, so long as it holds at least 15% of the outstanding common shares of the Company, to nominate up to three members to the Board and to participate in future equity offerings of the Company on a pro rata basis.

The Facility was carried at amortised cost and the convertible option and the warrants of the Facility were recorded at their respective fair values at inception and each subsequent measurement date as they were classified as derivatives. Changes in the fair values of these financial instruments are recorded in the statements of operations and comprehensive loss.

On December 21, 2017, the Facility was amended. The Conversion Price was revised to be the lower of: $0.50 CAD, the price per common share paid in connection with any equity subscription closed in connection with the senior loan refinancing transactions, and the original terms of $0.69 CAD and $0.76 CAD per share.

On January 18, 2018 ("Conversion Date"), the Facility was converted into shares at a conversion price of $0.50 CAD per share. The Facility balance at the time of conversion was $38,456 ($47,781 CAD). This resulted in the issuance of 95,561,944 shares to Pala.

The Facility of $38,456, the deferred financing fees of $1,747 and the fair value of the convertible derivative obligation of $15,948 at the Conversion Date were all reclassified to share capital resulting in an increase in share capital of $52,657.

The warrants relating to the convertible debt remain outstanding. The value related to the change in Conversion Price has been treated as part of the deferred financing cost of Pala agreeing to backstop certain financings (note 7b).

Pala has also been granted the continuation of certain rights it held pursuant to the Facility, including the right to nominate up to three members of the Board, subject to Pala maintaining certain share ownership thresholds, and the right, as long as Pala holds 15% of the outstanding shares, to participate in future equity offerings on a pro rata basis.

c) Long term debt:

	Loan facility – amortised cost	**Deferred financing fee**	**Derivative**	**Total**
Balance at December 31, 2017*	$131,759	$-	$66	$131,825
IFRS 9 adjustments (ii)	4,885	-	-	4,885
Balance at January 1, 2018	136,644	-	66	136,710
Interest, accretion and other adjustments to refinancing	391	-	(66)	325
Refinancing (iii)	(42,035)	(135)	914	(41,256)
Balance after refinancing	95,000	(135)	914	95,779
Interest and accretion expense	3,719	-	-	3,719
Change in fair value	-	-	31	31
Balance at June 30, 2018	$98,719	$(135)	$945	$99,529
* short term and long term portion				

i) Red Kite Loan Facility: Original Terms

On December 30, 2014 and amended September 2015, January 2016, April 2016, May 2016, and March 2017, the Company entered into a loan agreement with EXP T1 Ltd, an affiliate of RK Mine Finance ("Red Kite"), pursuant to which Red Kite agreed to make a $200,000 senior secured loan facility (the "Loan") available to the Company. The Company borrowed a total of $110,000. The balance of the Loan, or new additional loan amounts, may be drawn down by the Company, subject to the Company achieving certain milestones relating to the development of the Project.

The Loan is fully and unconditionally guaranteed, on a joint and several basis, by the Company's existing and future subsidiaries and secured by all current and future assets of the Company. The loan is collateralised against the Company's assets, including the shares of the Company's subsidiary which holds the Property.

Under the original terms of the Loan Agreement, the Loan is to be repaid by December 31, 2020 with quarterly principal repayments commencing on September 30, 2017. The Loan can be repaid without penalty at any time prior to maturity. Amounts advanced under the Loan bear interest at the greater of three-month LIBOR and 1%, plus 10% until the commencement of commercial production where the amounts advanced under the Loan bear interest at the greater of three-month LIBOR and 1%, plus 7.5%.

Since inception through the perioded ended June 30, 2018, $52,466 (note 4) (2017 - $47,959) of interest was accrued and capitalised to mineral property development costs.

The Loan is carried at amortised cost on the consolidated statements of financial position. The Company has incurred $15,018 of transaction costs, on the total amount available under the Loan. A pro-rata portion of the transaction costs was recognised as part of the Loan based on the amount drawn. The remainder of the transaction costs have been accounted for as deferred financing costs in the amount of $8,260, which was written off during the period as part of the January 2018 refinancing.

In addition to, and related to, the Loan, the Company also entered into an off-take agreement with Red Kite for the sale of copper concentrates from the underground mine of the eastern underground deposits. The Company will supply Red Kite with the percentage of total copper concentrate production based on the amounts advanced to the Company, post repayment of the previous loan facility, through tranches divided by the total available loan. Red Kite will be entitled to up to 74.5% of production after advancing all of the funds available under the Facility. None of the 74.5% of the available concentrates has been earned by Red Kite.

The remaining 25.5% balance of the underground offtake is held by prior lender, MF Investments, under a previous loan agreement. The off-take agreement includes concentrate pricing based on market terms.

ii.) Subsequent amendments and IFRS 9 adjustment

As mentioned above, the Loan agreement had amendments (the "Amendments") in September 2015, January 2016, April 2016, May 2016, and March 2017. Under IAS 39, when an entity made such Amendments, it must decide whether this modification was significant enough to constitute an extinguishment (either qualitatively or where the change in present value of cash flows exceeded 10% in accordance with the entity's accounting policy). If the modification was considered an extinguishment of the initial debt, the new modified debt was recorded at fair value and a gain/loss recognized in income for the difference between the carrying amount of the old debt and the new debt. This extinguishment accounting remains the same under IFRS 9.

However, accounting under the newly adopted IFRS 9 differs where the change was not significant enough to be an extinguishment. Under IAS 39 modifications would not lead to an immediate income charge because the entity would typically discount the cash flows of the modified debt at a revised effective interest rate. However, under IFRS 9, the cash flows under the modified debt should be rediscounted at the original effective interest rate. This leads to an immediate income charge on the date of modification.

Since the Company determined that the above Amendments were not significant enough to be extinguishments under IAS 39, the cash flows under each Amendment had to be rediscounted at the original effective interest rate upon adoption of IFRS 9 on January 1, 2018. This analysis resulted in a $4,885 increase in the carrying value of the Loan and a corresponding charge to deficit as at January 1, 2018 under a modified retrospective basis without adjustment to comparatives.

iii.) January 2018 refinancing

Concurrent with completion of the Offering (note 7b) in January 19, 2018, $42,035 was repaid to Red Kite from proceeds of the Offering. The refinancing reduced the Loan outstanding after the financing to $95,000 (the "Refinanced Loan"). $80,000 of the Refinanced Loan balance consists of two tranches ("Tranche 1" and Tranche 2") of $40,000 each. Subject to completion of another equity offering in 2018, Red Kite has agreed to convert into shares a further $15,000 of outstanding Refinanced Loan at a conversion price to be set based on the share price per the subsequent equity offering.

Subsequent to period end, the $15,000 above was automatically converted into 32,885,000 common shares of the Company concurrent with the closing of the subsequent offering (note 7c).

Tranche 1 has a seven-year term maturing on January 19, 2025; bearing interest greater of three-month LIBOR and 1%, plus 8% payable quarterly A two-year grace period has been obtained on cash interest payments wherein interest shall be capitalized to the loans. After the grace period, interest shall be paid quarterly together with the 20 quarterly principal repayments over a 5-year amortization period. The quarterly repayments shall be 1% of the outstanding balance for quarters 1 to 5; 5.25% from quarters 6 to 7 and 6.50% from quarters 8 – 20.

Tranche 2 has a nine-year term maturing on January 19, 2027, bearing interest greater of three-month LIBOR and 1%, plus 8.5% and a single repayment of principal and interest at maturity.

The Refinanced Loan has the same security terms as the original agreement and contains certain financial and non-financial affirmative and restrictive covenants similar to those found in a traditional bank financing. The Company is in compliant with these covenants as at June 30, 2018.

The Company may prepay the outstanding balance of Tranche 2. Tranche 1 could be repaid at any time following the repayment in full of Tranche 2. The prepayment option is available without premium or penalty, at any time prior to maturity. Each prepayment shall be in a principal amount at least equal to the lesser of $5,000 or the outstanding principal balance of the Refinanced Loan.

An embedded derivative liability relating to the interest rate floor and the prepayment option has been recognised. The embedded derivative fair value at inception was $914. The fair value of the embedded derivative liability is $945 at June 30, 2018. The change in value was recognised in the consolidated statement of operations as derivative fair value change of $31 for the period ended June 30,2018.

In accordance with IFRS 9, the Company concluded that the Refinanced Loan terms constituted an extinguishment of the initial Loan. Accordingly, the new Refinanced Loan was recorded at fair value and a $7,737 loss recognized in income for the difference between the carrying amount of the initial Loan and the Refinanced Loan.

d.) Stream agreement

The Company, and Triple Flag Mining Finance Bermuda Ltd. ("Triple Flag") have entered into a metals purchase and sale agreement dated December 21, 2017 (the "Stream Agreement") whereby Triple Flag has committed to fund a deposit of $70,000 (the "Stream Deposit") against future sale and delivery by Nevada Copper of 90% of the gold and silver production from the underground of the Company's Project. The gold and silver production is to be calculated based on a fixed ratio of 162.5 ounces of gold and 3,131 ounces of silver for each 1 million pounds of copper in concentrate produced. The Company will receive an ongoing payment of 10% of the spot price for each ounce of gold and silver delivered to Triple Flag. The Company has a one-time option on March 31, 2020 to reduce the amount of gold and silver to be delivered under the Stream Agreement to 55% of the gold and silver production from the underground portion of the Project (based on the fixed ratios noted above) by making a payment of $36,000 to Triple Flag, subject to certain adjustments. The Company and its subsidiaries have provided security for the performance of the obligations under the Stream Agreement over all of their respective assets. To date no monies have been received under this arrangement. Funding of the Stream Deposit is conditional on, among other things, a decision to proceed with construction of the underground portion of the Project on a fully funded basis (excluding working capital).

5. Related Party Transactions:

Pala owns 53.5% (2017 – 47.2%) of the Company's common shares and has two executives out of nine on the Company's Board of Directors as at June 30, 2018. During the period, the following transactions were entered into with Pala:

- Offering subscription (note 7b)
- Repayment of the Pala Bridge Loan (note 4a)
- Conversion of the Pala convertible debt (note 4b)
- Back stop fees of $1,800 (note 7b)
- Repayment of accounts payable outstanding at December 31, 2017 in amount of $2,067
- Interest paid or accrued $1,194

The Company has entered into management agreements with certain senior officers. In the event that there is a change of control, the Company may be required to pay severance payments ranging from three months to eighteen months of salary for these senior officers. The amount of this contingent liability is $560 (2017 -$1,580) and has not been accrued in the consolidated statements of financial position. Pala exercising their conversion rights under the convertible debt triggered the change in control clauses. During the period, $981 was paid to a senior officer (note 6) pertaining to this management agreement.

During the period, $181 (2017-$Nil) was paid in director fees. As of June 30, 2018, accounts payable and accrued liabilities include director fees payable of $144 (2017- $210).

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

6. Key Management Personnel Compensation:

The remuneration of the chief executive officer, chief financial officer, and directors, being those persons having authority and responsibility for planning, directing, and controlling activities of the Company, are as follows:

	June 30, 2018	June 30, 2017
Change of control benefits (Note 5)	**$ 981**	$-
Short-term employee benefits	**860**	$237
Stock-based compensation	**1,243**	(17)
Total	**$3,084**	$220

7. Share Capital:

a) Authorised and issued:

The Company is authorised to issue an unlimited number of common shares without par value.

b) Offering

On January 19, 2018, the Company completed an Offering (“the Offering”) raising gross proceeds of $102,902 ($128,205 CAD) through the issuance of 256,410,256 Special Warrants at a price of $0.50 CAN per Special Warrant. Within the Offering, an aggregate of 98,450,896 Special Warrants (the “Pala Special Warrants”) were issued to Pala on the closing date, for total subscription proceeds from Pala of $39,510 ($49,225 CAD). On the closing date, the Company paid Pala a backstop fee of $600 in respect of a backstop arrangement under which Pala agreed to backstop up to $30,000 in respect of the Offering, which backstop arrangement was not exercised by the Company.

Within the Offering, an aggregate of 88,200,000 Special Warrants were issued to Castlelake LP (“Castlelake”), for total subscription proceeds from Castlelake of $35,396 ($44,100 CAD), which resulted in Castlelake holding approximately 19.8% of the outstanding Common Shares on the exercise, or the deemed exercise, of Castlelake’s Special Warrants into Common Shares. The Company also entered into an investor rights agreement with Castlelake dated January 19, 2018, which provides Castlelake with certain rights, including the right to nominate one member of the Board and the right to participate in further equity offerings of the Company, in each case subject to Castlelake maintaining certain minimum percentage share ownership thresholds.

The Special Warrants were converted to the Company’s common shares effective March 7, 2018 once the Company filed a short form prospectus. Part of the proceeds from the Offering was used to repay the Pala Bridge Loan (note 4a) and a portion of the Red Kite long term debt (Note 4d).

Share issuance costs of $4,382 were incurred in relation to the Offering, Included in these costs was the equity backstop fee of $600 charged by Pala.

The Company has entered into equity backstop agreement with Pala dated December 31, 2017 in which Pala has agreed to purchase common shares offered during a subsequent offering (or securities convertible into common shares) for an aggregate amount of up to $60,000, which may be called by the Company, at its option. Pala was paid a fee of $1,200, which represents 2% of the Pala’s backstop commitment.

c) Second Offering

Subsequent to period end in July 2018, the Company completed a Second Offering ("the Second Offering") raising gross proceeds of approximately $82,500 ($108,463 CAD) through the issuance of 180,771,021 Common Shares at a price of $0.60 CAN per share. Share issuance costs of $2,100 ($2,807 CAD) were incurred in relation to the Second Offering resulting to net proceeds of $80,400 ($105,355 CAD). In addition, the Company incurred $3,949 in deferred share issuance cost during the period ended June 30, 2018 in relation to the Second Offering which includes the backstop fee of $1,200 charged by Pala.

An aggregate of 3.6 million shares were issued to Pala, for total subscription proceeds from Pala of $1,643 ($2,160 CAD).

As a result of the Second Offering, Pala's share ownership declined to 36.6% from 53,5% at June 30, 2018.

Concurrent with the closing of the Second Offering, $15,000 of the Red Kite Loan automatically converted into 32,885,000 common shares of the Company (the "Conversion Shares"), which were issued at $0.60 per common share (note 4ciii)

d) Share Purchase Options:

	Number of Options	Weighted average exercise price $(CAD)
Outstanding December 31, 2017	5,703,500	$0.84
Granted	17,993,000	0.68
Expired/cancelled	(870,000)	0.69
Outstanding June 30, 2018	**22,826,500**	**$0.72**
Exercisable June 30, 2018	**11,807,500**	**$0.75**

The Company grants incentive stock options as permitted pursuant to the Company's Stock Option Plan (the "Plan"), originally approved by the shareholders on November 16, 2007 and re-approved August 27, 2010 and December 16, 2013, which complies with the rules and policies of the TSX. Under the Plan, the aggregate number of common shares which may be subject to option at any one time may not exceed 10% of the issued common shares of the Company as of that date including options granted prior to the adoption of the Plan. Options granted may not exceed a term of ten years, and the term will be reduced to one year following the date of death of the Optionee. If the Optionee ceases to be qualified to receive options from the Company, those options shall immediately expire.

During the period ended June 30, 2018, 17,993,000 options (2017 – Nil) at a weighted-average exercise price of CAD$0.68 (2017 – Nil) were granted to employees, consultants and directors exercisable for a period of five years with various vesting terms between nil and three years. The weighted-average fair value attributable to options granted in the period was $0.31.

During the period ended June 30, 2018, $2,475 (2017 - $nil) in stock-based compensation was recorded for options granted to officers and employees, of which $1,742 (2017 -$ nil) was charged to operations. The $25 in stock-based compensation recorded in June 30, 2017 pertained to the Company's Deferred Compensation Units which fully vested during that period. The Company uses the Black-Scholes option pricing model to value stock options, which requires management to make estimates that are subjective and may not be representative of actual results. Changes in assumptions can materially affect estimates of fair values. For purposes of the calculation, the following weighted average assumptions were used:

	June 30, 2018	June 30, 2017
Risk free interest rate	2.34%	n/a
Expected dividend yield	0%	n/a
Expected stock price volatility	65.3%	n/a
Expected life in years	5	n/a
Expected forfeitures	0%	n/a

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

The following table summarises the stock options outstanding and exercisable as at June 30, 2018:

	Outstanding		Exercisable	
Exercise price	Number outstanding	Weighted average remaining life (years)	Number outstanding	Weighted average remaining life (years)
$0.50 - $0.74	20,636,500	4.58	10,737,500	4.31
$0.75 - $1.00	1,605,000	1.85	485,000	0.07
$1.01 - $1.96	585,000	1.37	585,000	1.37
	22,826,500	**4.31**	**11,807,500**	**3.99**

e) Deferred share units:

	Number of DSUs
Outstanding December 31, 2017	875,340
Granted	-
Expired/cancelled	-
Outstanding June 30, 2018	**875,340**

The Company established a deferred share unit ("DSU") plan that allows directors to receive directors' fees in the form of DSUs. Directors receive cash upon the exercise of the DSU. DSUs may only be exercised when the holder ceases to be a director. Vesting terms are established by the directors at the date of grant. Settlement of DSUs is a cash pay-out based on 5-day volume weighted average price ("VWAP") 120 days after the director ceases to be a director.

Periodically since 2013, directors have been granted DSUs, which replaced stock option grants and cash payments as a component of their compensation. All of the DSUs have vested. The current DSU payable amount is $406 (2017 - $549).

f) Warrants:

	Number of warrants
Outstanding December 31, 2017	5,460,000
Granted	-
Exercised	(442,750)
Expired/cancelled	(17,250)
Outstanding June 30, 2018	**5,000,000**

As part of the June 2016 equity offering, the Company issued 460,000 agent warrants. These warrants have an exercise price of $0.60 CAD per warrant, expiring on June 9, 2018. During the period ended June 30, 2018, the Company issued 442,750 shares pursuant to the exercise of warrants at $0.60 CAD per share for gross proceeds of $205.

In October 2017, the Company issued 5,000,000 warrants to Pala in relation to the Pala Convertible Facility (note 4b). The change in value of the warrants derivative was recognised in the consolidated statement of operations as derivative fair value gain of $484 for the period ended June 30, 2018 (2017 – $504). The fair value of the warrants derivative at June 30, 2018 and June 30, 2017 was measured using the Black-Scholes option pricing model with the following assumptions:

	June 30, 2018	**June 30, 2017**
Risk-free interest rate	1.83%	0.76%
Expected dividend yield	0	0
Expected stock price volatility	61.1%	75%
Expected life in years	1.3	1.9

8. Contractual Obligations:

The following table sets forth the Company's contractual obligations for the next five fiscal years as at June 30, 2018:

	Payments due by period				
Contractual obligations	Total	1 year	2-3 years	4-5 years	5 years+
Accounts payable and accrued liabilities	$7,500	$7,500	$-	$-	$-
DCU and DSU payable	406	406	-	-	-
Long-term debt	165,684	-	8,470	31,809	125,405
Total USD obligations	$173,590	$7,906	$8,470	$31,809	$125,405
	CAD	CAD	CAD	CAD	CAD
Office lease	$98	$98	-	-	-
Total CAD obligations	$98	$98	-	-	-

9. Financial Instruments

(a) Fair value measurements:

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

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

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

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

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

The fair value of the convertible debt embedded derivative, prior to conversion, has been determined using Level 2. The fair value for Level 2 has been calculated using market-based inputs for risk free rate of return, volatility, and foreign exchange rates. The fair value of the long-term debt embedded derivative has been determined using Level 2. The fair value for Level 2 has been calculated using market-based inputs from Bloomberg on the risk-free rate from the USD swap curve and the credit spread of the loan.

(b) Financial risk factors:

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

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

(c) Market risks:

i) Interest rate risk:

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company's loan agreement with Red Kite (note 4c) currently provides for interest at LIBOR plus 8%-8.5% per annum, subject to a minimum interest rate of 9%-9.5%. Due to the capitalisation of borrowing costs and the minimum interest rate provision, and as long as LIBOR is less than 1%, the Company's sensitivity to a 1% decrease or increase in market rates of interest would have an immaterial effect on the Company's interest expense.

ii) Foreign currency risk:

The Company is exposed to currency fluctuations on its foreign currency monetary assets and liabilities. A significant change in the currency exchange rate between the U.S. dollar relative to the Canadian dollar could have an effect on the Company's results of operations, financial position and/or cash flows. The Company has not hedged its exposure to currency fluctuations.

At June 30, 2018, the Company held $8,324 CAD (2017 - $21 CAD) in cash and cash equivalents in a company with a functional currency of United States dollars. At June 30, 2018, the Company had $1,874 CAD (2017 - $1,567 CAD) in accounts payable in a company with a functional currency of United States dollars.

A +/- 10% change in the Canadian exchange rate would have had an impact of approximately +/-$645 on loss for the period ended June 30, 2018.

(d) Credit risk:

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Financial instruments that potentially subject the Company to credit risk consist of cash and cash equivalents, restricted cash, reclamation bond, and amounts receivable. The Company has reduced its credit risk by investing its cash and cash equivalents in high quality Canadian chartered banks. The Company's maximum exposure to credit risk is $37,805 as at June 30, 2018, being the carrying value of cash and cash equivalents, restricted cash and amounts receivable.

(e) Liquidity risk:

Liquidity risk is the risk that the Company will not be able to meet the obligations associated with its financial liabilities. During the period ended June 30, 2018, the Company received additional equity financing and debt refinancing that provides the Company with enough funds to meet its financial liabilities and future financial liabilities under its current commitments over the next twelve months ending June 30, 2019.

The Company is currently in the development stage and as result it is not yet generating revenue. The Company is reliant upon its existing cash, the availability of the deposit under the Stream Agreement (note 4e) and other sources of potential funding to:

1.) Complete construction of the Pumpkin Hollow Underground Project, and to take it into full production with positive steady state cashflow;
2.) Continue delineation drilling and advance engineering feasibility studies on the Pumpkin Hollow Open Pit Development Project; and
3.) Address other corporate costs.

The Company continuously assesses its cash requirements and sources of funds in order to optimize its financing strategy. The Board of Directors is confident that, based on its existing cash and financing sources and through access to additional debt and equity capital that may be available to it in the future, the Company should have access to sufficient funds to meet its requirements.