NEVADA COPPER

TEAMWORK. INNOVATION. EXECUTION.

Condensed Consolidated Interim Financial Statements
For the three and six months ended June 30, 2019 and June 30, 2018

NEVADA COPPER CORP.

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

	June 30, 2019	December 31, 2018
Assets		
Current assets		
Cash and cash equivalents	**$25,475**	$108,055
Restricted cash - current portion (note 8b)	**15,000**	-
Accounts receivable	**103**	140
Prepaid expenses	**163**	123
	40,741	108,318
Restricted cash	**1,675**	4,453
Mineral properties, plant, and equipment (note 3)	**497,416**	363,224
Total Non-Current Assets	**499,091**	367,677
Total Assets	**$539,832**	$475,995
Liabilities and Shareholders' Equity		
Current liabilities		
Accounts payable and accrued liabilities	**$20,548**	$19,258
Stock-based compensation liabilities – current portion (note 7f)	**184**	212
Current portion of long-term debt (note 4)	**2,689**	28
Total Current Liabilities	**23,421**	**19,498**
Stock based compensation liabilities - long term portion (note 7h)	**999**	-
Long term debt (note 4)	**112,840**	89,759
Stream deferral (note 4d)	**76,885**	72,613
Asset retirement obligation (note 9)	**4,960**	1,822
Total long-term liabilities	**195,684**	164,194
Total Liabilities	**219,105**	183,692
Shareholders' Equity		
Share capital	**430,612**	402,802
Other equity reserve	**32,462**	29,937
Accumulated other comprehensive loss	**(3,578)**	(3,578)
Deficit	**(138,769)**	(136,858)
Total Shareholders' Equity	**320,727**	292,303
Total Liabilities and Shareholders' Equity	**$539,832**	$475,995

Commitments and contractual obligations (note 8)

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

Approved on behalf of the board of directors (the "Board") on August 8, 2019:

(Signed) "Matthew Gili", 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)
Three and six months ended June 30, 2019 and June 30, 2018
(Unaudited – Prepared by Management)

	Three Months Ended June 30, 2019	2018	Six Months Ended June 30, 2019	2018
Expenses				
Consulting and remuneration	**$145**	$306	**$298**	$1,394
Public company expenses	**421**	736	**944**	1,153
Office expenses	**147**	374	**369**	505
Professional fees	**363**	531	**890**	770
Business development	**-**	31	**-**	73
Depreciation expense	**11**	-	**20**	-
Stock-based compensation (note 7e and 7f)	**(26)**	1,715	**1,531**	1,742
Accretion expense (note 9)	**22**	-	**22**	-
	(1,083)	(3,693)	**(4,074)**	(5,637)
Interest income	**271**	187	**827**	328
Interest and finance expenses	**(14)**	(963)	**(14)**	(991)
Derivative fair value change (note 4b and 4ci)	**25**	413	**125**	(1,746)
Other income (expense)	**-**	**-**	**27**	(549)
Debt extinguishment gain (loss), net (note 4cii)	**1,294**	**-**	**1,294**	(7,737)
Foreign exchange loss	**(36)**	(117)	**(96)**	(441)
	1,540	(480)	**2,163**	(11,136)
Net income (loss) and comprehensive income (loss)	**$457**	$(4,173)	**$(1,911)**	$(16,773)
Income (loss) per common share				
Basic and diluted	**$0.00**	$(0.01)	**$(0.00)**	$ (0.05)
Weighted average number of common shares outstanding	**712,484,204**	445,257,720	**687,348,536**	343,620,068

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, except share amounts)
Six months ended June 30, 2019 and June 30, 2018
(Unaudited – Prepared by Management)

	Share Capital					
	Number of Shares	Amount	Other Equity Reserve	Accumulated 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 4ci)	-	-	-	-	(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	442,750	203				203
Comprehensive loss	-	-	-	-	(16,773)	(16,773)
Balances, June 30, 2018	**445,593,432**	**$312,734**	**$28,899**	**$(3,578)**	**$(133,574)**	**$204,481**

	Share Capital					
	Number of Shares	Amount	Other Equity Reserve	Accumulated Other Comprehensive Loss	Deficit	Total
Balances, December 31, 2018	661,933,584	$402,802	$29,937	$(3,578)	$(136,858)	$292,303
Shares issued (note 7d)	100,002,313	29,765	-	-	-	29,765
Shares issuance costs (note 7d)	-	(1,955)	-	-	-	(1,955)
Stock-based compensation (note 7e)	-	-	2,525	-	-	2,525
Comprehensive loss	-	-	-	-	(1,911)	(1,911)
Balances, June 30, 2019	**761,935,897**	**$430,612**	**$32,462**	**$(3,578)**	**$(138,769)**	**$320,727**

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)
Six months ended June 30, 2019 and June 30, 2018
(Unaudited – Prepared by Management)

	Six Months Ended June 30, 2019	2018
Cash flows used in operating activities		
Income (loss) for the period	**$(1,911)**	$(16,773)
Adjustments for:		
Derivatives fair value change (note 4b and 4ci)	**(125)**	1,746
Debt extinguishment loss (gain) (note 4ci)	**(1,294)**	7,737
Stock-based compensation	**1,603**	1,742
Unrealized foreign exchange loss (gain)	**10**	506
Interest income	**(827)**	(328)
Depreciation and accretion expense	**20**	25
	(2,524)	(5,345)
Changes in non-cash working capital items:		
Amounts receivable	**37**	(49)
Prepaid expenses	**(40)**	928
Accounts payable and accrued liabilities	**41**	2,520
Net cash provided by (used in) operating activities	**(2,486)**	(1,946)
Cash flows used in investing activities		
Interest received	**827**	328
Cash moved from (to) restricted cash	**(12,222)**	518
Deposits for development costs	**3,603**	(354)
Development costs for mineral properties, plant and equipment	**(110,006)**	(13,921)
Net cash used in investing activities	**(117,798)**	(13,429)
Cash flows from financing activities		
Issuance of common shares	**29,765**	102,703
Long-term debt repayment (note 4ci)	**(92,468)**	(42,035)
Pala bridge loan draw (repayment) (note 4a)	**-**	(3,500)
Share issuance costs incurred	**(1,955)**	(2,773)
Deferred share issuance costs (note 7b)	**-**	(1,532)
Transaction costs for debt refinancing (note 4cii)	**(12,628)**	(135)
Interest paid	**-**	(37)
Proceeds from long term debt (note 4cii)	**115,000**	-
Net cash provided by (used in) financing activities	**37,714**	52,691
Effect of exchange rate changes on cash and equivalents	**(10)**	(506)
Increase (decrease) in cash and cash equivalents	**(82,580)**	36,810
Cash and cash equivalents, beginning of the period	**108,055**	385
Cash and cash equivalents, end of the period	**$25,475**	$37,195
Supplementary information:		
Depreciation capitalized in mineral properties, plant, and equipment	**$728**	$25
Convertible debt conversion (note 4b)	**$-**	$52,657
Non-cash share issuance costs – shares issued	**$-**	$402
Stock-based compensation included in mineral properties	**$1,733**	$662
Mineral properties, plant, and equipment in accounts payable and accrued liabilities change	**$19,229**	$1,023
Rights of use assets acquired under finance lease (note 2c)	**$14,267**	$-
Accretion on stream deferral (note 4d)	**$4,273**	$-
Interest capitalised in mineral properties, plant and equipment	**$2,078**	$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. is the parent company of its consolidated group (the "Company" or "Nevada Copper"). The Company was incorporated on June 16, 1999 under the Business Corporations Act (Yukon) and was continued into British Columbia under the Business Corporations Act (British Columbia) on November 16, 2006. Nevada Copper is incorporated and domiciled in Canada, and its registered office is at Suite 598, 999 Canada Place, Vancouver, British Columbia, V6C 3E1. 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 16 Leases – note 2c). 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, 2018, prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

These condensed consolidated interim financial statements include the accounts of the Company and its wholly owned subsidiaries, Lion Iron Corp. (inactive), 607792 British Columbia Ltd. (inactive) and Nevada Copper, Inc. ("NCI") incorporated in Nevada, United States. Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. All significant intercompany transactions and balances are eliminated on consolidation.

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 condensed consolidated interim financial statements were approved for issue by the Board on August 8, 2019.

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, 2018 aside from the below.

(Expressed in thousands of United States dollars, except share amounts)

c) Recent accounting pronouncements:

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 adopted IFRS 16 on January 1, 2019 using the modified retrospective transition approach, which does not require restatement of prior period financial statements. The reclassifications and adjustments arising from the new leasing standard are therefore recognised in the opening balance sheet on January 1, 2019.

On adoption of IFRS 16, the Company recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of January 1, 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on January 1, 2019 was 6%.

Operating lease commitments disclosed as at December 31, 2018	$2,217
Add: finance lease liabilities recognized at December 31, 2018	304
Discounted using the lessee's incremental borrowing rate of at the date of initial application	(356)
Lease liability recognised as January 1, 2019	**$2,165**

The associated right-of-use assets for property leases were measured on a retrospective basis as if the new rules had always been applied. Other right-of use assets were measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position as at December 31, 2018. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

The recognised right-of-use assets relate to the following types of assets:

	June 30, 2019	January 1, 2019
Mobile mining equipment	**$13,562**	$1,460
Properties	**705**	705
Total	**$14,267**	$2,165

The mobile mining equipment is amortized over 5 years and the leased properties are amortised over the life of the lease.

The change in accounting policy affected the following items in the statement of financial position on January 1, 2019

- right-of-use assets – increase by $2,165
- lease liabilities – increase by $2,165

(Expressed in thousands of United States dollars, except share amounts)

There was no net impact on retained earnings on January 1, 2019.

In applying IFRS 16 for the first time, the Company has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- reliance on previous assessments on whether leases are onerous;
- the accounting for operating leases with a remaining lease term of less than 12 months as at January 1, 2019 as short-term leases; and
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application.

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3. Mineral Properties, Plant and Equipment:

	Mineral Properties Development Costs	Plant & Equipment	Rights of Use Assets	Deposits	Total
Cost:					
As at Dec. 31, 2017	$251,206	$1,128	$-	$84	$252,418
Additions	91,180	178	-	20,477	111,835
As at Dec. 31, 2018	$342,386	$1,306	-	$20,561	$364,253
Additions (transfers)	124,275	4	14,268	(3,603)	134,944
As at June. 30, 2019	**$466,661**	**$1,310**	**14,268**	**$16,958**	**$499,197**
Accumulated depreciation:					
As at Dec. 31, 2017	$-	$969	$-	$-	$969
Additions	-	60	-	-	60
As at Dec. 31, 2018	$-	$1,029	-	$-	$1,029
Additions	-	146	606	-	752
As at June. 30, 2019	**$-**	**$1,175**	**606**	**$-**	**$1,781**
Net book value:					
As at Dec. 31, 2018	$342,386	$277	$-	$20,561	$363,224
As at June. 30, 2019	**$466,661**	**$135**	**$13,662**	**$16,958**	**$497,416**

(Expressed in thousands of United States dollars, except share amounts)

Project costs capitalised for the six months ended June 30, 2019 on the Property consists of the following:

	June 30, 2019	2019 Additions	Dec. 31, 2018	2018 Additions	Dec. 31, 2017
Property payments	**$1,961**	$-	$1,961	$-	$1,961
Advance royalty payments	**4,926**	300	4,626	1,463	3,163
Water rights	**2,485**	47	2,438	188	2,250
Drilling	**42,302**	-	42,302	1,145	41,157
Geological consulting, exploration & related	**8,459**	-	8,459	536	7,923
Feasibility, engineering & related studies	**26,561**	1,243	25,318	3,956	21,362
Permits/environmental	**13,103**	609	12,494	850	11,644
East deposit underground project					
Underground access, hoist, head frame, power & related	**150,429**	44,090	106,339	27,438	78,901
Engineering procurement	**98,362**	53,229	45,133	34,583	10,550
Surface infrastructure	**12,054**	6,258	5,796	1,992	3,804
Site costs	**23,738**	3,846	19,892	4,548	15,344
	384,380	109,622	274,758	76,699	198,059
Depreciation	**1,531**	781	750	60	690
Asset retirement obligation	**4,024**	3,115	909	909	-
Capitalised interest	**62,205**	4,752	57,453	9,494	47,959
Stock-based compensation	**7,636**	1,733	5,903	1,405	4,498
Stream accretion (note 4d)	**6,885**	4,272	2,613	2,613	-
Total	**$466,661**	$124,275	$342,386	$91,180	$251,206

4. Debt:

	June 30, 2019	December 31, 2018
Current portion of long-term debt:		
Pala Bridge Loan (a)	**$-**	$-
Current portion of convertible debt (b)	**-**	-
Current portion of convertible debt - derivatives (b)	**3**	28
Current portion of long-term debt (c)	**391**	-
Current portion of lease liability (e)	**2,295**	-
Total current portion of long-term debt	**2,689**	28
Long term debt (c)	**102,543**	89,759
Lease liability (e)	**10,297**	-
Total long-term debt	**$112,840**	$89,759

a) Bridge loan:

During Q1 2018, the Company repaid the entire $3,500 owing under the short term bridge loan (the "Pala Bridge Loan") that was advanced by Pala Investments Limited ("Pala"), a significant shareholder of the Company, during October 2017, plus interest of $37, upon completion of the Offering (note 7b).

(Expressed in thousands of United States dollars, except share amounts)

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)
December 31, 2018	$-	$-	$-

	Convertible Derivative	Warrants Derivative	Total
December 31, 2017	$10,986	$749	$11,735
Change in fair value	1,336	(721)	615
Conversion	(12,322)	-	(12,322)
December 31, 2018	$-	$28	$28
Change in fair value	-	(25)	(25)
Conversion	-	-	-
June 30, 2019	$-	$3	$3

On January 19, 2018 ("Conversion Date"), a convertible facility provided by Pala on June 3, 2016 (the "Facility") was converted into shares at a conversion price of CAD$0.50 per share. The Facility balance, including interest, at the time of conversion was $38,456 (CAD$47,781). 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.

Interest expense of $958 was also incurred upon conversion.

2,500,000 warrants expired on June 3, 2019. There are 2,500,000 warrants relating to the Facility that 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 financing (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.

(Expressed in thousands of United States dollars, except share amounts)

c) Long term debt

i) Red Kite Loan Facility

	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	8,704	-	-	8,704
Conversion to shares (iii)	(15,000)	-	-	(15,000)
Change in fair value	-	-	276	276
Balance at December 31, 2018	$88,704	$(135)	$1,190	$89,759
Interest and accretion expense	4,103	-	-	4,103
Change in fair value	-	-	(100)	(100)
Repayment	(92,807)	135	(1,090)	93,762
Balance at June 30, 2019	$ -	$ -	$ -	$ -

Red Kite 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 "Red Kite Loan Agreement"). The Company borrowed a total of $110,000. The balance of the Loan, or new additional loan amounts, could be drawn down by the Company, subject to the Company achieving certain milestones relating to the development of the Company's Pumpkin Hollow Copper Project (the "Project").

The Loan was 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 was collateralized against the Company's assets, including the shares of the Company's subsidiary which holds the Property.

Under the original terms of the Red Kite Loan Agreement, the Loan was to be repaid by December 31, 2020 with quarterly principal repayments commencing on December 31, 2017. The Loan could be repaid without penalty at any time prior to maturity. Amounts advanced under the Loan bore 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 bore interest at the greater of three-month LIBOR and 1%, plus 7.5%.

Since inception through the period ended June 30, 2019, $61,556 (2018 - $57,453) of interest was accrued and capitalised to mineral property development costs.

The Loan was carried at amortised cost on the consolidated statements of financial position. The Company 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 year 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, which was repurchased by the Company in 2016.

An offtake agreement in relation to the underground deposits has been entered into for 25.5% of the concentrates produced from the eastern deposits. The off-take agreement includes concentrate pricing based on market terms.

January 2018 refinancing

Concurrent with completion of the Offering (note 7b) on 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 consisted of two tranches ("RK Tranche 1" and "RK Tranche 2") of $40,000 each. Subject to completion of another equity offering in 2018, Red Kite agreed to convert into shares a further $15,000 of the outstanding Refinanced Loan at a conversion price set based on the share price of that equity offering.

During the year ended December 31, 2018, the $15,000 above was converted into 32,885,000 common shares of the Company concurrent with the closing of the Second Offering (note 7c).

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

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

The Refinanced Loan had the same security terms as the original agreement and contained certain financial and non-financial affirmative and restrictive covenants similar to those found in a traditional bank financing. The Company was in compliance with these covenants as at March 31, 2019.

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 change in value was recognised in the consolidated statement of operations as derivative fair value loss of $100 for the period ended June 30, 2019.

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.

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

(Expressed in thousands of United States dollars, except share amounts)

On May 31, 2019, the Company prepaid the $80,000 principal balance of the Refinanced Loan plus accrued interest of $12,468 for a total of $92,468. A $1,294 gain was recognized in income for the difference between the carrying amount of the Refinanced Loan, the deferred financing fee and the fair value of the embedded derivative at the time of the prepayment.

ii) KFW IPEX-Bank Facility

	Loan facility – amortised cost	**Deferred financing fee**	**Derivative**	**Total**
Balance at December 31, 2018	$-	$-	$-	$-
Advance	115,000	(12,628)	-	102,372
Interest expense	391	-	-	391
Accretion expense	171	-	-	171
Change in fair value	-	-	-	-
Balance at June 30, 2019	$115,562	$(12,628)	$-	$102,934
Less: current portion	(391)	-	-	(391)
	$115,171	$(12,628)	$-	$102,543

On May 6, 2019, the Company, through its wholly owned subsidiary, NCI entered into a credit agreement (the “KfW IPEX-Bank Facility”) with KfW IPEX-Bank (“KfW IPEX-Bank”) pursuant to which KfW IPEX-Bank agreed to fund up to $115,000 for construction and operating costs in respect of the underground mine at the Project (the “Underground Project”). During the six months ended June 30, 2019, the Company drew the total of the KfW IPEX-Bank Facility’s total amount of $115,000.

The Company and its subsidiaries granted security in favour of the collateral agent under the KfW IPEX-Bank Facility over substantially all of their respective current and future assets, including all of the assets at the Underground Project and the open pit development at the Project (the “Open Pit Project”).

Initial repayments are scheduled to start in January 2021 with a back-weighted repayment profile, with final payment due in July 2028. In the event that less than $15,000 of the cost overrun facility (“COF”) (note 8b) has been drawn as of completion of the Underground Project, an amount equal to the difference between $15,000 and the amount that has been drawn under the COF will be applied by NCI to repay principal under the KfW IPEX-Bank Facility.

Interest accrued is payable every six months at July 31 and January 31 until the final principal payment on July 31, 2028.

The KfW IPEX-Bank Facility is carried at amortised cost on the consolidated statements of financial position. The Company has incurred $12,628 of transaction costs, on the total amount available under the KfW IPEX-Bank Facility.

The KfW IPEX-Bank Facility contains certain financial and non-financial affirmative and restrictive covenants similar to those found in a traditional bank financing. The Company is in compliance with these covenants as at June 30, 2019.

(Expressed in thousands of United States dollars, except share amounts)

d) Stream deferral

Beginning Balance	70,000
Accretion	2,613
Balance at Dec. 31, 2018	$72,613
Accretion	4,273
Balance at Jun. 30, 2019	**$76,885**

The Company and Triple Flag Mining Finance Bermuda Ltd. ("Triple Flag") entered into a metals purchase and sale agreement on December 21, 2017 (the "Stream Agreement") whereby Triple Flag committed to deposit $70,000 (the "Stream Deposit") against the future delivery by Nevada Copper of 90% of the gold and silver production equivalent from the Underground 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 originally had 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 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.

During the six months ended June 30, 2019, in connection with the KfW IPEX-Bank Facility (note dii), the Company, NCI and Triple Flag amended the Stream Agreement as follows: (i) in order to accommodate the maximum drawdown under the KfW IPEX-Bank Facility, the aggregate amount of senior indebtedness that the Company is permitted to incur upon the refinancing of the Red Kite Loan Agreement was increased from $80,000 to $115,000 or such lower amount outstanding from time to time, provided that if the amount of outstanding senior debt subsequently reduces below $80,000, the maximum amount of senior indebtedness that the Company may incur will be limited to a maximum $80,000; and (ii) the Company's buyback option, exercisable on March 31, 2020, to reduce the amount of gold and silver to be delivered under the Stream Agreement was reduced from 35% to 15% of the gold and silver production from the Underground Project (based on the fixed ratios of copper to gold and silver specified in the Stream Agreement) and the base amount payable by the Company (prior to applicable adjustments) to exercise such right was proportionately reduced from $36,000 to approximately $15,400.

The Company received the full amount of the $70,000 Stream Deposit on September 6, 2018 following the announcement of the decision to proceed with the construction of the Underground Project. The Company recorded the Stream Deposit as stream deferral and will recognize amounts in income as its performance obligations are satisfied. The amortization of the amount is calculated on a per unit basis using the estimated total number of silver and gold ounces expected to be delivered to Triple Flag over the life of the Underground Project.

In accordance with IFRS 15 revenue from contracts with customers, the Company identified a significant financing component related to the Stream Agreement resulting from a difference in the timing of the up-front consideration received and the expected future deliveries of metal. Interest expense on the stream deferral is recognized as a finance cost. The interest rate is determined based on the rate implicit in the Stream Agreement. $4,273 of accretion expenses was recognized during the six months ended June 30, 2019.

e) Lease liability

Lease liabilities are repayable in monthly instalments and are secured by equipment with a carrying value of $13,622 (2018 - $nil). The capital lease obligations bear fixed interest rates ranging from 6% to 8% and have maturity dates ranging from 2022 to 2048.

(Expressed in thousands of United States dollars, except share amounts)

5. Related Party Transactions:

Pala is a related party to the Company as a result of its 35.8% (2018 – 36.5%) shareholding in Nevada Copper as at June 30, 2019. Additionally, three Pala executives are on the Company's Board as at June 30, 2019.

During the six months ended June 30, 2019, $179 was incurred for technical and other services with Pala.

The Company also entered into the Equity Standby Facility with Pala (note 8c).

During the comparative 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 the amount of $2,067 in respect of technical and other services rendered
- 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 six months to twenty-four months of salary for these senior officers. The amount of this contingent liability is $1,327 (2018 - $1,156) and is not recorded in the consolidated statements of financial position. During the six months ended June 30, 2019, $nil (2018 - $981) was paid to senior officers pertaining to the management agreements.

During the six months ended June 30, 2019, $321 (2018 - $184) was incurred in director fees. As of June 30, 2019, accounts payable and accrued liabilities include director fees and expenses payable of $189 (2018 - $144).

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, chief commercial officer, advisors and directors, being those persons having authority and responsibility for planning, directing, and controlling activities of the Company, are as follows:

	June 30, 2019	June 30, 2018
Change of control benefits (note 5)	**$-**	$981
Short-term employee benefits	**859**	860
Stock-based compensation	**2,009**	1,243
Total	**$2,868**	$3,084

7. Share Capital:

a) Authorised and issued:

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

b) Offering

In January 2018, the Company completed an Offering (the "Offering") raising gross proceeds of approximately $102,902 (CAD$128,205) through the issuance of 256,410,256 special warrants each exercisable for one common share ("Special Warrants") at a price of CAD$0.50 per Special Warrant. Within the Offering, an aggregate of 98,450,896 Special Warrants were issued to Pala on the closing date, for total subscription proceeds from Pala of $39,510 (CAD$49,225). 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, L.P. ("Castlelake"), for total subscription proceeds from Castlelake of $35,396 (CAD$44,100), which resulted in Castlelake holding approximately 19.8% of the outstanding common shares on the 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 Loan (note 4c).

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.

c) Second Offering

In July 2018, the Company completed a public offering (the "Second Offering") raising gross proceeds of approximately $82,750 (CAD$108,463) through the issuance of 180,771,021 common shares at a price of CAD$0.60 per share. Share issuance costs of $8,926 were incurred in relation to the Second Offering. Included in these costs was the equity backstop fee of $1,200 charged by Pala and 2,684,131 common shares issued as consideration for services provided by an arm's length party.

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

Concurrent with the closing of the Second Offering, $15,000 of the Refinanced Loan automatically converted into 32,885,000 common shares of the Company, which were issued at CAD$0.60 per common share (note 4ci).

d) Equity Offering

In May 2019, the Company completed a public offering and concurrent private placement raising gross proceeds of approximately $29,765 (CAD$40,001) through the issuance of 100,002,313 common shares at a price of CAD$0.40 per share (the "Equity Offering"). Share issuance costs of $1,955 were incurred in relation to the offering.

(Expressed in thousands of United States dollars, except share amounts)

e) Share Purchase Options:

	Number of Options	Weighted average exercise price $(CAD)
Outstanding December 31, 2018	23,422,500	$0.71
Granted	14,486,334	0.44
Outstanding June 30, 2019	**37,908,834**	**$0.61**
Exercisable June 30, 2019	**23,545,974**	**$0.64**

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 April 27, 2017, 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 six months ended June 30, 2019, 14,486,334 options (2018 – 17,993,000) at a weighted-average exercise price of CAD$0.44 (2018 – CAD$0.68) were granted to employees, consultants and directors exercisable for a period of five years (2018 – between three to five years) with various vesting terms between nil and three years. The weighted-average fair value attributable to options granted in the period was CAD$0.25.

During the six months ended June 30, 2019, $2,525 (2018 - $2,475) in stock-based compensation was recorded for options granted to directors, officers and employees, of which $1,446 (2018 -$1,742) was charged to operations.

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, 2019	**June 30, 2018**
Risk free interest rate	2.05%	2.34%
Expected dividend yield	0%	0%
Expected stock price volatility	66.1%	65.3%
Expected life in years	4.9	5
Expected forfeitures	0%	0%

The risk-free rate of return is the yield on a zero-coupon Canadian Treasury Bill of a term consistent with the assumed option life. The expected volatility is based on the 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.

(Expressed in thousands of United States dollars, except share amounts)

The following table summarises the stock options outstanding and exercisable as at June 30, 2019:

	Outstanding		Exercisable	
Exercise price (in CAD)	Number outstanding	Weighted average remaining life (years)	Number outstanding	Weighted average remaining life (years)
$0.40 - $0.74	36,203,834	4.04	21,840,974	3.87
$0.75 - $1.00	1,120,000	1.63	1,120,000	1.63
$1.01 - $1.96	585,000	0.37	585,000	0.37
	37,908,834	**3.91**	**23,545,974**	**3.67**

f) Deferred share units:

	Number of DSUs
Outstanding December 31, 2018	875,340
Granted	-
Expired/Exercised	(5,946)
Outstanding June 30, 2019	**869,394**

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 the 5-day volume weighted average price 30 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. During the six months ended June 30, 2019, 5,946 options were exercised. The current DSU payable amount is $184 (2018 - $212). The Corporation recognised a $28 loss for the period ended June 30, 2019 (2018 – $276 gain) in the consolidated statements of operations in relation to change in value of these DSUs.

g) Warrants:

	Number of warrants
Outstanding December 31, 2018	5,000,000
Exercised	-
Expired/cancelled	(2,500,000)
Outstanding June 30, 2019	**2,500,000**

As part of the Company's June 2016 equity offering, the Company issued 460,000 agent warrants. These warrants had an exercise price of CAD$0.60 per warrant and those not exercised expired on June 9, 2018. During the year ended December 31, 2018, the Company issued 442,750 shares pursuant to the exercise of warrants at CAD$0.60 per share for gross proceeds of $205.

(Expressed in thousands of United States dollars, except share amounts)

In June 2016, the Company issued 2,500,000 warrants with an exercise price of CAD$1.20 per share to Pala in relation to the Facility and in March 2017, a further 2,500,000 warrants were issued with an exercise price of CAD$0.97 per share (note 4b). The 2,500,000 warrants with an exercise price of CAD$1.20 expired on June 3, 2019. The change in value of the warrant derivatives was recognised in the consolidated statement of operations as derivative fair value gain of $25 for the period ended June 30, 2019 (2018 – $484). The fair value of the warrants derivative at June 30, 2019 and June 30, 2018 was measured using the Black-Scholes option pricing model with the following assumptions:

	June 30, 2019	**June 30, 2018**
Risk-free interest rate	1.69%	1.83%
Expected dividend yield	0	0
Expected stock price volatility	57.8%	61.1%
Expected life in years	0.7	1.3

h) Performance and Restricted Share Units

During the six months ended June 30, 2019, the Company established a Performance and Restricted Share Unit Plan that allows employees to receive short term and long-term incentive plan compensation in the form of performance share units ("PSUs") and restricted share units ("RSUs"). PSUs and RSU issued under the plan entitle the holder to a cash payment at the end of a three-year performance period equal to the number of RSUs or PSUs granted, adjusted for a performance factor and multiplied by the quoted market value of a common share of the Company

Under the plan, 4,359,466 PSUs and 5,368,258 RSUs were issued during the six months ended June 30, 2019. During the six months ended June 30, 2019, $999 (2018 - $nil) in stock-based compensation was recorded in relation to these units, of which $185 (2018 - $nil) was charged to operations and $813 (2018 - $nil) was capitalised to development costs. The RSU/PSU payable amount is $999 (2018 - $nil) which was classified as long term.

8. Commitments and Contractual Obligations:

a) Capital expenditure commitments

Significant capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:

	June 30, 2019	**December 31, 2018**
Property, plant and equipment	$14,570	$22,910

b) Cost Overrun Facility

In connection with the KfW IPEX-Bank Facility, the Company provided a COF to NCI for up to $26,400, which may be drawn only once all other existing sources of funding have been utilized and if construction costs at the Underground Project exceed the current estimate. The COF was made available from the date of closing of the KfW IPEX-Bank Facility and will be available until the completion of the construction of the Underground Project. The COF was partially funded through $15,000 from the net proceeds of the Equity Offering (note 7d), with the remainder to be backstopped by the Equity Standby Facility (defined below).

In addition, as a condition to closing of the KfW IPEX-Bank Facility, KfW IPEX-Bank required a corporate guarantee from Pala in respect of the COF amount (after reduction by the amounts funded from the proceeds of the Equity Offering) (the "Guaranteed Amount") and a pledge of certain of Pala's assets for the period until completion of the construction of the Underground Project. The Company will compensate Pala for its commitments under the corporate guarantee and pledge arrangement at a rate of 5% per annum of the remaining Guaranteed Amount.

c) Equity Standby Facility

As noted above, the COF is partially backstopped by an equity standby facility provided by Pala (the "Equity Standby Facility") for an amount up to $11,400 (the "Commitment Amount") of the $26,400 COF. The Commitment Amount will be reduced by the amount of any future offerings of common shares which may be completed by the Company. The Equity Standby Facility may be drawn by the Company to fund NCI's drawings under the COF after the first $15,000 of the COF has been drawn. If called by the Company, the Equity Standby Facility will, subject to certain exceptions, be drawn from time to time by way of subscriptions by Pala on a private placement basis for common shares at the current market price of the common shares at the time of the draw. The Equity Standby Facility included an initial one time 2% implementation fee.

d) Working Capital Facility.

As previously announced on December 22, 2017, the Company entered into a marketing services agreement with Concord Resources Limited ("Concord") to source a working capital revolving facility. Following a competitive tender process, NCI entered into a working capital facility with Concord (the "Working Capital Facility") for a maximum principal amount of $35,000 which provides for advances of up to 85% of the value of expected deliveries up to four months in advance of deliveries prior to commercial production at the Underground Project, and three months thereafter, on a revolving basis. Interest on advance payments will be payable at LIBOR plus 7.5% prior to commercial production at the Underground Project and LIBOR plus 5% thereafter, for a term of 3.5 years, unless terminated in accordance with the terms of NCI's offtake agreements with Aurubis (as discussed below). There is no penalty or charge for repayment in respect of the Working Capital Facility.

e) Offtake Arrangements

As a condition to the KfW IPEX-Bank Facility, NCI entered into a copper concentrate sales agreement with with Aurubis AG and Aurubis Bulgaria AD (collectively, "Aurubis") whereby NCI will deliver not less than 40,000 dry metric tonne ("dmt") (+/- 5% at NCI's option) of copper concentrate per annum to Aurubis for a term linked to the KfW IPEX-Bank Facility. In light of logistical challenges for deliveries from the Underground Project to Aurubis' smelters in Germany and Bulgaria, NCI and Concord may elect to deliver alternative clean copper concentrates acceptable to Aurubis pursuant to a swap agreement between NCI and Concord (the "Swap Agreement").

Drawdowns under the Working Capital Facility will be linked to deliveries to Concord under the Swap Agreement and a separate copper concentrate sales agreement with Concord (the "Additional Volumes Offtake Contract") for a term of 3.5 years, linked to the term of the Working Capital Facility. Under the terms of the Additional Volumes Offtake Contract, NCI will deliver not less than 30,000 dmt (+/- 10% at NCI's option) of copper concentrate and other uncontracted volumes from the Underground Project per annum to Concord. Both the Swap Agreement and the Additional Volumes Offtake Contract provide for NCI to deliver monthly shipments to Concord at a rail load out north of Yerington.

(Expressed in thousands of United States dollars, except share amounts)

9. Asset retirement obligation:

The asset retirement obligation has been recorded as a liability, assuming a risk-free discount rate of 1.76% (2018-2.51%) and an inflation factor of 1.73% (2018-1.5%). The liability for retirement and remediation on an undiscounted basis before an inflation factor of 1.73% (2018-1.5%) is estimated to be approximately \$4,862 (2018- \$2,000) and as of June 30, 2019 settlement is expected to be by December 31, 2033.

	Asset retirement obligation
Balance at Dec. 31, 2017	$895
Increase in estimated timing and amount of closure costs	909
Accretion	18
Balance at Dec. 31, 2018	$1,822
Increase in estimated timing and amount of closure costs	3,116
Accretion	22
Balance at Jun. 30, 2019	**$4,960**

10. 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, was 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 Board 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, interest rate risk and commodity price 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 KfW IPEX-Bank Facility (note 4ciii) currently provides for interest at a market rate plus a fixed margin. Due to the capitalisation of borrowing, 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, 2019, the Company held CAD$1,703 (2018 - CAD$364) in cash and cash equivalents in a company with a functional currency of United States dollars. At June 30, 2019, the Company had CAD$1,150 (2018 - CAD$1,389) 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 +/-$55 on gain for the period ended June 30, 2019.

iii) Commodity price risk:

Fluctuations in the market price of copper and other metals may significantly adversely affect the value of the Company's securities and the ability of the Company to develop the Project.

The value of the Company's securities may be significantly affected by the market price of copper and other metals, which are cyclical and subject to substantial price fluctuations. Market prices can be affected by numerous factors beyond the Company's control, including levels of supply and demand for a broad range of industrial products, economic growth rates of various international economies, expectations with respect to the rate of inflation, the relative strength of various currencies, interest rates, speculative activities, global or regional political or economic circumstances and sales or purchases of copper or other metals by holders in response to such factors. The Chinese market is a significant source of global demand for commodities, including copper. Chinese demand has been a major driver in global commodities markets for a number of years and recent reductions in Chinese demand have adversely affected prices for copper. A further slowing in China's economic growth could result in even lower prices and could negatively impact the value of the Company's securities. Prolonged decreases in the price of copper or other metals could adversely impact the ability of the Company to proceed with the development of the Project. The Company may also curtail or suspend some or all of its exploration activities on the Project in response to lower copper or other metals prices.

(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 $42,253 as at June 30, 2019 (2018 - $112,648), 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 six months ended June 30, 2019, the Company received additional equity financing, debt refinancing and other financing arrangements that together with access to potential funding, 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, 2020.

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 and other sources of potential funding to:

1.) Complete construction of the 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 Open Pit 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 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.