NEVADA COPPER

TEAMWORK. INNOVATION. EXECUTION.

Consolidated Financial Statements

For the years ended December 31, 2022 and December 31, 2021

Independent auditor's report

To the Shareholders of Nevada Copper Corp.

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Nevada Copper Corp. and its subsidiaries (together, the Company) as at December 31, 2022, December 31, 2021 and January 1, 2021, and its financial performance and its cash flows for the years ended December 31, 2022 and 2021 in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

What we have audited
The Company's consolidated financial statements comprise:

- the consolidated statements of financial position as at December 31, 2022, December 31, 2021 and January 1, 2021;
- the consolidated statements of operations and comprehensive loss for the years ended December 31, 2022 and 2021;
- the consolidated statements of changes in equity for the years ended December 31, 2022 and 2021;
- the consolidated statements of cash flows for the years ended December 31, 2022 and 2021; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence
We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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Material uncertainty related to going concern

We draw attention to Note 1 in the consolidated financial statements, which describes events or conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of mineral properties, plant and equipment (MPP&E) for the Pumpkin Hollow cash generating unit (CGU) *Refer to note 2 – Significant Accounting Policies, and note 4 – Mineral properties, plant and equipment to the consolidated financial statements.* As at December 31, 2022, the total net book value of MPP&E amounted to $615 million which relates to the Pumpkin Hollow CGU. When an impairment indicator of MPP&E exists, an impairment assessment is conducted at the level of the CGU (a group of assets that generate independent cash inflows). An impairment loss is recognized if the carrying amount of a CGU exceeds its recoverable amount. During the year, management identified impairment indicators due to a decrease in estimated recoverable copper and an increase in costs over the life of mine (LOM). There was also a reduction in analyst's consensus short-term copper price estimates. As a result, management performed an impairment assessment of the Pumpkin Hollow CGU as at September 30, 2022. The recoverable amount of the CGU was based on a fair value less	Our approach to addressing the matter included the following procedures, among others: • Tested how management determined the recoverable amount of MPP&E related to the Pumpkin Hollow CGU, which included the following: – Tested the appropriateness of the fair value less cost of disposal method used by management. – Tested underlying data used in the discounted cash flow model. – Evaluated the reasonableness of significant assumptions such as future metal prices, operating and capital costs by (i) comparing future metal prices and operating cost updates with external market and industry data; (ii) comparing future capital expenditures against management's cost studies including quotes from third parties; and (iii) assessing whether these assumptions were consistent with evidence obtained in other areas of the audit.

Key audit matter	How our audit addressed the key audit matter
cost of disposal method using a discounted cash flow model. The determination of the recoverable amounts included the following significant assumptions: production based on quantities of recoverable reserves and resources, future metal prices, capital and operating costs, discount rate, the timing of ramp-up of production at the Company's underground project and the timing of a development decision for the Company's open pit project. Management's estimates of the production based on quantities of recoverable reserves and resources were based on information compiled by qualified persons (management's experts). An impairment charge of $299 million was recognized in the year ending December 31, 2022 because the carrying value exceeded the recoverable amount. We considered this a key audit matter due to the significant audit effort and subjectivity in performing procedures to test significant assumptions used by management in determining the recoverable amount, which involved significant judgment from management. In addition, the audit effort involved the use of professionals with specialized skill and knowledge in the field of valuation.	– The work of management's experts was used in performing the procedures to evaluate the reasonableness of the estimates associated with the production based on quantities of recoverable reserves and resources and future capital and operating costs assumptions. As a basis for using this work, the competence, capabilities and objectivity of management's experts was evaluated, the work performed was understood and the appropriateness of the work as audit evidence was evaluated. The procedures performed also included evaluation of the methods and assumptions used by management's experts, tests of the data used by management's experts and an evaluation of their findings. – Professionals with specialized skill and knowledge in the field of valuation assisted us in assessing the appropriateness of the discounted cash flow model and the reasonableness of the discount rate used within the discounted cash flow model. – Tested the disclosures, including the sensitivity analysis, made in the consolidated financial statements with regard to the impairment assessment.

Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor’s report is Dean Larocque.

/s/PricewaterhouseCoopers LLP

Chartered Professional Accountants

Vancouver, British Columbia
March 20, 2023

NEVADA COPPER CORP.

Consolidated Statements of Financial Position
(Expressed in thousands of United States dollars)

	December 31, 2022	December 31, 2021 (Restated - Note 2)	January 1, 2021 (Restated - Note 2)
Assets			
Current assets			
Cash and cash equivalents	$18,506	$51,616	$21,839
Accounts receivable	37	72	88
Prepaid expenses and advance royalty (Note 3)	5,297	1,046	1,112
Inventory	4,908	3,713	—
Total Current Assets	28,748	56,447	23,039
Restricted cash (Note 2e)	380	379	7,073
Mineral properties, plant and equipment (Note 4)	615,411	853,383	727,934
Non-current advance royalty (Note 2x)	3,230	4,414	4,802
Total Assets	$647,769	$914,623	$762,848
Liabilities and Shareholders' Equity			
Current liabilities			
Accounts payable and accrued liabilities	$26,699	$45,650	$45,211
Related party payable (Note 9)	—	38	2,837
Share-based compensation liabilities (Note 11)	2,289	1,817	581
Warrant derivative (Note 12)	9,309	23,374	12,477
Current portion of stream and royalty deferral (Note 7)	3,655	6,138	15,487
Working Capital Facility (Note 5)	20,687	20,095	32,880
Current portion of long-term debt (Note 6)	8,491	8,307	30,745
Total Current Liabilities	71,130	105,419	140,218
Long-term payable (Note 6)	975	975	—
Settlement payable - long-term	—	—	8,029
Share based compensation liabilities (Note 11)	546	191	895
Stream and royalty deferral (Note 7)	166,678	122,243	102,168
Long-term debt (Note 6)	210,043	165,269	139,527
Asset retirement obligation (Note 8)	5,263	5,971	6,219
Total Liabilities	454,635	400,068	397,056
Shareholders' Equity			
Share capital (Note 10)	717,971	681,690	505,370
Other equity reserve	32,144	31,900	31,582
Accumulated other comprehensive loss	(3,578)	(3,578)	(3,578)
Deficit	(553,403)	(195,457)	(167,582)
Total Shareholders' Equity	193,134	514,555	365,792
Total Liabilities and Shareholders' Equity	$647,769	$914,623	$762,848

General Information, Nature of Operations and Going Concern (Note 1)

Commitments and Contractual Obligations (Note 13)

Subsequent Events (Note 23)

The accompanying Notes are an integral part of these consolidated financial statements.

Approved by the Board of Directors on March 20, 2023

(Signed) "Lucio Genovese", Director **(Signed) "Ernest Nutter", Director**

NEVADA COPPER CORP.

Consolidated Statements of Operations and Comprehensive Loss
(Expressed in thousands of United States dollars)
Years ended December 31, 2022 and December 31, 2021

	December 31, 2022	December 31, 2021 (Restated - Note 2)
Revenue (Note 14)	$9,086	$11,140
Cost of Sales (Note 15)		
Production costs	31,117	35,853
Transportation	2,025	2,534
Royalty and stream	476	1,467
Total cost of sales	33,618	39,854
Gross loss	(24,532)	(28,714)
Operating Expenses		
Care and maintenance (Note 16)	23,034	—
General and administrative	5,744	5,254
Share-based compensation (Note 11)	1,068	(341)
Loss on forward sales contract	—	3,075
Impairment of mineral properties development costs (Note 4)	298,975	—
Plant and equipment written off	632	—
Loss from operations	**(353,985)**	**(36,702)**
Interest income	36	56
Interest and finance expenses (Note 17)	(20,321)	—
Financing related transaction costs	(1,466)	—
Derivative fair value gain (Notes 6,12)	19,057	11,573
Debt extinguishment loss (Note 6)	(2,998)	(2,764)
Debt modification gain (Note 6)	1,373	3
Foreign exchange gain (loss)	358	(41)
Loss and comprehensive loss	**($357,946)**	**($27,875)**
Loss per share		
Basic and diluted	($0.74)	($0.14)
Weighted average number of common shares outstanding		
Basic and diluted	486,012,523	205,077,229

The accompanying Notes are an integral part of these consolidated financial statements.

NEVADA COPPER CORP.

Consolidated Statements of Changes in Equity
(Expressed in thousands of United States dollars)
Years ended December 31, 2022 and December 31, 2021

	Share Capital					
	Number of Shares	**Amount**	**Other Equity Reserve**	**Accumulated Other Comprehensive Loss**	**Deficit**	**Total**
Balances, December 31, 2020 (Restated Note 2)	**148,826,299**	**$505,370**	**$31,582**	**($3,578)**	**($167,582)**	**$365,792**
Shares issued	299,611,260	184,261	—	—	—	184,261
Shares issuance costs	—	(7,941)	—	—	—	(7,941)
Share-based compensation (Note 11)	—	—	318	—	—	318
Comprehensive loss	—	—	—	—	(27,875)	(27,875)
Balances, December 31, 2021	**448,437,559**	**$681,690**	**$31,900**	**($3,578)**	**($195,457)**	**$514,555**

	Share Capital					
	Number of Shares	**Amount**	**Other Equity Reserve**	**Accumulated Other Comprehensive Loss**	**Deficit**	**Total**
Balances, December 31, 2021 (Restated Note 2)	**448,437,559**	**$681,690**	**$31,900**	**($3,578)**	**($195,457)**	**$514,555**
Shares issued	275,071,141	37,047	—	—	—	37,047
Shares issuance costs	—	(766)	—	—	—	(766)
Share-based compensation (Note 11)	—	—	244	—	—	244
Comprehensive loss	—	—	—	—	(357,946)	(357,946)
Balances, December 31, 2022	**723,508,700**	**$717,971**	**$32,144**	**($3,578)**	**($553,403)**	**$193,134**

The accompanying Notes are an integral part of these consolidated financial statements.

NEVADA COPPER CORP.

Consolidated Statements of Cash Flows
(Expressed in thousands of United States dollars)
Years ended December 31, 2022 and December 31, 2021

	December 31, 2022	December 31, 2021 (Restated - Note 2)
Cash flows used in operating activities		
Loss and comprehensive loss	($357,946)	($27,875)
Adjustments and items not affecting cash:		
Derivative fair value gain (Notes 6,12)	(19,057)	(11,573)
Impairment of mineral properties development costs (Note 4)	298,975	—
Depreciation	1,962	—
Gain on modification of loan (Note 6)	(1,373)	(3)
Loss on extinguishment of debt (Note 6)	2,998	2,764
Interest and finance expenses	18,811	—
Plant and equipment written off	632	—
Share-based compensation	1,068	(342)
Unrealized foreign exchange (gain)	—	(76)
Interest income	(36)	(41)
Financing related transaction costs	1,466	—
	(52,500)	(37,146)
Changes in non-cash working capital items:		
Amounts receivable	35	16
Prepaid expenses	(1,217)	30
Accounts payable and accrued liabilities	7,875	524
Cash used in operating activities	(45,807)	(36,576)
Cash flows used in investing activities		
Interest received	36	41
Proceeds from sale of royalties & stream amendment (Note 7)	30,000	—
Stream payments (Note 7)	(672)	(802)
Cash moved from restricted cash	—	6,694
Purchase of property plant and equipment	(649)	—
Development costs	(77,736)	(104,490)
Cash used in investing activities	(49,021)	(98,557)
Cash flows from financing activities		
Common shares issued	20,000	131,144
Costs incurred in relation to financing	(2,592)	(8,266)
Repayment of promissory notes (Note 6)	(2,500)	(42,029)
Proceeds from promissory notes (Note 6)	42,500	80,500
Exercise of Warrants	25	—
Proceeds from Working Capital Facility (Note 5)	22,533	80,442
Repayment of Working Capital Facility (Note 5)	(23,218)	(93,142)
Proceeds from Pala Credit Facility (Note 6)	15,000	30,000
Lease payments	(7,552)	(8,676)
Interest paid	(2,478)	(5,139)
Cash provided by financing activities	61,718	164,834
Effect of exchange rate changes on cash and equivalents	—	76
(Decrease) increase in cash and cash equivalents	(33,110)	29,777
Cash and cash equivalents, beginning of year	51,616	21,839
Cash and cash equivalents, end of year	$18,506	$51,616

Supplemental cash flow disclosures (Note 20)
The accompanying Notes are an integral part of these consolidated financial statements.

1. General Information, Nature of Operations and Going Concern

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 250-200 Burrard Street, Vancouver, British Columbia, V6C 3LS. The Company is a mining company engaged in the development, operation and exploration of its copper project (the “Project”) at its Pumpkin Hollow Property (the “Property”) in Western Nevada, USA, and in particular, the restart of its underground mine at the Property (the “Underground Mine”).

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (“IFRS”) applicable to a going concern entity.

At December 31, 2022, the Company had a working capital deficiency (current assets less current liabilities) of $42,382 (2021 - $48,972). For the year ended December 31, 2022, the Company recorded a net loss of $357,946 (2021 - $27,875) and the cash used in operating activities was $45,807 (2021 – $36,576).

The Company's operating activities were reduced during the month of June 2022 including ceasing of ore milling due to liquidity constraints arising from higher than budgeted cash outflows resulting from lower than expected ore tonnes processed and higher costs due to low mining productivity. In July 2022, the Company took measures to significantly reduce underground mine and operating expenditures, with only limited operational activities being undertaken in order to protect the Company's assets. In October 2022, using interim funding received from Pala Investments Limited ("Pala"), the Company advanced planning for the restart of operations (the "Restart Plan") at its Underground Mine and initiated phase 1 of the Restart Plan which focused on completing the second and third dike crossings and critical capital projects. On October 28, 2022, the Company closed a financing package to support the restart of the Underground Mine (the "Restart Financing Package"), which provided up to $123 million of liquidity to the Company. Through the Restart Financing Package, the Company received new cash proceeds of $70 million through December 31, 2022 with an additional $15 million received subsequent to December 31, 2022. Cash proceeds received from the Restart Financing Package were used for outstanding vendor payments and care and maintenance costs, capital programs and for general corporate purposes. The aggregate amount of the expected Restart Plan costs combined with residual outstanding vendor payments, debt service costs and corporate costs exceed the amount of cash and financing available to the Company. As a result, the Company continues to evaluate additional financing options, including a public offering.

In addition, the term of the Working Capital Facility has expired and the Company is in discussions with Concord in order to extend the maturity date of the Working Capital Facility. There can be no assurance that the Company will be successful in obtaining such extension. In the absence of such extension, the Company will not be able to draw under the Working Capital Facility.

The ability of the Company to continue as a going concern, to realize the carrying value of its assets, and to discharge its liabilities when due, are dependent on, amongst other things, results from operations, the ability to complete the Restart Plan of the Underground Mine in accordance with the Company's timing and cost expectations, a resumption of concentrate production and sales, favorable copper market conditions and obtaining additional financing. There can be no assurance that these requirements will be achieved. In addition, there can be no assurance that the actual costs to complete the Restart Plan will not be greater than expected by the Company or that further significant delays will not occur. If the above requirements are not achieved or in the absence of sufficient financing being arranged, the Company may not be able to complete the Restart Plan or continue to carry on business in the ordinary course. These factors give rise to material uncertainties that may cast significant doubt on the Company’s ability to continue as a going concern.

If the going concern basis was not appropriate for these consolidated financial statements, then adjustments would be necessary to the carrying values of assets and liabilities and these adjustments could be material.

2. Significant Accounting Policies

a) Statement of compliance

These consolidated financial statements have been prepared in accordance and in compliance with IFRS.

These consolidated 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 the statement of operations and comprehensive loss.

These consolidated financial statements were approved for issue by the board of directors of the Company on March 20, 2023.

b) Basis of consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, Nevada Copper, Inc. ("NCI") incorporated in Nevada, United States and NCI's wholly owned subsidiaries, NC Ditch Company LLC (inactive) and NC Farms LLC (inactive) incorporated in Nevada, United States, Lion Iron Corp. (inactive) and 607792 British Columbia Ltd. (inactive). 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.

c) Use of judgments and estimates

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates, assumptions, and judgements that affect the application of accounting policies and the reported amounts of assets and liabilities and disclosure of contingencies at the date of the consolidated financial statements, along with reported amounts of revenues and expenses during the period. Actual results may differ from these estimates, and as such, estimates and underlying assumptions are reviewed on an ongoing basis. Changes in estimates are recognized in the period in which the estimates are revised and in any future periods affected.

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

i) Mineral reserve and resource estimates

The Company estimates its mineral reserves and resources based on information compiled by Qualified Persons as defined in accordance with National Instrument 43-101 – *Standards for Disclosure of Mineral Projects* (NI 43-101). Reserves are used in the calculation and valuation of standalone selling prices for streaming agreements, depreciation, impairment assessment, and for forecasting the timing of payment of mine closure, reclamation, and rehabilitation costs. There are uncertainties inherent in estimating mineral ore reserves, and assumptions that are valid at the time of estimation may change significantly when new information becomes available. Changes in the forecasted prices of commodities, production costs, or recovery rates could have a material impact in the future on the Company's financial position and results of operations.

ii) Recoverable amount of mineral properties, plant and equipment

When an impairment review is required, the recoverable amount is assessed by reference to the higher of value in use ("VIU") and fair value less costs of disposal ("FVLCD"). The VIU is the net present value of expected future pre-tax cash flows from the relevant cash-generating unit in its current condition, both from continuing use and ultimate disposal. FVLCD is estimated either from the value obtained from an active market where applicable, or by using a discounted post-tax cash flow model based on detailed life-of-mine and/or production plans. FVLCD will always exceed VIU at the Project because there is incremental value in its mineral resources that cannot be included in a VIU assessment. Significant assumptions used in the discounted cash flow model include estimates of production based on quantities of recoverable mineral reserves and resources, future metal prices, capital and operating costs and discount rate.

These inputs are based on the Company's best estimates of what an independent market participant would consider appropriate. Changes to these inputs may alter the results of the impairment test.

iii) Provision for reclamation and remediation

The Company assesses its provision for reclamation and remediation on an annual basis or when new material information becomes available. Mining and exploration activities are subject to various laws and regulations governing the protection of the environment.

In general, these laws and regulations are continually changing, and the Company has made, and intends to make in the future, expenditures to comply with such laws and regulations. Accounting for reclamation and remediation obligations requires management to make estimates of the future costs the Company will incur to complete the reclamation and remediation work required to comply with existing laws and regulations. Actual costs incurred may differ from those amounts estimated. Also, future changes to environmental laws and regulations could increase the extent of reclamation and remediation work required to be performed by the Company. Increases in future costs could materially impact the amounts charged to operations for reclamation and remediation. The provision represents management's best estimate of the present value of the future reclamation and remediation obligation. The actual future expenditures may differ from the amounts currently provided.

iv) Fair valuation of warrants and embedded derivatives

The fair value of warrants that are not traded in an active market and embedded derivatives is determined using various other valuation techniques. The Company uses its judgment to select a method for valuation of warrants and embedded derivatives and make assumptions that are based on market conditions existing at the end of each reporting period. Inputs to the estimation are taken from observable markets where possible, but where this is not feasible, an increased degree of estimation uncertainty arises when establishing fair values. The estimates include considerations of inputs such as volatility, credit risk and risk free rate. Changes in assumptions about these factors could affect the reported fair value of financial instruments. Refer to Note 12 for details of key assumptions used in estimation of fair value of warrants.

The areas that require significant judgment or where measurements are uncertain are as follows:

i) Going concern

The assessment of the Company's ability to continue as a going concern and to generate or raise sufficient funds to pay its ongoing operating and capital expenditures and to meet its liabilities for the ensuing year, involves significant judgment based on historical experience and other factors, including the impact of management's expectations for other future events that are believed to be reasonable under the circumstances.

ii) Achievement of commercial production

Once a mine reaches the operating levels intended by management, depreciation of capitalized costs begins. Significant judgment is required to determine when certain assets of the Company reach this level. Management considers several factors including, completion of a reasonable period of commissioning, and whether consistent operating results are being achieved at a predetermined level of design capacity. During the year ending December 31, 2022, commercial production was not achieved in relation to the Underground Mine.

iii) Stream and royalty transaction

The royalty and stream agreements entered into by the Company, with the affiliates of Triple Flag Metals Corp. ("Triple Flag"), have been accounted for as a sale of mineral interest.

The Company allocated the transaction price related to its stream and royalty obligations based on its estimate of the relative stand-alone selling price of the gold stream, the silver stream, associated services related to arranging for the extraction and refining of the precious metals contained in concentrate and the net smelter return. To determine the stand-alone selling price of each component, management used discounted cash flow models, including the use of significant assumptions such as: quantity of recoverable mineral reserves and resources, future metal prices, capital and operating costs and discount rates. On an ongoing basis, in determining the cumulative revenue recognized, the Company will be required to update its estimates of future production volumes, grade, recoveries, and long-term commodity prices.

Significant judgment was required in conjunction with arriving at the Company's accounting policies related to the royalty and stream transactions described in Note 7, including the characterization of the transactions, whether control has been transferred on the underlying mineral interests and whether related services are distinct from the mineral interests. In addition, because these transactions were entered into concurrently, the Company's future statements of operations will also be affected by significant estimation related to the allocation of consideration to the various components of the transaction on the basis of stand-alone selling price.

d) Foreign currency translation

The functional currency of the Company and its subsidiaries is USD. Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the rates of exchange at the consolidated statements of financial position date. Non-monetary assets and liabilities are translated at transaction date exchange rates. Revenue and expenses are translated at the exchange rate at the date of the transaction, except depreciation, amortization, and derivative fair value change which are translated at the rates of exchange applicable to the related assets, and stock-based compensation expense, which is translated at the rates of exchange applicable at the date of grant of the stock-based compensation. Translation gains and losses are included in the statement of operations and comprehensive loss.

e) Cash and cash equivalents

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

Restricted cash is cash held in trust as collateral for surety bonds related to performance bonds for engineering, procurement and construction contracts and reclamation bonds. These amounts are not currently available for general corporate use.

f) Financial instruments

Financial assets and liabilities are initially recorded at fair value less transaction cost, if measured subsequently at amortized costs. Subsequent measurement of financial assets and liabilities depends on the classification of such assets and liabilities.

(i) Classification and measurement of financial assets

Financial assets are classified after initial recognition as measured at Amortized Cost, Fair Value through Profit or Loss ("FVTPL"), or Fair Value through Other Comprehensive Income ("FVOCI"). The determination of classification of financial assets is based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

Amortized Cost:

Financial Assets that meet the following conditions are measured subsequently at amortized cost:

a) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and

b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The amortized cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. Interest income is recognized using the effective interest method.

The Company's financial assets classified as subsequently measured at amortized cost include cash and cash equivalents, interest and other receivables, and deposits.

Financial Assets measured subsequently at FVOCI:

Financial assets that meet the following conditions are measured at FVOCI:

a) The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and

b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets measured subsequently at FVTPL:

By default, all other financial assets are measured subsequently at FVTPL. Financial assets measured at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognized in profit or loss.

At December 31, 2022 and 2021 the Company did not have any financial assets subsequently measured at FVTPL or FVOCI.

(ii) Classification and measurement of Financial Liabilities

Financial liabilities that are not contingent consideration in a business combination, held for trading or designated as FVTPL, are measured at amortized cost using effective interest method.

The Company's financial liabilities measured at amortized cost include accounts payable and accrued liabilities, related party payables, the Working Capital Facility, the Company's current and long-term debt disclosed in Note 6 (other than lease liabilities), and other long term payables. .

The Company's financial liabilities classified as FVTPL include warrants and embedded derivatives. Financial liabilities are classified as current or non-current based on their maturity date.

Transaction costs directly attributable to the issuance of such agreements are capitalized and expensed using the effective interest rate method.

(iii) *Impairment*

At each reporting date, the Company measures the loss allowance for a financial asset held at amortized cost at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the credit risk on the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to twelve month expected credit losses.

(iv) *Derivative assets or liabilities*

Derivatives are classified as FVTPL and initially recognized at their fair value on the date into which the derivative contract is entered. Transaction costs are expensed. Derivatives are subsequently re-measured at their fair value at each statement of financial position date with changes in fair value recognized in the statement of operations and comprehensive loss. Fair values for derivative instruments are determined using valuation techniques, with assumptions based on market conditions existing at the statement of financial position date or settlement date of the derivative.

Derivatives embedded in other financial liabilities or non-financial host contracts are treated as separate derivatives when their risks and characteristics are not closely related to their host contracts.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value, by reference to the reliability of the inputs used to estimate the fair values. The various fair value levels are described in Note 21.

g) Asset retirement obligations and reclamation costs

The Company recognizes and records the fair value of the liability for an asset retirement obligation in the period in which it is incurred and records a corresponding increase in the carrying value of the related asset using the present value of the estimated future cash outflows. The liability is subsequently adjusted for the passage of time, and the related asset is amortized using either the unit of production or the straight-line method commencing with commercial production. The liability is also adjusted for the changes to the current market-based discount rate, long term inflation rates, or the amount or timing of the underlying cash flows needed to settle the obligation.

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

h) Exploration and evaluation assets

Once the legal right to explore an area has been secured, expenditures on exploration and evaluation activities are capitalised as exploration and evaluation assets and classified as a component of mineral properties, plant and equipment. Exploration expenditure relates to the initial search for deposits with economic potential. Expenditures incurred before the Company has obtained legal rights to explore a specific area are expensed.

The recovery of the carrying amount of exploration and evaluation assets is dependent upon the future commercial success of the mineral properties or from proceeds of disposition. The amounts shown for exploration and evaluation assets represent costs incurred to date and are not intended to reflect present or future values.

Once technical feasibility and commercial viability has been determined for an area and the decision to proceed with development has been approved, exploration and evaluation assets attributable to that area are first tested for impairment and then reclassified to mineral property development costs within mineral properties, plant and equipment.

i) Mineral properties, plant and equipment

Mineral properties, plant and equipment are stated at cost which includes the acquisition price and any direct costs to bring the asset into productive use at its intended location including development costs for mineral properties transferred from exploration and evaluation assets, an estimate of asset retirement costs, and capitalised borrowing costs.

Amortization of plant and equipment is calculated using the straight-line method to write off the cost, net of any estimated residual value, over their estimated useful lives as follows:

Building	Lower of 20 years or LOM
Equipment	5 to 7 years
Computer equipment	2 years

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

j) Impairment of non-financial assets

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

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

k) Income taxes

Income tax expense comprises current and deferred income taxes. Current and deferred income taxes are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits, and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

l) Stock-based compensation

The Company applies the fair value method to stock-based compensation for all awards including grants of options and direct awards of stock. The fair value is measured at grant date and each vesting tranche is recognised as a separate award. Compensation expense is recognised over the applicable vesting period with a corresponding increase in other equity reserve. When the options are exercised, the exercise price proceeds, together with the related other equity reserve amounts are credited to share capital.

Deferred share units ("DSUs") may be granted to directors as part of their compensation package entitling them to receive cash, common shares of the Company or a combination thereof at the relevant time. A liability for DSUs is measured at fair value on the grant date and is subsequently adjusted at each consolidated statement of financial position date for changes in fair value.

Performance share units ("PSUs") are granted to certain employees as part of their long-term compensation entitling them, subject to certain performance and vesting conditions, to receive a cash payment based on the Company's share price at the date of maturity. A liability for PSUs is measured at fair value on the grant date and is subsequently adjusted at each consolidated statement of financial position date for changes in fair value according to the estimation made by management of the number of PSUs that will eventually vest. The liability is recognised over the vesting period, with a corresponding charge to stock-based compensation.

Restricted share units ("RSUs") are granted to certain employees as part of their long-term compensation entitling them to receive, subject to vesting conditions, a cash payment based on the Company's share price at the date of maturity. A liability for RSUs is measured at fair value on the grant date and is subsequently adjusted at each consolidated statement of financial position date for changes in fair value according to the estimation made by management of the number of RSUs that will eventually vest. The liability is recognised over the vesting period, with a corresponding charge to stock-based compensation.

m) Provisions

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

n) Income (loss) per share

Basic income (loss) per share is calculated by dividing net income (loss) available to the shareholders by the weighted average number of common shares outstanding during the period. Diluted earnings per share is calculated to reflect the dilutive effect of exercising outstanding stock options and warrants by application of the treasury stock method. Outstanding stock options and share purchase warrants that would potentially dilute basic loss per share have not been included in the computation of diluted loss per share because to do so would be anti-dilutive.

o) Interest income and finance costs

Interest income comprises interest income on funds invested. Interest income is recognised as it accrues in profit or loss, using the effective interest method. Finance costs comprise interest expense on borrowings and the unwinding of the discount on provisions. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in the statement of operations and comprehensive loss using the effective interest method. Deferred financing costs are initially deferred and subsequently reclassified as part of the loan on a pro-rata basis of the loan amount drawn.

p) Segmented information

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

q) Stream and royalty agreements

The stream and royalty agreements entered into by the Company with Triple Flag have been accounted for as a sale of mineral interest. To determine the transaction price for stream and royalty agreements and the revenue to be recognized as control transfers, the Company must make estimates with respect to interest rates implicit in the agreements and future production of the life of mine and mineral reserves and resources quantities. These estimates are subject to variability and may have an impact on the timing and amount of revenue recognized. The Company also exercised judgment in the identification of performance obligations under the Stream Agreement (note 7) and the allocation of the transaction price thereto. Specifically, management considered the customer's rights in relation to future production and the interrelationship of the customer's ability to benefit from this right and related extraction activities performed by the Company, as well as the Company's role as an agent to deliver future refined metal following extraction activities it performs.

r) Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration. At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component based on their relative stand-alone prices.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated on a straight-line basis from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. If the lease transfers ownership of the underlying asset to the Company by the end of the lease term or if the cost of the right-of-use asset reflects that the Company will exercise a purchase option, the right-of-use asset is depreciated from the commencement date to the end of the useful life of the underlying asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant, and equipment assets. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. The lease liability is measured at amortized cost using the effective interest rate method and is re-measured when there is a change in future lease payments. When the lease liability is re-measured, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero. The Company presents right-of-use assets in 'property, plant & equipment', and lease liabilities in 'lease liabilities' in the statement of financial position. The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term

s) Revenue from contracts with customers

Under IFRS 15 Revenue from Contracts with Customers, revenue is recognized when a customer obtains control of the goods or services and the Company has satisfied its performance obligations. Determining the timing of the transfer of control of such goods and services, at a point in time or over time, requires judgment.

Cash received in advance of meeting these conditions is recorded as advance payments on product sales. In the case of the Property's copper concentrate, control is generally transferred upon shipment of the product as product is loaded and released in railcars, is placed over the ship's rails at the port of loading, in limited circumstances, upon delivery to the concentrate shed at the shipping port or when delivered to the port of discharge. Under the terms of the Company's concentrate sales contracts, the final sales amount is based on final assay results and quoted market prices which may be in a period subsequent to the date of sale. Revenues for these sales, net of treatment and refining charges are recorded when the customer obtains control of the concentrate, based on an estimate of metal contained using initial assay results and forward market prices for the expected date that final sales prices will be fixed.

The period between provisional pricing and final settlement can be up to four months. This settlement receivable is recorded at fair value each reporting period by reference to forward market prices until the date of final pricing, with the changes in fair value recorded in the statement of operations and comprehensive loss.

The Company satisfies its concentrate sales and its obligation to deliver metal contained in concentrate under the Stream Agreement at the time control is transferred to the offtaker, which occurs upon shipment.

The stream and royalty deferral arises from up-front payments received by the Company in consideration for future commitments as specified in its stream and royalty agreements. The Company has identified significant financing components in its stream and net smelter royalty arrangements resulting from a difference in the timing of the up-front consideration received and delivery of the promised precious metal contained in concentrate. Interest expense on the stream and royalty deferrals is recognized as a finance cost, which is capitalized while the underlying project is under development.

A portion of the future consideration under the Company's stream and royalty agreements are considered variable and are allocated to the various performance obligations under the Company's agreements with Triple Flag. The portion of the future proceeds that is dependent on future metal prices is allocated to the performance obligation related to the future delivery of precious metal contained in concentrate.

t) Warrants

Warrants issued with an exercise price in a currency other than the Company's functional currency are a derivative and shown as a derivative liability on the statement of financial position. At the end of each period the warrants are measured at fair value using an appropriate valuation method unless the warrants are traded on a public exchange. Publicly traded warrants are measured at fair value using the last traded price at the period end. The mark-to-market gain/loss is recorded as a derivative gain/loss in the statement of operations and comprehensive loss.

u) Debt modification and extinguishments

Modifications to debt can occur when the borrower and lender negotiate changes to the terms of the debt such as increasing the interest rate or amending the timing of payment of interest and principal amount. Under IFRS 9, a change that is considered "substantial" (substantial is when the net present value of the cash flows under the new terms, discounted at the original effective interest rate is at least 10% different from the carrying amount of the original debt) would be accounted for as an extinguishment, which means that the original debt is derecognized, with a gain or loss, being the difference between the net present value of the revised cash flows discounted at original effective interest rate and the carrying value of original debt, is recorded in profit and loss, and a new financial liability recorded based on the new terms. If the change is not considered to be substantial, the original debt remains on the books and a gain or loss at the date of the modification is recognized. In addition, if there were any costs or fees incurred to change the terms, they would be adjusted to the carrying amount of the modified debt and amortized over the remaining term of the modified debt.

v) Materials and supplies inventory

Materials and supplies inventories are valued at the lower of weighted average cost and net realizable value, less any allowances for obsolescence. Replacement costs of materials and spare parts are generally used as the best estimate of net realizable value.

A periodic review is undertaken of material and supplies inventory to determine the extent of any provision for obsolescence. Major spare parts and standby equipment are included in plant and equipment when they are expected to be used during more than one period and if they can only be used in connection with an item of plant and equipment.

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

w) Inventory

Inventories are valued at the lower of cost and net realizable value. Cost is determined on a weighted average basis and includes direct labour and materials; non-capitalized development costs; freight; and overhead costs. Net realizable value is determined with reference to relevant market prices, less applicable variable selling costs and estimated remaining costs of completion to bring the inventories into saleable form.

Ore stockpiles represent stockpiled ore that have not yet completed the production process, and are not yet in a saleable form. Finished goods inventories represent metals concentrates in saleable form that have not yet been sold. Materials and supplies inventories represent consumables used in the production process, as well as spare parts and other maintenance supplies that are not classified as capital items.

The quantity of recoverable metal in stockpiled ore and in the processing circuits is an estimate which is based on the tons of ore added and removed, expected grade and recovery. The quantity of recoverable metal in concentrate is an estimate using initial assay results.

x) Adoption of New Accounting Policies and Restatement

Amendments to International Accounting Standards (“IAS”) 16, Property, Plant & Equipment, Proceeds Before Intended Use

During the first quarter of 2022, the Company adopted Amendments to International Accounting Standards (“IAS”) 16, Property, Plant & Equipment, Proceeds Before Intended Use ("Amendments to IAS 16"). The Company adopted the accounting policy retrospectively. The amended standard prohibits the Company from deducting any proceeds from selling items produced from the cost of building an item of mineral interest, plant, and equipment, while bringing that asset to be capable of operating in the manner intended by management. With the adoption of the amended standard, revenue from sales of copper recovered, and related costs while bringing a mine into a condition necessary for it to be capable of operating in the manner intended by management are recognized in profit or loss in accordance with applicable standards.

The entity measures the cost of those items applying the measurement requirements of IAS 2. There is an impact of the adoption of the Amendments to IAS 16 on the comparative numbers presented by the Company for 2021. Previously proceeds from the sale of copper concentrate and related costs from the Project that was in development were netted against mineral properties, plant, and equipment. Mineral properties development costs also included advance royalty payments of $5,826 as at December 31, 2020 and $5,402 as at December 31, 2021 which have been reclassified to a separate line item in the statements of financial position. These amounts are included in the "Impact of Amendments to IAS and reclass adjustment" column in tables below. Accordingly, numbers as at January 1, 2021, are restated as follows:

	Amount previously disclosed as at January 1, 2021	Impact of IAS 16 Amendment and reclass adjustment	Restated balance as at January 1, 2021
Mineral, Property Plant and Equipment	$738,761	$(10,827)	$727,934
Advance royalty	$—	$5,826	$5,826
Deficit	$(162,581)	$(5,001)	$(167,582)
Shareholder’s Equity	$370,793	$(5,001)	$365,792

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

Amounts for the year ended December 31, 2021, are restated as follows:

	Amount previously disclosed for the year ended December 31, 2021	Impact of IAS 16 Amendment and reclass adjustment	Restated balance for the year-ended December 31, 2021
Revenue	$—	$11,140	$11,140
Cost of Sales	$—	($39,854)	($39,854)
Mineral, Property Plant and Equipment	$892,500	($39,117)	$853,383
Advance royalty	$—	$5,402	$5,402
Deficit	($161,742)	($33,715)	($195,457)
Shareholder’s Equity	$548,270	($33,715)	$514,555
Net Income (loss)	$839	($28,714)	($27,875)
Earnings (loss) per share	$0.00		($0.14)
Cash used in operating activities	($7,862)	($28,714)	($36,576)
Cash used in investing activities	($127,271)	$28,714	($98,557)

Refer Note 2(s) and 2(w) above for the accounting policy for Revenue and Inventory respectively.

Interest Rate Benchmark Reform

The Company's debt instruments interest rates are based on LIBOR and therefore are impacted by regulatory reforms resulting in replacement of LIBOR. The Company's debt instruments are either amended or will be amended to transition to alternative benchmark rates. The Company adopted practical expedient in IFRS 9 - Financial Instruments and IFRS 16 - Leases which allows to account for a change in contractual cash flows, that are required by the reform, by updating the effective interest rate to reflect the change from LIBOR to an alternative benchmark rate.

y) New accounting standards not yet adopted

Amendments to IAS 1 - Presentation of Financial Statements

In October 2020, IASB published amendments to IAS 1 - Presentation of Financial Statements - Classification of debt with covenants as current or non-current. Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. As part of its amendments, IASB has removed the requirement for a right to be unconditional and instead, now requires that a right to defer settlement must have substance and exist at the end of the reporting period. A company classifies a liability as non-current if it has a right to defer settlement for at least 12-months after the reporting period. This new requirement may change how companies classify their debt. The amendments clarify how a company classifies a liability that includes a counterparty conversion option, which could be recognised as either equity or a liability separately from the liability component under IAS 32. Generally, if a liability has any conversion options that involve a transfer of the company’s own equity instruments, these would affect its classification as current or non-current. The IASB has now clarified that when classifying liabilities as current or non-current, a company can ignore only those conversion options that are recognised as equity. Therefore, companies may need to reassess the classification of liabilities that can be settled by the transfer of the company’s own equity instruments. The effective date of this amendment is for annual periods beginning on or after January 1, 2024, with early adoption permissible. The Company is in the process of assessing the impact of adoption of this amendment.

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

3. Prepaid expenses and advance royalty

	December 31, 2022	December 31, 2021
Deferred financing costs (a)	$2,372	$—
Advance royalty (b)	$2,295	$988
Other prepayments	$630	$58
Total	**$5,297**	**$1,046**

(a) On October 28, 2022, Pala provided the Company with a backstop funding commitment of up to $25 million for future funding to be provided in exchange for issuances of common shares of the Company, convertible and/or non-convertible debt of the Company (the “Backstop”). The amount available pursuant to the Backstop will be reduced, from time to time, by amounts raised by the Company pursuant to alternative financings after the closing of the Restart Financing Package. In connection with the Backstop, Pala received 6,271,759 common shares of the Company at a price equal to C$0.2160 representing 4% commitment fee amounting to $1,000, which is included in deferred financing costs. Deferred financing costs also include legal expenses incurred in relation to the Backstop support and KfW Tranche A-2 Loan (Refer note 6(a)).

(b) As at December 31, 2022, the Company had $5,525 (2021 - $5,402) royalty paid in advance of which $2,295 (2021 - $988) was disclosed as current. Advance royalty disclosed as current represents the portion of advance royalty payment that the Company expects to utilize over the next twelve months.

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

4. Mineral Properties, Plant and Equipment

	Mineral Properties Development Costs	Plant & Equipment	Rights of Use Assets	Deposits	Total
Cost:					
As at December 31, 2020 (Restated, Note 2)	**$ 698,067**	**$ 2,917**	**$ 36,128**	**$ 1,539**	**$ 738,651**
Additions	159,888	488	2,471	(1,472)	161,375
IAS 16 Adjustments (Note 2)	(28,289)	—	—	—	(28,289)
As at December 31, 2021 (Restated)	**$ 829,666**	**$ 3,405**	**$ 38,599**	**$ 67**	**$ 871,737**
Additions	68,023	649	—	(67)	68,605
Plant and equipment written off	—	—	(1,215)	—	(1,215)
Lease modification / reassessment1	$ —	$ —	$ (1,082)	$ —	$ (1,082)
As at December 31, 2022	**$ 897,689**	**$ 4,054**	**$ 36,302**	**$ —**	**$ 938,045**
Accumulated depreciation and impairment:					
As at December 31, 2020	**$ —**	**$ 1,414**	**$ 9,303**	**$ —**	**$ 10,717**
Additions	—	—	7,637	—	7,637
As at December 31, 2021	**$ —**	**$ 1,414**	**$ 16,940**	**$ —**	**$ 18,354**
Additions	—	32	5,856	—	5,888
Impairment	298,865	—	110	—	298,975
Plant and equipment written off	—	—	(583)	—	(583)
As at December 31, 2022	**$ 298,865**	**$ 1,446**	**$ 22,323**	**$ —**	**$ 322,634**
Net Book Value					
As at December 31, 2020 (Restated, Note 2)	**$ 698,067**	**$ 1,503**	**$ 26,825**	**$ 1,539**	**$ 727,934**
As at December 31, 2021 (Restated)	**$ 829,666**	**$ 1,991**	**$ 21,659**	**$ 67**	**$ 853,383**
As at December 31, 2022	**$ 598,824**	**$ 2,608**	**$ 13,979**	**$ —**	**$ 615,411**

[1]Adjustment resulting from a change in management's assessment in relation to the exercise of a purchase option for certain assets and a change in the lease payment schedule.

Pumpkin Hollow Copper Development Property

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

The Company entered into the Lease Agreement (the "Lease") for the leased patented claims with RGGS Land & Minerals Ltd. ("RGGS") in May 2006. The Lease had an initial term of ten years, has been renewed for a further ten-year term, and is renewable for up to two more additional ten-year terms for a total of 40 years. 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 in May 2026. Following the completion of the second ten-year term the Lease can be extended for two further ten-year terms if it has made $10,000 in production royalties and minimum royalty payments to RGGS in the previous term or if it pays to RGGS the difference between $10,000 and what was actually paid during the previous ten-year term.

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

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 $1.00 per pound, 5% when the copper price is between $1.00 per pound and $2.00 per pound, and 6% when the price of copper is greater than $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 ("accrued minimum royalty balance"). There is also a smaller royalty payable to RGGS on 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. The royalty rate on production from within the AOI is 2% for non-ferrous metals and the royalty rate for ferrous metals is $0.20 per ton.

During a future month within which the accrued minimum recoverable royalty balance is reduced to a value that is between 100-130% of the sum of the next three months of projected production royalty, the Company shall provide RGGS with a standing irrevocable letter of credit in favor of RGGS in an amount generally equivalent to the sum of three months projected production royalty to be received by RGGS.

The Company is current with all required Lease payments and advance royalty payments.

Project costs capitalized for the year ended December 31, 2022 and 2021 on the Property consist of the following:

	December 31, 2022	Additions 2022	December 31, 2021 (Restated, Note 2)	2021 Additions (Restated, Note 2)	December 31, 2020 (Restated, Note 2)
Property payments	$1,961	$—	$1,961	$—	$1,961
Water rights	3,050	95	2,955	188	2,767
Drilling	42,820	518	42,302	—	42,302
Geological consulting, exploration & related	8,459	—	8,459	—	8,459
Feasibility, engineering & related studies	27,605	—	27,605	—	27,605
Permits/environmental	14,294	49	14,245	516	13,729
Underground access, hoist, head frame, power & related	387,772	44,358	343,414	72,801	270,613
Processing plant – engineering procurement	134,819	—	134,819	—	134,819
Surface infrastructure	33,435	1,591	31,844	2,127	29,717
Site costs	67,326	4,865	62,461	21,570	40,891
	721,541	**51,476**	**670,065**	**97,202**	**572,863**
Depreciation	22,094	3,925	18,169	7,768	10,401
Asset retirement obligation	4,251	(806)	5,057	(248)	5,305
Capitalized interest	106,796	7,457	99,339	16,101	83,238
Stock-based compensation	5,997	235	5,762	(309)	6,071
Stream accretion	37,010	5,736	31,274	11,085	20,189
Total	**$897,689**	**$68,023**	**$829,666**	**$131,599**	**$698,067**
Less: Impairment	($298,865)	($298,865)	$—	$—	$—
Total after impairment	**$598,824**	**($230,842)**	**$829,666**	**$131,599**	**$698,067**

Asset impairments

When an impairment indicator of mineral properties, plant and equipment exists, an impairment assessment is conducted at the level of the CGU (a group of assets that generate independent cash inflows). An impairment loss is recognized if the carrying amount of a CGU exceeds its recoverable amount.

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

During the quarter ended September 30, 2022, the Company updated their life of mine ("LOM") model for the Underground Mine, wherein the Company noted a small decrease in estimated recoverable copper and an increase in costs over the LOM. There was also a reduction in analyst's consensus short term copper price estimates. The above factors, in addition to the decline in the Company's market capitalization relative to net assets as at September 30, 2022 and the suspension of mining, development and milling activities at the Underground Mine, were identified as impairment indicators. As a result, management performed an impairment assessment on the Pumpkin Hollow CGU as at September 30, 2022. The recoverable amount of the CGU was based on a fair value less cost of disposal method using a discounted cash flow model. The determination of the recoverable amounts included the following significant assumptions: production based on quantities of recoverable mineral reserves and resources, future metal prices, capital and operating costs, discount rate, the timing of restart of production for the Underground Mine and the timing of a development decision for the open pit mining project ("Open Pit Project").

Management's estimates of the quantity of recoverable mineral reserves and resources are based on information compiled by qualified persons. The estimate of the recoverable amount as at September 30, 2022 was based upon an estimated completion of the Restart Plan of the Underground Mine by the third quarter of 2023.

The recoverable amount was calculated taking into account a number of LOM options. As studies progress, this will lead to the selection of a preferred option with detailed cost, scheduling, and production assumptions, which may lead to a change in management's estimate of the recoverable amount. As a result of the Company's impairment assessment, a non-cash impairment of $298,865 was recognized in the consolidated statements of operations and comprehensive loss.

The model is most sensitive to the estimated long-term copper prices, the discount rate, estimated operating costs, the timing of the ramp-up of production at the Underground Mine and the timing of the development decision for the Open Pit Project.

Metal prices

The metal prices used to calculate recoverable amounts at September 30, 2022 were based on analysts' consensus price estimates and are summarized in the following table:

Metal prices	2023 - 2025	Long term
Copper price ($/lb)	$3.70	$3.60

Operating and capital costs

Underground Mine operating costs and capital expenditures are based on LOM plans and forecasts using management's best estimates as at September 30, 2022 considering that the Underground Mine is still in the ramp-up phase, and has not yet reached commercial production. Such estimates include a comparison to historical costs, where applicable. Operating costs and capital expenditures at the Open Pit Project were based on the LOM plans and forecasts using management's best estimates with reference to the Company's most recently filed technical report.

Reserves and resources

Future estimated production was based on recoverable mineral reserves and resources estimates by qualified persons when preparing the most recently filed technical report and management's LOM model as at September 30, 2022.

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

Discount rate

Discount rates used for the present value of the LOM cash flows were based on the weighted average cost of capital for similar companies and adjusted for risk and current market information. The Company used a 11% real after-tax discount rate for the Underground Mine and 12% real after-tax discount rate for the Open Pit Project in the calculation of the recoverable value of the CGU as at September 30, 2022.

Sensitivity analysis
The Company has performed the following sensitivity analysis:

	a 5% change in long term copper price	a 5% change in operating costs	a 1% change in discount rate	6 months delay in restart of the Underground Mine	1 year delay in the development decision for the Open Pit Project
Change in recoverable amount	$138,081	$76,737	$72,153	$30,394	$32,231

At December 31, 2022, based on its impairment indicator assessment, management determined that there were no new indicators of impairment or reversal of impairment that would require the Company to perform an impairment test. The assessment included an evaluation of any changes to significant assumptions that would be used to test the recoverable amount as disclosed above. Accordingly, no additional impairment was recorded as at December 31, 2022.

5. Working Capital Facility

Balance at December 31, 2020	**$32,879**
Advance	80,442
Interest accrual	(84)
Repayments	(93,142)
Balance at December 31, 2021	**$20,095**
Advances	22,533
Interest accrual	2,196
Transaction costs incurred for modification	(319)
Repayments	(23,818)
Balance at December 31, 2022	**$20,687**

In 2019, NCI, the Company's wholly owned subsidiary, entered into the revolving working capital facility (the "Working Capital Facility") with Concord Resources Limited ("Concord") for up to $35,000 which provides for advances of up to 85% of the value of expected copper concentrate deliveries up to four months in advance of deliveries prior to commercial production at the Underground Mine, and three months thereafter, on a revolving basis. Interest on advance payments is payable at LIBOR plus 7.5% prior to commercial production at the Underground Mine and LIBOR plus 5% thereafter, maturing in 2024, unless terminated in accordance with the terms of any offtake agreement. There is no penalty or charge for early repayment in respect of the Working Capital Facility. The availability of funds under the Working Capital Facility increased from $35,000 to $40,000 on April 1, 2021, subject to attaining certain defined production rates. Drawdowns under the Working Capital Facility in excess of $35,000 prior to commencement of commercial production at the Underground Mine bears interest at LIBOR plus 8.5%

During the year ended December 31, 2022, the Company made repayments of $23,818 (2021 - $93,142), of which $7,718 (2021 - $11,139) was in concentrate deliveries and $16,100 (2021 - $82,003) was settled in cash. During the year, the Company failed to deliver concentrate or to make a required make whole repayment under the Working Capital Facility which resulted in a breach of its covenants thereunder. On October 28, 2022, upon the closing of the

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Restart Financing Package, the Company and Concord agreed to defer the delivery date for the outstanding advance amounts.

The new long stop payment dates agreed were August 25, 2023, September 25, 2023, October 25, 2023 and November 25, 2023 for the outstanding advance amounts of $3,267 due on June 25, 2022, $5,768 due on July 25, 2022, $6,224 due on August 25, 2022 and $2,860 due on September 25, 2022 respectively. The Company, also agreed to pay in four equal installments, due on each long stop delivery date, the outstanding amount of $1,101 pursuant to the final invoicing for 2022 shipments and reimburse legal fees amounting to $250 incurred by Concord related to the Restart Financing Package. Also, on October 28, 2022 the Company obtained a waiver from Concord for such defaults. As at December 31, 2022, the Company is in compliance with the covenants under the Working Capital Facility. However, the term of the Working Capital Facility has expired and the Company is in discussions with Concord to extend the maturity date of the Working Capital Facility. In the absence of such extension, the Company will not be able to draw under the Working Capital Facility.

6. Long-term Debt

	December 31, 2022	December 31, 2021
Current portion of debt:		
Pala Credit Facility (b)	$1,784	$—
Lease liabilities (d)	$6,707	$8,307
Total current portion of debt	$8,491	$8,307
KfW IPEX-Bank Facility (a)	$123,342	$117,521
Pala Credit Facility (b)	$78,048	$33,293
Lease liabilities (d)	$8,653	$14,455
Total long-term debt	$210,043	$165,269

a) KfW IPEX Bank Facility

	KfW Tranche A Loan		KfW Tranche B Loan	
	Dec 31, 2022	Dec 31, 2021	Dec 31, 2022	Dec 31, 2021
Opening balance	**$105,239**	**$104,902**	**$13,540**	**$13,066**
Interest and accretion expense	6,237	4,729	1,652	1,540
Interest payments	(1,134)	(2,181)	(402)	(450)
Transaction costs incurred for modification	(339)	(1,150)	(78)	(150)
Gain on modification	(1,103)	(1,061)	(270)	(466)
Closing balance	**$108,900**	**$105,239**	**$14,442**	**$13,540**
Interest payable classified as current liability under Accounts payable and accrued liabilities	—	928	—	330
Long-term debt	**$108,900**	**$104,311**	**$14,442**	**$13,210**

In May 2019, the Company, through its wholly owned subsidiary NCI, entered into a credit agreement (as amended, the “KfW IPEX-Bank Facility”) with KfW IPEX-Bank (“KfW”) pursuant to which KfW agreed to fund up to $115,000 (the "KfW Tranche A Loan") for construction and operating costs in respect of the Underground Mine. Initial repayments under the KfW IPEX-Bank Facility were originally scheduled to start in July 2022 with a back-weighted repayment profile, as the majority of payments were due near the end of the loan’s term, with the final payment due in July 2028.

On December 8, 2020, the Company and KfW amended and restated the KfW IPEX-Bank Facility, whereby KfW agreed to provide an additional loan of $15,000 with a three-year term (the “KfW Tranche B Loan”). The KfW Tranche B Loan originally bore interest of LIBOR plus 4.9% and provided for a twelve-month grace period for principal payments and cash sweeps under the KfW Tranche B Loan (the interest rate was subsequently amended pursuant to the KfW Amendment Agreement, as described below).

On November 30, 2021, the Company and KfW entered into an amendment agreement (the “KfW Amendment Agreement”) in respect of the KfW IPEX-Bank Facility providing for a long-term extension of the project longstop date (the final date to meet the requirements of the project completion test under the KfW IPEX-Bank Facility) (the “Project Completion Longstop Date”) until June 2023 and significant payment deferrals. The Project Completion Longstop Date required the Underground Mine to be operating at five thousand tonnes per day (tpd) for ninety consecutive days by June 30, 2023, which was subsequently amended to June 30, 2024 through an amendment agreement between the Company and KFW entered on March 15, 2023.

The other amendments include:

Tranche A Loan:

- The first debt repayment has been deferred for two years to July 31, 2025, with the debt service reserve account to be funded six months prior;
- The final amortization has been deferred to July 31, 2029;
- The commencement of the project cash sweep has been deferred by two years to January 31, 2024, and a one-time extraordinary cash sweep of excess cash has been deferred by two years to July 31, 2025. The project cash sweep is comprised of a certain percentage of excess cash in a calculation period, as calculated pursuant to the KfW IPEX-Bank Facility, which shall be applied towards mandatory prepayment of loans under the Credit Agreement. Until repayment of the Tranche B Loans and the deferral true up have occurred, 100% of excess cash (as calculated pursuant to the Credit Agreement) shall be applied to mandatory repayment. After such time, generally, 30% of excess cash shall be applied towards mandatory prepayment, unless certain trigger events occur and at which time, 80% of excess cash shall be applied; and
- The interest margin on the loan has increased by 0.5% to 2.1%, reflective of the extended loan term.

Tranche B Loan:

- The first debt repayment has been deferred by two years to July 31, 2024;
- The final amortization has been deferred by two years to July 31, 2025; and
- The interest margin on the loan has increased by 0.5% to 5.4%, reflective of the extended loan term.

In connection with the KfW Amendment Agreement, the Company incurred $1,300 in re-financing fees of which $325 has been paid in cash and $975 is to be paid within thirty days after the occurrence of the project completion date.

Interest accrued is payable every six months at January 31 and July 31 until the final principal payment on July 31, 2029.

On October 28, 2022, the Company and KfW entered into an amendment agreement in respect of the KfW IPEX-Bank Facility providing for the following:

- A new loan tranche of of $25,000 (the "KfW Tranche A-2 Loan") to be drawn by the Company in advances prior to December 31, 2023. The KfW Tranche A-2 Loan, when drawn, will mature on July 31, 2029 and will bear interest at LIBOR plus 5% margin. All interest accrued on the KfW Tranche A-2 Loan shall be capitalized into the principal amount on each interest payment date i.e. January 31 and July 31 and shall be paid on the maturity date;

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- Accrued interest on the KfW Tranche A Loan and the KfW Tranche B Loan, scheduled for payment on July 31, 2022, January 31, 2023 and July 31, 2023, shall be added to the principal amount on the interest payment dates and shall be paid by adding to each such repayment installment equal portion of the interest added to the principal amount; and
- The definition of "Reference Rate" was amended to specify the Term Secured Overnight Financing Rate ("Term SOFR") and Compounded SOFR Primary Screen Rate. Transition to Term SOFR or Compounded SOFR Primary Screen Rate will be selected by KfW in consultation with the Company. When the transition has occurred, interest on the KfW IPEX-Bank Facility shall be payable at Term SOFR or Compounded SOFR Primary Screen Rate plus Term SOFR Adjustment Spread or Compounded SOFR Adjustment Spread plus the applicable margin.

The amendments on October 28, 2022 and November 21, 2021 noted above were determined to be modifications in accordance with IFRS. Accordingly, a modification gain of $1,373 (December 31, 2021 - $1,527) was recognized in the Statement of Operations and Comprehensive Loss.

The KfW IPEX-Bank Facility contains certain financial and non-financial affirmative and restrictive covenants. The Company's default under the Working Capital Facility, among other things, resulted in a cross-default and other defaults under the KfW IPEX-Bank Facility. On October 28, 2022, upon the closing of the Restart Financing Package, the Company obtained a waiver from KfW for such defaults. As at December 31, 2022, the Company is in compliance with the covenants.

b) Pala Credit Facility

	Debt Liability	Warrants	Total
Balance at December 31, 2020	**—**	**—**	**—**
Advance	$30,000	—	$30,000
Interest and accretion expense	$1,769	—	$1,769
Loss on Modification	$1,524	—	$1,524
Balance at December 31, 2021	**$33,293**	**—**	**$33,293**
Advance	$15,000	—	$15,000
Interest and accretion expense until October 28, 2022	$4,334	—	$4,334
Extinguishment of 2021 A&R Pala Credit Facility	$(52,627)	—	$(52,627)
Recognition of 2022 A&R Pala Credit Facility	$72,456	$3,707	$76,163
Interest and accretion expense on 2022 A&R Pala Credit Facility	$1,932	—	$1,932
Fair value adjustment	—	$1,737	$1,737
Balance at December 31, 2022	**$74,388**	**$5,444**	**$79,832**

The table below shows the short term and long-term portion of Pala Credit Facility:

	December 31, 2022	December 31, 2021
Current portion	$ 1,784	—
Long-term debt	$78,048	$33,293

On February 3, 2021, the Company entered into a credit facility (as amended, the “2021 Credit Facility”) with Pala providing for $30,000 (inclusive of a $15,000 accordion feature thereunder) to be drawn by the Company in advances prior to June 30, 2021. The Company drew the full $30,000 under the 2021 Credit Facility in the first half of 2021.

The 2021 Credit Facility carried interest at LIBOR plus 9% per annum. Interest accrued was payable every quarter at March 31, June 30, September 30 and December 31 until the final principal payment. At least ten days prior to each payment date, the Company needs to confirm its election to make the interest payment in cash. If such election is not made by the Company, Pala can elect to receive the applicable interest payment in Common shares or have the applicable interest payment added to the principal amount. Any common shares issued to satisfy interest payments will be issued at the market price of the common shares at the time of the issuance.

Voluntary prepayments by the Company under the 2021 Credit Facility are subject to a prepayment premium, which also applies in the case of a change of control in respect of the Company. This prepayment fee is equal to (i) 17.5% for any prepayment made between February 4, 2022 and February 3, 2023; and (ii) 10% for any prepayment made thereafter.

On November 29, 2021, in connection with the November 2021 Offering (Note 10), the Company and Pala amended and restated the 2021 Credit Facility (the "2021 A&R Pala Credit Facility"), on substantially the same terms as the original 2021 Credit Facility, other than as described below:

- The 2021 A&R Pala Credit Facility had a principal amount of $35,000 (which includes the outstanding principal and accrued interest balance under the 2021 Credit Facility and the remaining amount of the Amended June Promissory Note (as defined below));
- The original maturity date under the 2021 A&R Pala Credit Facility was extended from January 31, 2024 to January 31, 2026; and
- The 2021 A&R Pala Credit Facility contains an accordion feature allowing the Company to draw up to an additional $15,000.

In connection with the 2021 A&R Pala Credit Facility:

- the Company paid Pala an extension fee of $1,325 (4% of the principal amount under the amended and restated 2021 Credit Facility), which fee was capitalized and added to the principal amount under the 2021 A&R Pala Credit Facility on the date that it was entered into; and
- the Company also issued 15,000,000 common share purchase warrants to Pala (the “Credit Facility Warrants”) (see note 12 for more details).

The 2021 amendments noted above were determined to be modification in accordance with IFRS. A modification loss of $1,524 was recognized in the Statement of Operations and Comprehensive Loss. As at December 31, 2021, the principal amount outstanding for the 2021 A&R Pala Credit Facility was $35,224.

On October 28, 2022, the Company and Pala further amended and restated the 2021 A&R Pala Credit Facility (the "2022 A&R Pala Credit Facility"), on substantially the same terms as the 2021 A&R Pala Credit Facility, other than as described below:

- The 2022 A&R Pala Credit Facility has a principal amount of $76,156, which includes the outstanding principal and accrued interest under the 2021 Credit Facility ($54,797), the outstanding and accrued interest under the May 2022 Promissory Note (as defined below) ($20,538) and a 4% deferred financing fee with respect to the May 2022 Promissory Note amount ($821);
- In connection with the 2022 A&R Pala Credit Facility, 398,723,212 common share purchase warrants of the Company were issued to Pala (“Pala 2022 Warrants”). Each Pala 2022 Warrant entitles Pala to acquire one common share at an exercise price equal to Canadian dollar (C$)0.2592. The Pala 2022 Warrants expire on January 31, 2026 unless all amounts under the 2022 A&R Pala Credit Facility are repaid at an earlier time, in which case the Pala 2022 Warrants would expire. On exercise of the Pala 2022 Warrants, the exercise price would be payable by way of deemed repayment and set-off of outstanding amounts under the 2022 A&R Pala Credit Facility.
- The 2022 A&R Pala Credit Facility carries interest at adjusted Term SOFR plus 9% per annum. Adjusted term SOFR equals SOFR plus 0.15%.

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- Subject to the prior approval of the Toronto Stock Exchange, additional Pala 2022 Warrants (the "Interest Warrants") will be issued to Pala if interest payments are added to the principal amount of the 2022 A&R Pala Credit Facility in an amount equal to the amount of such interest payment divided by the market price of the common shares of the Company at the time. The Interest Warrants will have an exercise price equal to the market price of the common shares of the Company at the time and will have all other terms as the initial Pala 2022 Warrants.

In connection with the 2022 A&R Pala Credit Facility, the Company issued 5,330,995 common shares of the Company to Pala in satisfaction of its reimbursable expenses totaling $850.

The 2022 amendments noted above were determined to be an extinguishment of the 2021 A&R Pala Credit Facility and recognition of the 2022 A&R Pala Credit Facility. The Pala 2022 Warrants, together with the Company's ability to voluntarily prepay the 2022 A&R Pala Credit Facility ("Call Option"), are recognized and accounted for as a derivative liability. Refer to the Table below for the calculation of loss on extinguishment of the 2021 A&R Pala Credit Facility:

Fair value of the 2022 A&R Pala Credit Facility		
- Fair value of Debt	$72,456	
- Fair value of Warrants	$15,484	
- Fair value of Call Option	($11,777)	
Sub total		**$76,163**
Carrying value of the 2021 A&R Pala Credit Facility	$52,627	
Carrying value of the May 2022 Promissory Note	$20,538	
Sub total		**$73,165**
Loss on extinguishment on the 2021 A&R Pala Credit Facility and the May 2022 Promissory Note		**$2,998**

As at December 31, 2022, the principal amount outstanding for the 2022 A&R Pala Credit Facility was $76,163 and unpaid accrued interest was $1,784. As at December 31, 2022, the fair value of the Warrants (derivative liability) and the Call Option (derivative asset) was estimated at $26,096 and $20,652, respectively.

The value was determined using the Partial Differential Equation model with the following assumptions:

	December 31, 2022	**October 28, 2022**
Share price	C$0.29	C$0.26
US$ to C$ exchange rate	1.3534	1.3624
Share Volatility	68.4%	66.5%
Risk free rate	4.20 %	4.35 %
Credit Spread	11.68 %	11.67 %

Fair value of Warrants and the Call option are highly sensitive to the US$ to C$ exchange rate and share volatility. The impact of +/-10% change in exchange rate and +/-10% change in share volatility is summarized in the table below

	Fair Value at December 31, 2022	Share volatility		Exchange rate'	
		+10%	-10%	+10%	-10%
Warrants	$26,096	$29,159	$22,846	$24,830	$27,453
Call option	$(20,652)	$(23,371)	$(17,759)	$(19,409)	$(19,220)

The Company's default under the Working Capital Facility, among other things, resulted in a cross-default and other defaults under the 2021 A&R Pala Credit Facility. On October 28, 2022, upon the closing of the Restart Financing Package, the Company obtained a waiver from Pala for such defaults. As at December 31, 2022, the Company is in compliance with the financial and non-financial affirmative and restrictive covenants under the 2022 A&R Pala Credit Facility.

c) Pala Promissory Notes

2021 Pala Promissory Notes

The Company received a loan of $15,000 pursuant to a promissory note with Pala in June 2021 (the "June Promissory Note"). The June Promissory Note had a maturity date of June 30, 2022 and carried interest at 8% per annum on amounts drawn. From July through September, 2021, Pala provided the Company with additional loans of $39,500 in the aggregate pursuant to a series of amendments and restatements of the June Promissory Note (the "Amended June Promissory Note") on the same terms and conditions as the original June Promissory Note, except that the Amended June Promissory Note provided for an arrangement fee of 6% on the full commitment amount of $55,000.

On October 1, 2021, Pala provided the Company with a loan of up to $12,000 pursuant to a new promissory note entered into between Pala and the Company, which was subsequently amended and restated on November 1, 2021 to provide the Company with an additional loan of $14,000 (the "Amended October Promissory Note", and together with the Amended June Promissory Note, the "Promissory Notes"). The Amended October Promissory Note had substantially the same terms as the Amended June Promissory Note, however, no arrangement fee was payable to Pala under the Amended October Promissory Note.

The principal and accrued interest balance of $26,154 outstanding under the Amended October Promissory Note was fully repaid with the proceeds of the November 2021 Offering and the principal and accrued interest balance of $59,306 under the Amended June Promissory Note was repaid through the issuance of units to Pala pursuant to the November 2021 Private Placement (refer Note 10). The remaining balance of $114 owing under the Amended June Promissory Note after the completion of the November 2021 Private Placement was added to the principal amount under the 2021 A&R Pala Credit Facility. This settlement resulted in a $2,764 loss on extinguishment of debt which was recognized in the Statement of Operations and Comprehensive Loss as a result of the unamortized deferred financing fees.

2022 Pala Promissory Notes

In May 2022, Pala agreed to provide additional funding of $20,000 pursuant to a promissory note (the "May 2022 Promissory Note"). The May 2022 Promissory Note had a maturity date of December 31, 2023 and carried interest at 8% per annum. During the year ended December 31, 2022, the Company drew the full $20,000 under the May 2022 Promissory Note. On October 28, 2022, the outstanding balance of $20,538 including accrued and unpaid interest of $538 pursuant to the May 2022 Promissory Note was added to the principal amount under the 2022 A&R Pala Credit Facility. This settlement resulted in a loss on extinguishment of debt which was recognized in the Statement of Operations and Comprehensive Loss. Refer to Note 6(b) above.

In August 2022, Pala agreed to provide additional funding of up to $17,500 pursuant to a promissory note (the "August 2022 Promissory Note"). The August 2022 Promissory Note had a maturity date of November 30, 2022 and carried interest at 12% per annum on amounts drawn. During the year ended December 31, 2022, the Company drew $15,000 under the August 2022 Promissory Note. On October 28, 2022, upon the closing of the Restart Financing Package, the principal amount of $15,000 was converted into equity of the Company in connection with Pala's subscription for common shares of the Company and interest accrued of $306 under the August 2022 Promissory Note was paid in cash.

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

In October 2022, Pala agreed to provide additional funding of up to $20,000 pursuant to a promissory note (the "October 2022 Promissory Note"). The October 2022 Promissory Note had a maturity date of November 30, 2022 and carried interest at 12% per annum on amounts drawn. During the year ended December 31, 2022, the Company drew $7,500 under the October 2022 Promissory Note. On October 28, 2022, upon the closing of the Restart Financing Package, the principal amount of $5,000 was converted into equity of the Company in connection with Pala's subscription for common shares of the Company and the remaining amount of $2,536 including interest accrued of $36 under the October 2022 Promissory Note was paid in cash.

d) Lease Liabilities

The following table shows the change to the Company's lease liabilities:

	December 31, 2022	December 31, 2021
Opening balance	**$ 22,762**	**$ 27,391**
Additions	—	2,471
Accretion	1,232	1,666
Lease modification	(1,082)	—
Lease payments	(7,552)	(8,766)
Closing balance	**$ 15,360**	**$ 22,762**
Current portion	6,707	8,307
Long-term portion	8,653	14,455

The undiscounted minimum lease payments in respect of the above lease liabilities are expected to be $7,585 for the next twelve months.

Further, the average term of the Company's lease liabilities ranges from 40 months to 60 months. The undiscounted lease payments exclude leases that are classified as short-term and leases for low-value assets, which are not recognized as lease liabilities.

7. Stream and Royalty Deferral

	Stream deferral	Royalty deferral
Balance at December 31, 2020	**$98,432**	**$19,223**
Accretion	9,190	1,895
Amounts delivered under the stream	(359)	—
Balance at December 31, 2021	**$107,263**	**$21,118**
Deposit received under the Stream Agreement	3,199	609
Consideration for increase in royalty on the Open Pit Project	—	26,192
Accretion	9,888	2,736
Amounts delivered under the stream	(672)	—
Balance at December 31, 2022	**$119,678**	**$50,655**

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

The table below shows the short term and long-term portion of stream and royalty deferral liability.

	December 31, 2022	December 31, 2021
Stream deferral		
Current portion	$ 3,655	$ 6,138
Long-term portion	116,023	101,125
Royalty deferral		
Current portion	$ —	$ —
Long-term portion	50,655	21,118

The Company and Triple Flag entered into the metals purchase and sale agreement (the "Stream Agreement") on December 21, 2017 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 from the Underground Mine. 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. Under the original terms, the Company was to receive an ongoing payment of 10% of the spot price for each ounce of gold and silver delivered to Triple Flag. Certain of these terms were amended by the March 27, 2020 amendments discussed below. 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 Mine.

The Company and its subsidiaries have provided subordinated security for the performance of the obligations under the Stream Agreement over all of their respective assets.

On March 27, 2020 the Company entered into a series of agreements with Triple Flag (or its affiliates). These agreements provided for (i) the issuance of a 0.70% net smelter return royalty in respect of the Open Pit Project (the "Open Pit Royalty"); (ii) the issuance of a 2.00% net smelter return royalty in respect of the Tedeboy area exploration property (the "Tedeboy Royalty" and collectively with the Open Pit Royalty, are referred to as the "Royalty Agreements"); (iii) an increase in the amount of gold and silver deliverable to Triple Flag under the Stream Agreement from 90% to 97.5% and a reduction in the ongoing payment by Triple Flag from 10% to 5% of the then current spot price at the time of future deliveries; and (iv) the issuance of an aggregate of 15 million common share purchase warrants of the Company to Triple Flag at an exercise price of C$0.225 (on a pre-consolidation basis) exercisable for a period of five years, the terms of which (including the exercise price) were subsequently adjusted as a result of the Share Consolidation (see note 12).

The Company was entitled to receive $35,000 as consideration for these transactions, including $20,000 received on March 27, 2020 pursuant to the Royalty Agreements, $10,000 received on May 1, 2020 pursuant to the amendment to the Stream Agreement and an additional $5,000 to be paid to the Company pursuant to the amendment to the Stream Agreement through the reinvestment of 50% of the value of metal deliveries received by Triple Flag under the Stream Agreement. The Company is also entitled to an additional contingent payment of $5,000 upon achieving commercial production of the Tedeboy area exploration property pursuant to the Tedeboy Royalty.

The consideration received from Triple Flag was accounted for as a sale of mineral interests. As concentrate is sold, deliveries are settled to Triple Flag once control of the concentrate has passed to the end customer. The different components of the Triple Flag royalty and stream agreements relate to the following: (i) the Stream Agreement (split between the mineral interest in concentrate and processing and refining obligations), (ii) the Open Pit Royalty, and (iii) the Tedeboy Royalty. In order to allocate the consideration received from Triple Flag amongst each of the components, management determined the relative stand-alone selling price of each component of the obligation and then applied the proportionate values against the consideration received. It was necessary to determine the portion that related to each component of the Triple Flag royalty and stream agreements in order to measure the value related to the recognition of future deliveries of metal (and associated processing and refining obligations) to be made in relation to each project in future periods.

To determine the stand-alone selling price of each component, management used discounted cash flow models, including the use of significant assumptions such as: quantity of recoverable reserves and resources, future metal prices, capital and operating costs and discount rates. Management's estimates of the quantity of recoverable reserves and resources are based on information compiled by Qualified Persons.

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

In accordance with IFRS 15 Revenue from Contracts with Customers, the Company identified a significant financing component related to the stream and royalty deferral resulting from a difference in the timing of the up-front consideration received and the expected future deliveries of metal and/or payments thereunder. Interest accretion on the stream deferral is recognized as a finance cost. The interest rate is determined based on the rate implicit in the stream and royalty agreements with Triple Flag.

On October 28, 2022, upon closing of the Restart Financing Package, the Company and Triple Flag entered into an amendment agreement to accelerate the payment of the remaining amount of $3,808 to be funded under the Stream Agreement. On October 28, 2022, the Company and Triple Flag also amended and restated the Net Smelter Returns Royalty Agreement with respect to the Open Pit Project, wherein the Company increased the royalty percentage on the Open Pit Project by 1.3% to 2% for cash consideration of $26,192, subject the Company's right to fully buy back the increased royalty percentage. Triple Flag funded its investment in two tranches, with $20,000 funded at the closing of the Restart Financing Package and the remaining $10,000 released from escrow on December 29, 2022. Triple Flag was also issued 1,459,208 common shares of the Company in satisfaction of its reimbursable expenses totaling $233.

The Company's default under the Working Capital Facility, among other things, resulted in a cross default and other defaults under the Stream Agreement. On October 28, 2022 upon the closing of the Restart Financing Package, the Company obtained a waiver from Triple Flag for such defaults. As at December 31, 2022, the Company is in compliance with the covenants under the Stream Agreement.

8. Asset Retirement Obligation

The asset retirement obligation has been recorded as a liability, assuming a risk-free discount rate of 4.01% (2021 – 1.52%) and an inflation factor of 2.40% (2021 – 1.98%). The liability for retirement and remediation on an undiscounted basis before an inflation factor of 2.40% (2021 – 1.98%) is estimated to be approximately $6,396 (2021 - $5,523). As of December 31, 2022, settlement is expected by December 31, 2034.

	Asset retirement obligation
Balance at December 31, 2020	**$6,219**
Change in timing and increase in estimated closure costs	(334)
Accretion	86
Balance at December 31, 2021	**$5,971**
Change in timing and decrease in estimated closure costs	(966)
Accretion	258
Balance at December 31, 2022	**$5,263**

9. Related Party Transactions

Pala is a related party to the Company because of its approximate 43% (2021 – 37%) shareholding in the Company as of December 31, 2022. Additionally, as at December 31, 2022, three of the nine directors of the Company were Pala executives.

During the year ended December 31, 2022, the Company entered into the following transactions with Pala:

- In relation to promissory notes issued to Pala, the Company received advances amounting to $42,500 (2021 - $80,500), repaid $2,500 (2021 - $41,560) in cash, incurred an arrangement fee of nil (2021 - $3,300) on advances, settled $20,000 (2021 - $65,800) by issuing common shares of the Company and added $20,000 to the principal amount of the 2022 A&R Pala Credit Facility (2021 - Nil). The Company accrued interest of $879 (2021 - $1,660) on promissory notes, paid $341 (2021 - $341), settled nil (2021 - $1,701) by issuing the common shares of the Company and added $538 to the principal amount of the 2022 A&R Pala Credit Facility. Also refer to notes 6(c) and 10.

- In relation to the 2021 A&R Pala Credit Facility and the 2022 A&R Pala Credit Facility, the Company received advances amounting to $15,000 (2021 - $30,000). The Company accrued interest of $5,764 (2021 - $1,799) on the Pala Credit Facility and added $3,973 (2021 - $1,799) to the principal amount of the Pala Credit Facility. In connection with the 2022 A&R Pala Credit Facility, 398,723,212 Pala Warrants were issued. Also refer to Note 6(b).
- Pala provided the Company with a backstop funding commitment of up to $25,000 for future funding to be provided through the issuances of common shares of the Company, convertible and/or non-convertible debt of the Company (the “Backstop”).
- Pala received 5,330,995 common shares of the Company in satisfaction of its reimbursable expenses.
- The Company paid a guarantee fee totaling $1,254 (2021 - $1,270),
- The Company paid technical and other services fees of $1,336 (2021 - $108)

As of December 31, 2022, the Company owed Pala nil for accrued fees for technical and other services and certain guarantees, (2021 - $38) including fees accrued in connection with the indemnity agreements relating to bonding arrangements and the guarantee provided by Pala in connection with the KfW IPEX- Bank Facility.

Effective October 28, 2022, Mercuria Energy Holdings (Singapore) Pte Ltd ("Mercuria") is a related party to the Company because of its increase in shareholding from 10.86% to 17.01% on October 28, 2022 and to 24.28% on December 29, 2022. Also, a Mercuria executive was appointed to the board of directors of the Company.

During the period ended December 31, 2022, the following transactions were entered with Mercuria:

- The Company issued 126,129,133 common shares and 127,720,000 Mercuria Warrants to Mercuria in consideration for its $20,000 equity investment in the Company. Refer to Note 10 (viii).
- Mercuria received 871,261 common shares of the Company in satisfaction of its reimbursable expenses.
- The Company and Mercuria entered into a commodity marketing agreement, whereby Mercuria shall provide the Company certain services to promote, market and sell the Company's product for a marketing fee of $40 per dry metric tonne of product sold.

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. The Company has a committee of independent directors to review and approve related party transactions.

10. Share Capital

Authorized and issued

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

On September 17, 2021, the Company completed a share consolidation ("Share Consolidation") on the basis of one post-consolidation common share for every ten pre-consolidation common shares. The Company’s common shares began trading on the Toronto Stock Exchange on a post consolidation basis on September 21, 2021. Except as otherwise indicated, common share, unit, per share amounts, and per unit amounts, in the comparative periods, have been restated in these financial statements to reflect the Share Consolidation.

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

During the year ended December 31, 2022 and 2021, the Company issued the following common shares:

	Number of Common Shares	Amount
Outstanding December 31, 2020	**148,826,299**	**$505,370**
January 2021 Offering (i)	23,000,000	27,333
January 2021 Private Placement (ii)	7,969,697	10,273
Sedgman settlement (iii)	4,275,551	4,000
Pala interest, indemnity and guarantee fees (iv)	2,121,617	3,495
Warrants exercised (note 12)	758,559	1,110
Summit share issuance (v)	347,171	500
Stock options exercised	47,707	93
DSUs exercised	342,074	198
November 2021 Offering (vi)	162,644,300	78,594
November 2021 Private Placement (vii)	98,104,584	50,723
Issued during the year ended December 31, 2021	299,611,260	$176,320
Outstanding December 31, 2021	**448,437,559**	**$681,690**
Warrants exercised	15,200	$25
October 2022 Restart Financing Private Placement (viii)	251,564,318	$32,508
Reimburse legal fees to Pala, Mercuria and Triple Flag (viii)	7,661,465	$1,225
Pala expenses and guarantee fees (viii)	9,558,399	$1,524
Pala backstop commitment fee (viii)	6,271,759	$1,000
Issued during the year ended December 31, 2022	**275,071,141**	**$36,281**
Outstanding December 31, 2022	**723,508,700**	**$717,971**

2021 Offerings

i) January 2021 Offering

On January 29, 2021, the Company completed a public offering (the "January 2021 Offering") of 23,000,000 units issued at a price of C$1.65 per unit (the "January Offering Price") for aggregate gross proceeds of $29,599. Each unit consisted of one common share and five common share purchase warrants of the Company. Nil value was allocated to the warrants based on the residual value method. Share issuance costs totaled $2,266 for the January 2021 Offering resulting in net proceeds of $27,333.

ii) Concurrently with the closing of the January 2021 Offering, the Company completed a private placement of 7,969,697 units to Pala (the "January 2021 Private Placement") at the January Offering Price for aggregate gross proceeds of $10,273. Each unit consisted of one common share and five common share purchase warrants of the Company. Nil value was allocated to the warrants based on the residual value method.

iii) As part of the Sedgman USA Inc. ("Sedgman") settlement (Note 13), in February 2021, the Company issued 1,599,251 common shares to Sedgman at a price of C$1.60 per common share, the market price of the common shares at the time that the settlement agreement was entered into, totaling $2,000.

Further, as part of the Sedgman settlement, in July 2021, the Company issued 437,481 common shares to Sedgman totaling $800 upon certain performance thresholds being met under the settlement agreement at a price of C$2.27 per common share, the market price of the common shares at the time the performance thresholds were met. An additional 2,238,819 common shares were subsequently issued to Sedgman upon certain performance thresholds being met, at a price of C$0.68 per common share, the market price of the common shares at the time the performance thresholds were met, totaling $1,200.

iv) Concurrently with the closing of the January 2021 Offering and the January 2021 Placement, the Company issued 702,462 common shares to Pala at a price of C$1.65 per share, the January Offering Price, in the aggregate amount of approximately $910 as repayment of fees owing to Pala in connection with certain indemnity agreements entered into by Pala and the Company relating to the Company's bonding arrangements (the "Indemnity Agreements").

In February 2021, the Company issued 356,002 common shares to Pala, at a price of C$1.62 per common share, being the current market price of the common shares when the fee agreement was entered into, for the settlement of guarantee fees relating to the Cementation USA Inc. ("Cementation") settlement (Note 13b).

In May 2021, the Company issued 386,692 common shares to Pala at a price of C$2.74 per common share, the market price at the time of issuance, for payment of fees owing in connection with the Indemnity Agreements and the KfW Guarantee.

In August 2021, the Company issued 676,461 common shares to Pala at a price of C$2.30 per common share, the market price of the common shares at the end of the second quarter, for payment of fees owing as of the end of the second quarter in connection with the Indemnity Agreements and the KfW Guarantee and interest owing under the 2021 Pala Credit Facility.

v) On April 29, 2021, the Company issued 347,171 common shares to Summit Partners Credit Advisors, L.P. ("Summit") for services provided by Summit in connection with financing arrangements in 2021.

vi) November 2021 Offering

On November 29, 2021, the Company completed a public offering (the "November 2021 Offering") of an aggregate of 162,644,300 units and 2,000,000 warrants at a price of C$0.77 per unit (the "November Offering Price") and C$0.08 per warrant, for aggregate gross proceeds of approximately $98,285, of which $14,016 was allocated to warrants using the residual method (note 12), and share issuance costs totaled $5,675.

Each unit consisted of one common share and one-half of one common share purchase warrant. Each warrant is exercisable for one common share at a price of C$1.00 per common share until May 29, 2023.

vii) Concurrent with closing of the November 2021 Offering, the Company completed a private placement of 98,104,584 units to Pala (the "November 2021 Private Placement"), at the November Offering Price in the aggregate amount of approximately $59,293, of which $8,454 was allocated to warrants based on the residual method (note 12).

The consideration for the November 2021 Private Placement was the repayment of substantially all principal and accrued and unpaid interest outstanding under the Amended June Promissory Note, the balance of which was added to the principal amount under the amended and restated 2021 Credit Facility.

2022 Offering

viii) 2022 Restart Financing Private Placement

The Company closed the Restart Financing Package on October 28, 2022 wherein.

- The Company issued 125,435,185 common shares of the Company to Pala at a subscription price of C$0.2160 per common share (the "October 2022 Subscription Price") for the aggregate consideration of $20,000. The aggregate $20,000 consideration consisted of the settlement of all of the principal amount outstanding under the August 2022 Promissory Note and $5,000 outstanding under the October 2022 Promissory Note. The Company also issued to Pala 5,330,995 common shares, 9,558,399 common shares and 6,271,759 common shares of the Company for reimbursement of legal costs totaling $850, outstanding Pala expenses and guarantee fees of $1,524 and the Backstop commitment fee of $1,000, respectively.
- The Company issued 62,717,593 common shares of the Company to Mercuria at the October 2022 Subscription Price for aggregate consideration of $10,000. Mercuria also deposited $10,000 into escrow in relation to its second tranche of equity funding (as further detailed below). Mercuria also received 127,720,000 common share purchase warrants of the Company (the "Mercuria Warrants") each entitling Mercuria to acquire one common share of the Company at an exercise price of C$0.2592 until January 31, 2026 unless all amounts under the 2022 A&R Pala Credit Facility are repaid at an earlier time, in which case the Mercuria Warrants would expire. The aggregate consideration received was first allocated to the

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

Mercuria Warrants ($3,364) based on fair value determined using Black-scholes valuation method (refer note 12 for assumptions) and the residual value was allocated to the common shares of the Company. The Company also issued 871,261 common shares of the Company to Mercuria in satisfaction of its reimbursable expenses totaling $139.

- The Company issued Triple Flag 1,459,208 common shares of the Company in satisfaction of its reimbursable expenses totaling $233.
- On December 29, 2022, Mercuria's second $10,000 tranche of funding in the Restart Financing Package was released to the Company from escrow. In connection therewith, the Company issued 63,411,540 common shares of the Company to Mercuria at a subscription price of C$0.2139 per common share for the aggregate consideration of $10,000. The aggregate consideration received was first allocated to Mercuria Warrants ($3,364) on fair value determined using valuation method (refer note 12 for assumptions) and the residual value was allocated to the common shares of the Company.

11. Share-Based Compensation

a) Share Purchase Options

	Number of Options	Weighted average exercise price (CAD)
Outstanding December 31, 2020	**4,151,217**	**$5.00**
Granted	2,458,857	0.95
Forfeited	(1,948,193)	1.64
Outstanding December 31, 2021	**4,661,881**	**$4.27**
Granted	821,342	0.64
Forfeited	(1,012,287)	1.16
Outstanding December 31, 2022	**4,470,936**	**3.02**
Exercisable December 31, 2022	**2,901,089**	**$4.09**

During the year ended December 31, 2022, 821,342 stock options (2021 - stock options 2,458,857) were granted at a weighted-average exercise price of C$0.64 (2021 - C$0.95) to officers and employees exercisable, subject to a three-year vesting condition, for a five-year period. The weighted-average fair value attributable to the stock options granted was C$0.41 (2021 - C$0.90).

As at December 31, 2022, there were 75,000,655 stock options available for issuance under the Company's Stock Option Plan.

During the year ended December 31, 2022, $244 (2021 - $385) in stock-based compensation was recorded related to stock options of which $35 (2021 - $209) was capitalized to development costs.

The Company uses the Black-Scholes option pricing model to value its stock options, which requires management to make estimates that are subjective and which 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:

	2022 Options	2021 Options
Risk free interest rate	2.52%	1.38%
Expected dividend yield	0%	0%
Expected stock price volatility	79.0%	82.2%
Expected life in years	5.0	5.0
Expected forfeitures	10%	10%

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

The risk-free rate of return is the yield on a zero-coupon Canadian Treasury Bill of a term consistent with the assumed stock option life. The expected volatility is based on volatility in historical common share prices of comparable companies. The expected average stock 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 stock options.

The following table summarizes the stock options outstanding and exercisable as at December 31, 2022:

	Outstanding		Exercisable	
Exercise price (in CAD)	Number outstanding	Weighted average remaining life (years)	Number outstanding	Weighted average remaining life (years)
$0.64 - $2.10	2,718,029	2.92	1,148,182	2.28
$4.40-$6.70	1,752,907	0.71	1,752,907	0.71
	4,470,936	2.05	2,901,089	1.33

b) Deferred share units ("DSUs")

	Number of DSUs
Outstanding December 31, 2020	**584,644**
Granted	3,140,525
Outstanding Settled	(342,074)
Outstanding Forfeited	(112,764)
Outstanding December 31, 2021	**3,270,331**
Granted	4,135,123
Outstanding December 31, 2022	**7,405,454**

During the year ended December 31, 2022, 4,135,123 DSUs (2021 - 3,140,525) were granted to directors and advisors. The weighted-average fair value attributable to DSUs granted was $0.37 (2021 - $0.73). All DSUs vest immediately on the grant date and the Company recorded a stock-based compensation expense of $1,524 (2021 - $1,546) on the grant date.

At December 31, 2022, the DSU payable amount was $1,586 compared to $1,817 on December 31, 2021. During the year ended December 31, 2022, the Company recognized a stock-based compensation gain of $1,756 (December 31, 2021 - Stock based compensation gain of $310) in the consolidated statement of operations and comprehensive loss.

c) Performance and Restricted Share Units

The Company has a Performance Share Unit Plan and a Restricted Share Unit Plan for incentive compensation. PSUs issued under the Performance Share Unit Plan entitle the holder to a cash payment at the end of a three-year performance period equal to the number of PSUs granted, adjusted for a performance factor and multiplied by the quoted market value of a common share. RSUs issued under the Performance Share Unit Plan entitle the holder to a cash payment upon vesting equal to the number of RSUs vested multiplied by the market value of a common share.

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

Under the Performance Share Unit Plan and the Restricted Share Unit Plan, the following grants and cancellations occurred during the year:

	Number of PSUs
Outstanding December 31, 2020	**383,449**
Granted	1,743,650
Forfeited	(828,218)
Outstanding December 31, 2021	**1,298,881**
Granted	934,465
Forfeited	(1,011,436)
Outstanding December 31, 2022	**1,221,910**
	Number of RSUs
Outstanding December 31, 2020	**2,586,652**
Granted	2,859,157
Forfeited	(1,188,948)
Outstanding December 31, 2021	**4,256,861**
Granted	21,255,157
Settled	(430,588)
Forfeited	(1,485,339)
Outstanding December 31, 2022	**23,596,091**

At December 31, 2022, the RSU payable amount was $1,250 compared to $192 on December 31, 2021. During the year ended December 31, 2022, $1,290 (2021 - stock-based compensation gain of $938) in stock-based compensation was recorded in relation to these units, of which $1,090 (2021 - $815) was recognized in the Statement of Operations and Comprehensive Loss and $200 (2021 - stock-based compensation gain of $123) was capitalized to development costs.

12. Warrants

The table below shows the movement of the warrant derivative liability:

	Triple Flag	July 2020 Offering	Jan 2021 Offering	November 2021 Offering	2021 Credit Facility	Mercuria 2022	Total
Balance at December 31, 2020	**$681**	**$11,796**	**$—**	**$—**	**$—**	**$—**	**$12,477**
Initial valuation	—	—	—	14,016	8,454	—	22,470
Fair value adjustment	(405)	(10,507)	2,970	(442)	(3,189)	—	(11,573)
Balance at December 31, 2021	**$276**	**$1,289**	**$2,970**	**$13,574**	**$5,265**	**$—**	**$23,374**
Initial valuation	—	—	—	—	—	6,728	6,728
Fair value adjustment	(269)	(1,289)	(2,970)	(13,085)	(4,649)	1,469	(20,793)
Balance at December 31, 2022	**$7**	**$—**	**$—**	**$489**	**$616**	**$8,197**	**$9,309**

The fair value of the warrants was $9,309 as at December 31, 2022. The change in the fair value of the warrants for the year ended December 31, 2022 of $20,793 was recorded as a derivative fair value gain in the Statement of Operations and Comprehensive Loss.

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

a. Mercuria 2022 Warrants

	Number of warrants	Exercise price (CAD)
Outstanding balance - December 31, 2021	**—**	**—**
Issued - October 28, 2022	127,720,000	$0.26
Outstanding balance - December 31, 2022	**127,720,000**	**$0.26**

On October 28, 2022, on closing of the Restart Financing Package, the Company issued 127,720,000 common share purchase warrants to Mercuria. Each warrant entitles the holder thereof to, subject to satisfying certain vesting conditions, purchase one common share of the Company at an exercise price of C$0.2592 per common share until January 31, 2026. At issuance and at December 31, 2022, the fair value of these warrants were determined based on the Black-Scholes valuation model.

The assumptions used in the valuation model include:

	December 31, 2022	October 28, 2022
Risk-free interest rate	4.20 %	4.35 %
Expected dividend yield	0	0
Expected stock price volatility	68.4 %	66.5 %
Expected life in years	3.1	3.3

b. November 2021 offering

	Number of warrants	Exercise price (CAD)
Outstanding Balance - December 31, 2020	**—**	**—**
Issued – November 29, 2021	132,374,442	$1.00
Outstanding balance - December 31, 2021 & December 31, 2022	**132,374,442**	**$1.00**

On November 29, 2021, the Company issued 132,374,442 common share purchase warrants as part of the November 2021 Offering and the November 2021 Private Placement. Each common share purchase warrant entitles the holder thereof to purchase one common share at an exercise price of C$1.00 per common share until May 29, 2023. At issuance, the value of the warrants offered to the public was determined to be $14,016 based on the residual method and was recorded as a liability. As at December 31, 2022 and 2021, the fair value of these common share purchase warrants were determined based on the quoted price of these warrants on Toronto Stock Exchange.

c. Credit Facility Warrants

	Number of warrants	Exercise price (CAD)
Outstanding Balance - December 31, 2020	**—**	**—**
Issued – November 30, 2021	15,000,000	$0.86
Exercised	—	—
Outstanding balance - December 31, 2021 & December 31, 2022	**15,000,000**	**$0.86**

On November 30, 2021, the Company issued 15,000,000 Credit Facility Warrants to Pala in connection with entering into the 2021 A&R Pala Credit Facility. Each Credit Facility Warrant entitles Pala to purchase one common share at an exercise price of C$0.8553 until January 31, 2026. The initial value of the Credit Facility Warrants was determined to be $8,454 based on the residual method. At December 31, 2022 and December 31, 2021, the fair value of the Credit Facility Warrants were determined based on the Black-Scholes valuation model.

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

The input assumptions used in the Black-Scholes valuation of the Credit Facility Warrants are listed below:

	December 31, 2022	December 31, 2021
Risk-free interest rate	4.20%	1.24%
Expected dividend yield	0	0
Expected stock price volatility	68.4%	82.2%
Expected life in years	3.1	4.2

d. January 2021 Offering

	Number of warrants	Exercise price (CAD)
Outstanding Balance - December 31, 2020	**—**	**—**
Issued – January 29, 2021	154,848,485	$0.22
Exercised	(9,900)	$0.22
Outstanding Balance - December 31, 2021	**154,838,585**	**$0.22**
Expired	(154,838,585)	$0.22
Outstanding Balance - December 31, 2022	**—**	**—**

On January 29, 2021, the Company issued 154,848,485 common share purchase warrants as part of the January 2021 Offering. Each common share purchase warrant originally entitled the holder thereof to purchase one common share at an exercise price of C$0.22 per common share until July 29, 2022. Following the Share Consolidation, the terms of the warrants were adjusted such that 10 warrants are now exercisable for one post-consolidation common share following the payment of an adjusted exercise price of C$2.20. At issuance, the value of the warrants was determined to be nil based on the residual method. On July 29, 2022, the remaining January 2021 Offering warrants expired unexercised.

e. July 2020 Offering

	Number of warrants	Exercise price (CAD)
Outstanding Balance - December 31, 2020	**333,751,776**	**$0.20**
Exercised	(6,888,000)	$0.20
Outstanding Balance - December 31, 2021	**326,863,776**	**$0.20**
Expired	(326,863,776)	$0.20
Outstanding Balance - December 31, 2022	—	**—**

On July 28, 2020, 333,751,776 common share purchase warrants were issued as part of the July 2020 Offering. Each common share purchase warrant originally entitled the holder thereof to purchase one common share at an exercise price of C$0.20 per common share until January 28, 2022. Following the Share Consolidation, the terms of the warrants were adjusted such that 10 warrants were exercisable for one post-consolidation common share following the payment of an adjusted exercise price of C$2.00. On January 28, 2022, the remaining July 2022 offering warrants expired unexercised.

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

f. Triple Flag

	Number of warrants	Exercise price (CAD) (pre-consolidation)
Outstanding Balance - December 31, 2020	**15,000,000**	**$0.225**
Exercised	—	$—
Outstanding balance - December 31, 2021 & December 31, 2022	**15,000,000**	**$0.225**

On March 26, 2020, 15,000,000 common share purchase warrants were issued to Triple Flag. Each common share purchase warrant originally entitled the holder thereof to purchase one common share at an exercise price of C$0.225 per common share until March 26, 2025. Following the Share Consolidation, the terms of the warrants were adjusted such that 10 warrants are now exercisable for one post-consolidation common share following the payment of an adjusted exercise price of C$2.25. At December 31, 2022 and December 31, 2021, the fair value of the Credit Facility Warrants were determined based on the Black-Scholes valuation model.

The input assumptions used in the Black-Scholes valuation of the Triple Flag warrants are listed below:

	December 31, 2022	December 31, 2021
Risk-free interest rate	4.20%	1.21%
Expected dividend yield	0	0
Expected stock price volatility	68.4%	88.6%
Expected life in years	2.2	3.2

13. Commitments and Contractual Obligations

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

	December 31, 2022	December 31, 2021
Property, plant, and equipment	$2,540	$1,960

a) Cementation Claim

In February 2021, the Company entered into a settlement agreement with its former contractor, Cementation USA, Inc. ("Cementation"), to resolve litigation relating to the mining development contract for the Underground Mine. As part of the settlement, NCI paid Cementation $1,000 upon release of the related bond and agreed to pay Cementation $9,000 in installments beginning in September 2021, which $9,000 was guaranteed by Pala. The Company paid Cementation $4,500 during 2021 and the remaining $4,500 during 2022. The matter was concluded during 2022.

b) Sedgman Claim

In February 2021, the Company entered into a settlement agreement with Sedgman USA Inc. ("Sedgman") in order to resolve the dispute related to delay in the commissioning of the plant and the parties' contractual obligations. As part of the settlement, the Company issued 1,599,251 common shares to Sedgman for settlement of $2,000. In addition, the Company agreed to pay $5,000 in installments beginning December 31, 2021. Subsequently during 2021, the Company issued 437,481 common shares and 2,238,819 common shares to Sedgman totaling $800 and $1,200 respectively, for meeting certain performance thresholds under the settlement agreement.

During 2022, the Company failed to make a payment pursuant to a settlement agreement dated February 3, 2021 with Sedgman. Consequently, Sedgman filed a complaint seeking compensatory damages and pre-judgment writ of attachment against certain property belonging to the Company for the satisfaction of any judgment that may be recovered by Sedgman. The Second Judicial District Court granted the application for pre-judgment writ of attachment in favor of Sedgman. On November 28, 2022, the Company and Sedgman entered into a standstill arrangement to stay court proceedings and agree for a revised schedule to pay the outstanding amount. The Company paid $1,000 on December 29, 2022 and paid $2,500 subsequent to December 31, 2022.

c) Offtake Arrangements

As a condition to the KfW IPEX-Bank Facility, NCI entered into a copper concentrate sales agreement with Aurubis AG and Aurubis Bulgaria AD (collectively, "Aurubis") under which NCI will deliver not less than 40,000 dry metric tonnes ("dmt") (+/- 5% at NCI's option) of copper concentrate per annum to Aurubis for a term linked to the KfW IPEX-Bank Facility (the "Aurubis Offtake Agreement") for a period of eight contractual years from the commencement of commercial production at the Underground Mine, unless terminated earlier in accordance with its terms. In light of logistical challenges of making deliveries from the Underground Mine to Aurubis' smelters in Germany and Bulgaria, NCI and Concord may elect to deliver alternative clean copper concentrates acceptable to Aurubis pursuant to a side letter entered into by Aurubis, NCI and Concord on or about the date of the Aurubis Offtake Agreement (the "Aurubis Side Letter"). NCI sells and delivers copper concentrate required for the swap agreement arrangement contemplated by the Aurubis Side Letter under a copper concentrate sales agreement between NCI and Concord (the "Swap Volumes Offtake Agreement"). A prior offtake agreement with MF Investments exists for 25.5% of the copper concentrate production derived from the Eastern Area deposits that are from underground mining. This contract is now owned by Transamine, a metals trader.

Drawdowns under the Working Capital Facility are linked to deliveries to Concord under the Swap Volumes Offtake Agreement and a separate copper concentrate sales agreement with Concord (the "Additional Volumes Offtake Agreement" and collectively with the Swap Volumes Offtake Agreement and the Aurubis Offtake Agreement, the "Offtake Agreements") for a term of 3.5 years, linked to the term of the Working Capital Facility. Under the terms of the Additional Volumes Offtake Agreement, NCI will deliver not less than 30,000 dmt (+/- 10% at NCI's option) of copper concentrate and other uncontracted volumes from the Underground Mine per annum to Concord for a period of eight contractual years from the commencement of commercial production at the Underground Mine, unless the agreement is terminated earlier in accordance with its terms. Both the Swap Volumes Offtake Agreement and the Additional Volumes Offtake Agreement provide for NCI to deliver monthly shipments to Concord.

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

14. Revenue

	December 31, 2022	December 31, 2021 (Restated -note 2)
Metal contained in concentrate	$10,213	$11,983
Less: Treatment and refining cost	(416)	(1,341)
Revenue from contract with customers	9,797	10,642
(Loss) gain on trade receivables at fair value	(711)	498
Total	**$9,086**	**$11,140**

Final settlement adjustment includes the changes in the fair value of concentrate trade receivables due to changes in base metal prices.

15. Cost of Sales

	December 31, 2022	December 31, 2021 (Restated -note 2)
Mining cost	$15,593	$17,568
Milling cost	7,180	11,764
Site, general and administrative	6,071	6,522
Net realizable value adjustment on stockpile inventory	2,273	—
Transportation	2,025	2,533
Royalty and stream payments	476	1,467
Total Cost of Sales	**$33,618**	**$39,854**

16. Care and maintenance expenses

In July 2022, the Company temporarily suspended mining and milling operations at the Underground Mine to significantly reduce the Underground Mine site and operational expenditures, with only limited operational activities being undertaken to protect the Company's assets. During this period, the Company carried out limited operations including advancing through the dike crossing, completing the maintenance shop and the rehabilitation of ore passes, which were required to improve the mine beyond its original capabilities. All other site expenditures are recognized as care and maintenance expenses in the statement of operations and comprehensive loss. Expenditures incurred and expensed during this period included:

	December 31, 2022
Salaries and wages	$7,498
Contractor services	5,941
Consumables	(186)
Site costs	5,079
Legal costs	2,740
Depreciation	1,962
Total	**$23,034**

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

17. Interest and finance expense

Capitalization of borrowing costs was suspended during the care and maintenance period and borrowing costs incurred during the period were recognized as expenses in the statement of operations and comprehensive loss. Interest and finance expense during the period included:

	December 31, 2022
KFW IPEX Bank Facility	$4,923
Working Capital Facility	1,442
2021 Credit Facility	4,149
2022 Promissory Notes	844
Stream and Royalty Deferral	6,888
Lease liabilities, other interests and bank charges	2,075
Total	**$20,321**

18. Income Taxes

(a) Effective tax rate

The provision for income taxes differs from the amount calculated using the Canadian federal and provincial statutory income tax rates of 27.0% (2021 - 27.0%) as follows:

	December 31, 2022	**December 31, 2021**
Income (Loss) Before Taxes	($357,946)	$839
Expected income tax recovery (expense)	(96,645)	226
Stock based compensation and other permanent items	(4,658)	(3,521)
Difference in foreign tax rates	22,037	799
Impact of share issue costs	(207)	(2,144)
Deferred tax assets not recognized	79,482	3,576
Impact of foreign exchange and other	(9)	1,064
Total income tax expense	$—	$—

(b) Deferred income tax assets and liabilities

Deferred tax assets and liabilities have been recognised with respect to the following:

	December 31, 2022	December 31, 2021
Mineral properties	**($9,129)**	($70,795)
Non-capital losses	**6,643**	41,001
Other temporary differences	**2,486**	29,794
Net deferred income tax liabilities	**$—**	$—

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

Deferred tax assets and liabilities have not been recognised with respect to the following temporary differences:

	December 31, 2022	December 31, 2021
Unrecognized deductible temporary differences and unused tax losses:		
Non-capital losses	**$277,798**	$83,625
Capital losses	**—**	7,675
Other temporary difference	**221,534**	41,812
	$499,332	$133,112

The Company has Canadian tax losses of approximately $70,965 (2021 - $53,425) and the losses can offset future taxable income in Canada and expire between 2026 and 2042. The Company has a total US tax loss of approximately $297,563. Losses in 2018 and earlier tax years can be used to offset future taxable income and expire between 2026 and 2037, and losses after 2018 of approximately $239,071 carry forward indefinitely and can be used to offset 80% of future taxable income, subject to section 382 limitation.

19. 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:

	2022	**2021**
Short-term employee benefits	**$2,942**	$2,462
Stock-based compensation	**102**	633
Total	**$3,044**	$3,095

During the year ended December 31, 2022, nil (2021 - $159) was paid to former key management personnel as a result of termination payments.

During the year ended December 31, 2022, $1,726 (2021 - $1,810) was incurred in director fees and director equity awards, where $201 was paid in cash and the remaining settled with DSUs (2021 - all were settled with DSUs). As of December 31, 2022, accounts payable and accrued liabilities include director fees and expenses payable of $4 (2021 - nil).

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

20. Supplemental Cash Flow Information

	December 31, 2022	December 31, 2021
Non-cash investing and financing activities:		
Depreciation capitalized in mineral properties, plant and equipment	$3,925	$7,637
Stock based compensation included in mineral properties	$235	($309)
Accretion on Stream deferral in mineral properties, plant and equipment	$5,736	$11,085
Interest capitalized in mineral properties, plant and equipment	$7,457	$16,101
Mineral properties, plant and equipment in accounts payable and accrued liabilities change	($24,311)	($6,988)
Asset retirement obligation change	($806)	($248)
Units / shares issued to settle promissory notes	$20,000	$65,994
Legal fees settled by issuance of shares	$1,225	$—
Pala Guarantee fee	$1,524	$—
Pala Backstop commitment fee	$1,000	$—
Right of use assets acquired under finance lease	$—	$2,471
Forgiveness of Payroll Protection Program Loan	$—	$2,376
Shares issued in Sedgman settlement	$—	$4,000

21. 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 Company's debt was determined using Level 2 inputs:

	December 31, 2022		December 31, 2021	
	Carrying value	Fair value	Carrying value	Fair value
Working Capital Facility (Note 5)	$20,687	$20,687	$20,095	$20,095
KfW IPEX-Bank Facility (Note 6a)	123,342	136,027	117,521	119,487
Pala Credit Facility (Note 6b)	79,832	84,929	33,293	35,059

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), 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 or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The KfW IPEX-Bank Facility (Note 6a), the Working Capital Facility (Note 5) and the 2022 A&R Pala Credit Facility (previously the 2021 A&R Pala Credit Facility) (Note 6b) currently provide for interest at a market rate plus a fixed margin. A 1% decrease or increase in market rates of interest would have an impact of $876 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 December 31, 2022, the Company held C$23 (2021 - C$58,734) in cash and cash equivalents in its parent entity with a functional currency of U.S. dollars. At December 31, 2022, the Company had C$815 (2021 - C$4,308) in accounts payable.

A +/- 10% change in the Canadian exchange rate would have had an immaterial impact for the year ended December 31, 2022.

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.

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.

iv) 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 $18,886 as at December 31, 2022 (2021 - $52,067), being the carrying value of cash and cash equivalents, restricted cash and amounts receivable.

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

v) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet the obligations associated with its financial liabilities (refer to Note 1 for more details). The Underground Mine is in ramp-up stage and undergoing a re-start of operations and as a result has not yet generated sufficient revenue to support the Company's obligations. The Company is reliant on its current cash balance, cash flow from pre-operational production revenue and cash inflows from its financing transactions to fund the completion of the construction and commissioning of the Underground Mine, and to take it into commercial production with positive steady state cash flow and other corporate costs.

As at December 31, 2022, the Company had the following consolidated contractual cash flow obligations:

	Payments due by period				
Contractual obligations	**Total**	**1 year**	**2-3 years**	**4-5 years**	**5 years+**
Accounts payable, accrued liabilities and related party payables	$26,699	$26,699	$—	$—	$—
Construction contractual obligations	$2,540	$2,540	$—	$—	$—
Working Capital Facility	$23,270	$23,270	$—	$—	$—
KfW IPEX-Bank Facility	$169,534	$—	$46,430	$64,553	$58,551
Equipment leases	$17,179	$7,585	$8,627	$183	$784
2022 A&R Pala Credit Facility	$109,492	$12,005	$20,456	$77,031	$—
Asset retirement obligation	$8,604	$—	$—	$—	$8,604
Total obligations	**$357,318**	**$72,099**	**$75,513**	**$141,767**	**$67,939**

The Company continuously assesses its cash requirements and its sources of funds in order to optimize its financing strategy.

22. Management of Capital

The Company's objectives of capital management are intended to safeguard the Company's ability to support the Company's development and exploration of its mineral properties and support any expansionary plans.

The capital of the Company consists of the items included in shareholders' equity, stream deferral and debt obligations. The Company manages the capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of the Company's underlying assets.

To effectively manage the entity's capital requirements, the Company has in place a planning and budgeting process to help determine the funds required to ensure the Company has the appropriate liquidity to meet its objectives. The Company, from time to time, seeks to raise capital through the issuance of equity or debt or the granting of royalty or streaming interests.

As at December 31, 2022, the Company is compliant with its debt covenants.

There were no changes in the Company's approach to capital management during the year ended December 31, 2022.

23. Subsequent events

Subsequent to December 31, 2022, the Company drew $15,000 from the KfW Tranche A-2 Loan facility. Also, on March 15, 2023, the Company and KfW agreed to extend the Project Completion Longstop Date from June 30, 2023 to June 30, 2024, and add interest due and payable on January 31, 2024, under both the Tranche A Loan and Tranche B Loan, to the principal amount of respective loans.