NEVADA COPPER

TEAMWORK. INNOVATION. EXECUTION.

Consolidated Financial Statements
For the years ended December 31, 2019 and December 31, 2018

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, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

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

- the consolidated statements of financial position as at December 31, 2019 and 2018;
- the consolidated statements of operations and comprehensive loss for the years then ended;
- the consolidated statements of changes in equity for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies.

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.

Material uncertainty related to going concern

We draw attention to Note 1 in the consolidated financial statements, which describes matters and 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.

PricewaterhouseCoopers LLP
PricewaterhouseCoopers Place, 250 Howe Street, Suite 1400, Vancouver, British Columbia, Canada V6C 3S7
T: +1 604 806 7000, F: +1 604 806 7806

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.

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

(signed) PricewaterhouseCoopers LLP

Chartered Professional Accountants

Vancouver, British Columbia
March 31, 2020

NEVADA COPPER CORP.

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

	December 31, 2019	December 31, 2018
Assets		
Current assets		
Cash and cash equivalents	**$1,041**	$108,055
Accounts receivable	**73**	140
Prepaid expenses	**121**	123
	1,235	108,318
Restricted cash (note 2e)	**2,055**	4,453
Deferred financing fees (note 4f)	**497**	-
Mineral properties, plant, and equipment (note 3)	**604,933**	363,224
	$608,720	$475,995
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	**$31,304**	$19,258
Stock-based compensation liabilities – current portion (note 9f)	**209**	212
Current portion of stream deferral (note 5)	**11,317**	764
Current portion of long-term debt (note 4)	**31,975**	28
	74,805	20,262
Stock-based compensation liabilities long term (note 9h)	**807**	-
Stream deferral (note 5)	**69,661**	71,849
Long term debt (note 4)	**118,998**	89,759
Lease Obligation – long term portion (note 4)	**19,990**	-
Asset retirement obligation (note 6)	**5,898**	1,822
	290,159	183,692
Shareholders' Equity		
Share capital (note 9)	**431,069**	402,802
Other equity reserve (note 9)	**33,308**	29,937
Accumulated other comprehensive loss	**(3,578)**	(3,578)
Deficit	**(142,238)**	(136,858)
	318,561	292,303
	$608,720	$475,995

Contractual Obligations (note 10)

Subsequent events (notes 4e, 4f, 5, 7, 10d and 15)

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

Approved on behalf of the Board on March 31, 2020:

(Signed) “Matthew Gili”, Director **(Signed) “Lucio Genovese”, Director**

NEVADA COPPER CORP.

Consolidated Statements of Operations and Comprehensive Loss
(Expressed in thousands of United States dollars except per share amounts which are in United States dollars)
Years ended December 31, 2019 and December 31, 2018

	December 31, 2019	December 31, 2018
Expenses		
Consulting and remuneration	**$617**	$1,820
Public company expenses	**1,981**	2,107
Administration expenses	**272**	1,075
Professional fees	**2,919**	3,067
Depreciation expense	**41**	-
Accretion expense	**-**	18
Stock-based compensation (note 9e, 9f and 9h)	**1,705**	1,832
	(7,535)	(9,919)
Interest income	**853**	1,734
Interest and finance expenses	**(26)**	(991)
Derivative fair value (loss) gain (note 4b and 4c)	**127**	(1,751)
Other income (expense)	**23**	(516)
Debt extinguishment gain (loss) (note 4c)	**1,294**	(7,737)
Foreign exchange loss	**(116)**	(877)
	2,155	(10,138)
Net loss and comprehensive loss	**$(5,380)**	$(20,057)
Loss per common share		
Basic and diluted	**$(0.01)**	$(0.04)
Weighted average number of common shares outstanding	**724,948,740**	498,579,148

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, 2019 and December 31, 2018

	Share Capital					
	Number of Shares	**Amount**	**Other Equity Reserve**	**Accumulated Other Comprehensive Loss**	**Deficit**	**Total**
Balances, December 31, 2017	93,178,482	$161,354	$26,476	$(3,578)	$(111,916)	$72,336
IFRS 9 adjustment (note 4c)	-	-	-	-	(4,885)	(4,885)
Warrant revaluation	-	-	(52)	-	-	(52)
Stock-based compensation	-	-	3,513	-	-	3,513
Shares issued (note 9b and 9c)	439,865,408	186,896	-	-	-	186,896
Share issue costs (note 9b and 9c)	-	(13,308)	-	-	-	(13,308)
Convertible debt conversion (note 4b)	95,561,944	52,657	-	-	-	52,657
Long term debt conversion (note 4c)	32,885,000	15,000	-	-	-	15,000
Agent warrants exercised (note 9g)	442,750	203	-	-	-	203
Comprehensive loss	-	-	-	-	(20,057)	(20,057)
Balances, December 31, 2018	**661,933,584**	**$402,802**	**$29,937**	**$(3,578)**	**$(136,858)**	**$292,303**

	Share Capital					
	Number of Shares	**Amount**	**Other Equity Reserve**	**Accumulated Other Comprehensive Loss**	**Deficit**	**Total**
Balances, December 31, 2018	661,933,584	$402,802	$29,937	$(3,578)	$(136,858)	$292,303
Shares issued (note 9d)	100,002,313	29,765	-	-	-	29,765
Shares issuance costs (note 9d)	-	(1,498)	-	-	-	(1,498)
Stock-based compensation (note 9e)	-	-	3,371	-	-	3,371
Comprehensive loss	-	-	-	-	(5,380)	(5,380)
Balances, December 31, 2019	**761,935,897**	**$431,069**	**$33,308**	**$(3,578)**	**$(142,238)**	**$318,561**

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, 2019 and December 31, 2018

	December 31, 2019	December 31, 2018
Cash flows used in operating activities		
Loss for the year	**$(5,380)**	$(20,057)
Adjustments for:		
Derivatives fair value change (note 4b and 4c)	**(127)**	1,754
Debt extinguishment (gain) loss (note 4c)	**(1,294)**	7,737
Interest and finance expenses	**26**	957
Stock-based compensation	**2,058**	1,832
Unrealized foreign exchange loss (gain)	**17**	790
Interest income	**(853)**	(1,734)
Depreciation and accretion expense	**41**	18
	(5,512)	(8,703)
Changes in non-cash working capital items:		
Amounts receivable	**67**	(35)
Prepaid expenses	**2**	962
Accounts payable and accrued liabilities	**(301)**	(3,296)
Net cash provided used in operating activities	**(5,744)**	(11,072)
Cash flows used in investing activities		
Stream financing (note 5)	**-**	70,000
Interest received	**853**	1,734
Cash moved from (to) restricted cash, net	**2,398**	(3,482)
Deposits for development costs	**-**	(20,477)
Development costs for mineral properties and purchase of plant and equipment	**(179,735)**	(58,994)
Net cash provided used in investing activities	**(176,484)**	(11,219)
Cash flows from financing activities		
Issuance of common shares (note 9d)	**29,765**	185,473
Share issuance costs incurred (note 9d)	**(1,498)**	(8,057)
Pala bridge loan draw (repayment) (note 4a)	**-**	(3,500)
Proceeds from KfW Facility (note 4d)	**115,000**	-
Transaction costs for debt refinancing (note 4d)	**(12,628)**	(135)
Long-term debt repayment (note 4c)	**(92,468)**	(42,035)
Proceeds from Working Capital Facility (note 4e)	**26,420**	-
Working Capital Facility repayment (note 4e)	**(3,352)**	-
Proceeds from 2019 Credit Facility (note 4f)	**14,970**	-
Interest paid	**(931)**	(995)
Deferred financing fees	**(47)**	-
Net cash provided by financing activities	**75,231**	130,751
Effect of exchange rate changes on cash and equivalents	**(17)**	(790)
Increase (decrease) in cash and cash equivalents	**(107,014)**	107,670
Cash and cash equivalents, beginning of the year	**108,055**	385
Cash and cash equivalents, end of the year	**$1,041**	$108,055

Supplemental cash flow disclosures (note 12)

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

1. General Information, Nature of Operations and Liquidity Risk:

Nevada Copper Corp. is the parent company of its consolidated group (the "Company" or "Nevada Copper"). The Company was incorporated on June 16, 1999 under the Business Corporations Act (Yukon) and was continued into British Columbia under the Business Corporations Act (British Columbia) on November 16, 2006. Nevada Copper is incorporated and domiciled in Canada, and its registered office is at Suite 598, 999 Canada Place, Vancouver, British Columbia, V6C 3E1. The Company is an exploration and development stage mining company engaged in the identification, acquisition, exploration and development of copper and other mineral properties located in the United States and elsewhere. Its primary focus is the development and construction of the mining project at their Pumpkin Hollow Property (the "Property") in Western Nevada, USA.

As at December 31, 2019, the Company had a working capital deficiency (current assets less current liabilities) of $73,570 (2018 - working capital $88,820). For the year ended December 31, 2019 the Company incurred a loss of $5,380 (2018 - $20,057) and the cash used in operating activities was $5,744 (2018 - $11,072). As at December 31, 2019, capital commitments due in the next twelve months are $9,118 and the Company had access to the Working Capital Facility (note 4e) for a further $11,933 and the 2019 Credit Facility (note 4f) for a further $15,000. However, in order to complete commissioning of the mine and to continue in operation during the ramp-up period, the Company was in need of additional financing (note 15).

During the next 12 months, the Company needs to prepare for exposure to both the current low copper price environment and the normal technical risks associated with commissioning and ramp-up of its operations, in addition to the impact of certain construction delays. In addition, while the impact of COVID-19 is expected to be temporary (see note 15h), the current circumstances are dynamic and the impact on the Company's business operations, including on its ability to achieve and maintain production, cannot be reasonably estimated at this time. The pandemic could have a significant adverse impact on management's assumptions and plans for the business. It is possible that the COVID-19 pandemic could have a material adverse impact on the Company's business, results of operations, financial position and cash flows in 2020.

Subsequent to the financial year end, the Company entered into the following subsequent transactions:

- Indemnity Agreement with a surety in the amount of $21,000 (note 7)
- Indemnity Agreement with a surety in connection with a bond up to a maximum of $10,000 to secure payment terms of the Company's new underground contractor (note 7)
- Prefunding Promissory Note (note 15b) in the amount of $2,200 (received and repaid)
- Net Smelter Royalty Agreement (note 15c) in the amount of $20,000 (received)
- Stream Agreement Amendment in the amount of $15,000 (note 15c)
- KfW IPEX- Bank Facility Amendment providing an aggregate of $12,200 in payment deferrals (note 15d)
- Convertible loan in the amount of $30,000 (note 15e) to replace the 2019 Credit Facility (note 4f)
- Backstop agreement in the amount of $20,000 (note 15f)

As at the date of the approval of these financial statements, the Company has received $20,000 of the amount above from the subsequent refinancing transactions. Management believes that by entering into these transactions, the Company will have sufficient liquidity to fund its ramp up to production and to continue in operations for at least the next twelve months.

2. Significant Accounting Policies:

a) Statement of compliance

These consolidated financial statements have been prepared in accordance and in compliance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("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 operations.

These consolidated financial statements were approved for issue by the Board of Directors on March 31, 2020.

b) Basis of consolidation

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

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 recognised 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 estimates

The Company estimates its ore reserves and mineral resources based on information compiled by Qualified Persons as defined in accordance with Canadian Securities Administrators National Instrument 43-101 -*Standards for Disclosure of Mineral Projects* (NI 43-101). Reserves are used in the calculation of depreciation, impairment assessment, and for forecasting the timing of payment of mine closure, reclamation, and rehabilitation costs. There are uncertainties inherent in estimating 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, exchange rates, production costs, or recovery rates could have a material impact in the future of the Company's financial position and results of operations.

ii) Stock-based compensation

The Company uses the Black-Scholes option pricing model to determine the fair value of stock options and share purchase warrants granted. This model requires management to estimate the volatility of the Company's future share price, expected lives of stock options and future dividend yields. Consequently, there is significant measurement uncertainty in the fair value of stock-based compensation expense reported.

iii) Discount rate of loans

The loans are initially recognized at fair value, calculated as the net present value of the liability based upon discount rate issued by comparable issuers and accounted for at amortised cost using the effective interest rate method.

iv) 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.

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

i) Mineral properties, plant, and equipment and exploration and evaluation assets

The measurement and impairment of mineral properties, plant and equipment are based on various judgments and estimates. These include the determination of technical and commercial feasibility of these properties, which incorporates various assumptions for mineral reserves and/or resources, future mineral prices and operating and capital expenditures for the properties.

ii) Impairment review

The evaluation of asset carrying values for indicators of impairment includes consideration of both external and internal sources of information, including such factors as market and economic conditions, budgets, forecasts, and life of mine estimates. The determination of fair value less costs to sell and value in use requires management to make estimates and assumptions about expected production, sales volumes, commodity prices, mineral reserves, operating costs, taxes, restoration costs, and future capital expenditure. The estimates and assumptions are subject to risk and uncertainty; hence, there is the possibility that changes in circumstances will alter these projections, which may have an impact on the estimate of recoverable amount of the assets. In such circumstances some or all the carrying value of the assets may be impaired with the impact recorded in profit or loss.

iii) Taxation

Tax provisions are recognised to the extent that it is probable that there will be future outflow of funds to a taxation authority. Such provisions often require judgment on the treatment of certain taxation matters that may not have been reported to or assessed by the taxation authority at the date of these financial statements. Differences in judgment by the taxation authority could result in changes to actual taxes payable by the Company.

Deferred tax assets are recognised to the extent that certain taxable losses or deferred expenditures will be utilised by the Company to reduce future taxes payable. The amount of deferred tax assets recognised, if any, is based on objective evidence that the Company will generate sufficient future taxable income to utilise these deferred assets, as well as the expected future tax rates that will apply to these assets.

Changes to the Company's ability to generate sufficient taxable income or changes to enacted tax rates could result in the recognition of deferred tax assets or liabilities.

iv) Modification versus extinguishment of financial liability

Judgment is required in applying IAS 39 and IFRS 9 Financial Instruments: Recognition and Measurement to determine whether the amended terms of the loan agreements are a substantial modification of an existing financial liability and whether it should be accounted for as an extinguishment of the original financial liability.

v) Functional currency

The determination of the functional currency for the Company and each of its subsidiaries was based on management's judgment of the underlying transactions, events and conditions relevant to each entity.

vi) Going concern

The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay its ongoing operating 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.

vii) Convertible debt

In accordance with the substance of the contractual arrangement, convertible debentures are compound financial instruments which are accounted for separately by their components: a financial liability and an equity instrument. The identification of convertible debenture components is based on interpretations of the substance of the contractual arrangement and therefore requires judgment from management. The separation of the components affects the initial recognition of the convertible debenture at issuance and the subsequent recognition of interest on the liability component. The determination of the fair value of the liability is also based on a number of assumptions, including contractual future cash flows, discount factors, and the presence of any derivative financial instruments.

viii) Achievement of Production Phase

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, consistent operating results are being achieved at a pre-determined level of design capacity.

d) Foreign currency translation

The functional currency of the Company and its subsidiaries is the 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, amortisation, 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 operations.

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 in the amount of $2,055 (2018 - $4,453) 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 recognized on the balance sheet when the Company becomes party to the contractual provisions of the instrument. The classification of financial instruments dictates how these assets and liabilities are measured subsequently in the Company's consolidated financial statements.

The Company adopted the new accounting standard IFRS 9, Financial Instruments effective January 1, 2018. Under IFRS 9, on initial recognition, a financial asset is classified as measured at: amortized cost; Fair Value through Other Comprehensive Income (FVOCI); or Fair Value through Profit or Loss (FVPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

A financial asset is measured at amortized cost if: (i) it is held within a business model whose objective is to hold assets to collect contractual cash flows; and (ii) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding; and (iii) it is not designated as FVPL. This category of financial assets is subsequently measured at amortized cost using the effective interest method, and reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by investment basis. Equity investments measured at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset as FVPL if doing so significantly reduces an accounting mismatch that would otherwise arise. Financial assets classified as FVPL are subsequently measured at fair value, with net gains and losses, including any interest or dividend income, recognized in profit or loss.

Financial assets at amortized cost

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, these financial assets are recorded at amortized cost using the effective interest method, except for short-term receivables when the recognition of interest would be immaterial. Accounts receivable are assessed for evidence of impairment at each reporting date, with any impairment recognized in earnings for the period. Financial assets in this category include cash and cash equivalents and accounts receivables.

Financial assets at fair value through other comprehensive income (FVOCI)

Marketable securities, investment in subscription receipts and reclamation deposits are designated as FVOCI and recorded at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

Financial instruments at fair value through profit or loss (FVPL)

All financial assets not classified as measured at amortized cost or FVOCI are measured at FVPL. Derivative financial instruments that are not designated and effective as hedging instruments are classified as FVPL. Financial instruments classified as FVPL are stated at fair value with any changes in fair value recognized in earnings for the period. Financial assets in this category include derivative financial instruments that the Company acquires to manage exposure to commodity price fluctuations. These instruments are non-hedge derivative instruments.

Financial liabilities

Financial liabilities are initially recorded at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest method. The Company has accounted for accounts payable and accrued liabilities and long-term debt under this method.

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.

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The classification and measurement of financial instruments prior to the adoption of IFRS 9, Financial Instruments on January 1, 2018 is described below:

Financial instruments at fair value through profit or loss (FVTPL)

Financial instruments are classified as FVTPL when they are held for trading. A financial instrument is held for trading if it was acquired for the purpose of selling in the near term. Derivative financial instruments that are not designated and effective as hedging instruments are classified as FVTPL. Financial instruments classified as FVTPL are stated at fair value with any changes in fair value recognized in earnings for the period. Financial assets in this category include derivative financial instruments that the Company acquires to manage exposure to commodity price fluctuations. These instruments are non-hedge derivative instruments.

Available-for-sale financial assets

Marketable securities, subscription receipts and reclamation deposits are designated as available-for-sale and recorded at fair value. Unrealized gains and losses are recognized in other comprehensive income until the securities are disposed of or when there is evidence of impairment in value. Impairment is evident when there has been a significant or sustained decline in the fair value of the marketable securities. If an impairment in value has been determined, it is recognized in earnings for the period.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, these financial assets are recorded at amortized cost using the effective interest method, except for short-term receivables when the recognition of interest would be immaterial. Accounts receivable are assessed for evidence of impairment at each reporting date, with any impairment recognized in earnings for the period. Financial assets in this category include cash and cash equivalents and accounts receivable.

Financial liabilities

Financial liabilities are initially recorded at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest method. The Company has accounted for accounts payable and accrued liabilities and long-term debt under this method.

g) Asset retirement obligations and reclamation costs

The Company recognises 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 amortised 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 capitalised and amortised depending upon their future economic benefits.

h) Exploration and evaluation assets

Once a license 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 an economically viable reserve 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.

Amortisation 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	20 years
Equipment	5 years
Mobile equipment	3 years
Computer equipment	2 years

On the commencement of commercial production, depletion of each mineral property interest will be provided 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 realised 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 utilised. 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 realised.

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 long-term compensation package entitling them to receive pay out in cash based on the Company's share price at the relevant time. A liability for DSUs is measured at fair value on the grant date and is subsequently adjusted at each consolidated statements of financial position date for changes in fair value according to the estimation made by management of the number of DSUs that will eventually vest. The liability is recognised over the vesting period, with a corresponding charge to stock-based compensation.

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

Performance share units ("PSUs") are granted to employees as part of their long-term compensation package allowing them to receive pay out in cash 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 statements 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 employees as part of their long-term compensation package allowing them to receive pay out in cash 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 statements 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. If material, 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) Loss per share

Basic loss per share is calculated by dividing net 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 profit or 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 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) Streaming agreements

To determine the transaction price for streaming 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 Resources and Reserves quantities. These estimates are subject to variability and may have an impact on the timing and amount of revenue recognized. The Company also exercises judgment in the identification of performance obligations under the Stream Agreement (note 5) 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) Recent accounting pronouncements:

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

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

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

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

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

Of which are:	
Current lease liability	443
Non-current lease liability	1,722
Lease liability recognised as at January 1, 2019	**$2,165**

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

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

	December 31, 2019	January 1, 2019
Mobile mining equipment	**$28,462**	$1,460
Properties	**705**	705
Total	**$29,167**	$2,165

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

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

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

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

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

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

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

3. Mineral Properties, Plant and Equipment:

	Mineral Properties Development Costs	Plant & Equipment	Rights of Use Assets	Deposits	Total
Cost:					
As at Dec. 31, 2017	$251,206	$1,128	$-	$84	$252,418
Additions	91,180	178	-	20,477	111,835
As at Dec. 31, 2018	$342,386	$1,306	$-	$20,561	$364,253
Adjustment for change in accounting policy (note 2r)	-	-	2,165	-	2,165
Restated Balance at Dec. 31, 2018	$342,386	$1,306	$2,165	$20,561	$366,418
Additions	230,930	1,611	27,002	(17,106)	242,437
As at Dec. 31, 2019	**$573,316**	**$2,917**	**$29,167**	**$3,455**	**$608,855**
Accumulated depreciation:					
As at Dec. 31, 2017	$-	$969	$-	$-	$969
Additions	-	60	-	-	60
As at Dec. 31, 2018	$-	$1,029	$-	$-	$1,029
Adjustment for change in accounting policy (note 2r)	-	-	-	-	-
Restated Balance at Dec. 31, 2018	$-	$1,029	$-	$-	$1,029
Additions	-	239	2,654	-	2,893
As at Dec. 31, 2019	**$-**	**$1,268**	**$2,654**	**$-**	**$3,922**
Net book value:					
As at Dec. 31, 2018	$342,386	$277	$2,165	$20,561	$365,389
As at Dec. 31, 2019	**$573,316**	**$1,649**	**$26,513**	**$3,455**	**$604,933**

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

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

The Company entered into the Lease Agreement (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 on May 2026. Following the completion of the second ten-year term the Lease can be extended for two further ten-year terms subject to performing continuous mining activities, and payment of production royalties and minimum royalty payments of $10,000 in each of these subsequent ten-year terms.

(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.

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

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 favour 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. Lease payments of $600 and $863 of 2017 deferred Lease payment were due and paid during the year ended December 31, 2018. Cumulative advance royalty payments made total $5,226 to December 31, 2019.

Project costs capitalised for the year ended December 31, 2019 and 2018 on the Property consists of the following:

	December 31, 2019	**2019 Additions**	December 31, 2018	2018 Additions	December 31, 2017
Property payments	$1,961	**$ -**	$1,961	$-	$1,961
Advance royalty payments	5,226	**600**	4,626	1,463	3,163
Water rights	2,579	**141**	2,438	188	2,250
Drilling	42,302	**-**	42,302	1,145	41,157
Geological consulting, exploration & related	8,459	**-**	8,459	536	7,923
Feasibility, engineering & related studies	27,237	**1,919**	25,318	3,956	21,362
Permits/environmental	13,109	**615**	12,494	850	11,644
East deposit underground project					
Underground access, hoist, head frame, power & related	199,250	**92,911**	106,339	27,438	78,901
Engineering procurement	127,098	**81,965**	45,133	34,583	10,550
Surface infrastructure	20,557	**14,761**	5,796	1,992	3,804
Site costs	30,384	**10,492**	19,892	4,548	15,344
	478,162	**203,404**	274,758	76,699	198,059
Depreciation	3,650	**2,900**	750	60	690
Asset retirement obligation	4,984	**4,075**	909	909	-
Capitalised interest	67,166	**9,713**	57,453	9,494	47,959
Stock-based compensation	8,376	**2,473**	5,903	1,405	4,498
Stream accretion	10,978	**8,365**	2,613	2,613	-
Total	$573,316	**$230,930**	$342,386	$91,180	$251,206

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

Asset impairments

The Company reviews the carrying value of assets at each reporting period for indicators of impairment using both internal and external sources of information.

The following indicators for impairment existed leading to a test of recoverable amount of the Pumpkin Hollow mine: the net assets of the Company exceeded the market capitalization of the Company as at December 31, 2019 and 2018; the construction cost overruns incurred to December 31, 2019 and projected as at December 31, 2019; and the decrease in the estimated net cash flows of the Pumpkin Hollow mine driven by the decrease in estimated short and long term copper prices as well as increases in estimated shipping costs. The Company estimated the recoverable amount of the mine based on its fair value less costs to sell calculation, utilizing an income approach valuation technique, based on a discounted cash flow model and categorised in Level 3 of the fair value hierarchy. The cash flow model is based on detailed forecasts for the mine and is prepared using life-of-mine plans with expected future production. The model is most sensitive to the estimated short and long term copper prices. Using the 10% discount rate, as disclosed in Note 3, an 8% decrease in the short and long term copper prices would result in a break-even point. The analysis performed has not resulted in the recognition of an impairment loss as at December 31, 2019 and 2018.

Key assumptions

The Company's key assumptions used in determining the recoverable amount of the Pumpkin Hollow mine are metal prices, operation costs, capital costs, reserves and resources, and discount rates as noted below. The 2018 assumptions have been shown for comparative purposes.

Metal prices

The metal prices used to calculate recoverable amounts at December 31, 2019 are based on analysts' consensus prices and are summarised in the following table:

Metal prices	2020 average	Long term
Copper price ($/lb)	$2.84	$3.30
Gold price ($/oz)	$1,500	$1,500
Silver price ($/oz)	$17	$17

The metal prices used to calculate recoverable amounts at December 31, 2018 are based on analysts' consensus prices and are summarised in the following table:

Metal prices	2019 average	Long term
Copper price ($/lb)	$2.83	$3.20
Gold price ($/oz)	$1,276	$1,325
Silver price ($/oz)	$18.77	$20.01

Operating and capital costs
Underground Project operating costs and sustaining capital expenditures are based on life-of-mine plans and forecasts using management's best estimates as at December 31, 2019. Operating costs and capital expenditures at the open pit mining project at the Property (the "Open Pit Project") are based on life-of-mine plans and forecasts using management's best estimates from the Company's technical report released on April 16, 2019, entitled "NI 43-101 Technical Report: Nevada Copper Corp., Pumpkin Hollow Project, Open Pit and Underground Mine Prefeasibility Study (PFS)" with an effective date of January 21, 2019 (the "Technical Report").

Reserves and resources
Future mineral production is included in projected cash flows based on mineral reserve and resource estimates and exploration and evaluation work, undertaken by qualified persons when preparing the Technical Report

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

Discount rate
Discount rates used for the present value of the life of mine cash flow are based on weighted average cost of capital for similar companies and adjusted for risk and current market information. The Company took into consideration the discount rates used in the feasibility studies released in 2017 and the Technical Report. The Company has used a 10% discount rate for the years ended December 31, 2019 and 2018.

4. Debt:

	December 31, 2019	December 31, 2018
Current portion of long-term debt:		
Current portion of convertible debt - derivatives (b)	**$1**	$28
Current portion of KfW Facility (d)	**1,855**	-
Working Capital Facility (e)	**23,441**	-
Current portion of 2019 Credit Facility (f)	**106**	-
Current portion of lease liability (g)	**5,021**	-
Promissory note payable (h)	**1,551**	-
Total current portion of long-term debt	**$31,975**	$28

Red Kite Facility (c)	**$-**	$89,759
KfW Facility (d)	**103,629**	-
2019 Credit Facility (f)	**15,369**	-
Lease liability (g)	**19,990**	-
Total long-term debt	**$138,988**	$89,759

a) Bridge loan:

During 2018, the Company repaid the entire $3,500 owing under the short term bridge loan (the “Pala Bridge Loan”) that was advanced by Pala Investments Limited (“Pala”), a significant shareholder of the Company, during October 2017, plus interest of $37, upon completion of the Offering (note 9b).

b) Convertible debt:

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

	Convertible Derivative	**Warrants Derivative**	**Total**
December 31, 2017	$10,986	$749	$11,735
Change in fair value	1,336	(721)	615
Conversion	(12,322)	-	(12,322)
December 31, 2018	$-	$28	$28
Change in fair value	-	(27)	(27)
Conversion	-	-	-
December 31, 2019	**$-**	**$1**	**$1**

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

On January 19, 2018 ("Conversion Date"), a convertible facility provided by Pala on June 3, 2016 (the "Facility") was converted into shares at a conversion price of CAD$0.50 per share. The Facility balance, including interest, at the time of conversion was $38,456 (CAD$47,781). This resulted in the issuance of 95,561,944 shares to Pala.

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

c) Red Kite Loan Facility:

	Loan facility – amortised cost	Deferred financing fee	Derivative	Total
Balance at December 31, 2017	$131,759	$-	$66	$131,825
IFRS 9 adjustments	4,885	-	-	4,885
Balance at January 1, 2018	136,644	-	66	136,710
Interest, accretion and other adjustments to refinancing	391	-	(66)	325
Refinancing	(42,035)	(135)	914	(41,256)
Balance after refinancing	95,000	(135)	914	95,779
Interest and accretion expense	8,704	-	-	8,704
Conversion to shares	(15,000)	-	-	(15,000)
Change in fair value	-	-	276	276
Balance at December 31, 2018	$88,704	$(135)	$1,190	$89,759
Interest and accretion expense	4,103	-	-	4,103
Change in fair value	-	-	(100)	(100)
Repayment	(92,807)	135	(1,090)	93,762
Balance at December 31, 2019	**$-**	**$-**	**$-**	**$-**

Red Kite Original Terms

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

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

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

Since inception through December 31, 2019, $61,556 (2018 - $57,453) of interest was capitalised to mineral property development costs.

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

In addition to, and related to, the Loan, the Company also entered into an off-take agreement with Red Kite for the sale of copper concentrates from the underground mine of the eastern underground deposits, which was repurchased by the Company in 2016.

A prior offtake agreement with MF Investments, an affiliate of Red Kite, exists for 25.5% of the copper concentrates production derived from the Eastern Area deposits that are from underground mining. This contract is now owned by Transamine, a metals trader. The off-take agreement includes concentrate pricing based on market terms.

January 2018 refinancing

Concurrent with completion of the Offering (note 9b) on January 19, 2018, $42,035 was repaid to Red Kite from proceeds of the Offering. The refinancing reduced the Loan outstanding after the financing to $95,000 (the "Refinanced Loan"). $80,000 of the Refinanced Loan balance consisted of two tranches ("RK Tranche 1" and "RK Tranche 2") of $40,000 each. Subject to completion of another equity offering in 2018, Red Kite agreed to convert into shares a further $15,000 of the outstanding Refinanced Loan at a conversion price set based on the share price of that equity offering.

During the year ended December 31, 2018, the $15,000 above was converted into 32,885,000 common shares of the Company concurrent with the closing of the Second Offering (note 9c).

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

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

The Refinanced Loan had the same security terms as the original agreement and contained certain financial and non-financial affirmative and restrictive covenants similar to those found in a traditional bank financing.

An embedded derivative liability relating to the interest rate floor and the prepayment option was recognised. The embedded derivative fair value at inception was $914. The change in value was recognised in the consolidated statement of operations as derivative fair value gain of $100 during the year ended December 31, 2019 up to the date the principal balance was repaid (a $276 derivative fair value loss in 2018).

In accordance with IFRS 9, the Company concluded that the Refinanced Loan terms constituted an extinguishment of the initial Loan. Accordingly, the new Refinanced Loan was recorded at fair value and a $7,737 loss recognized in the consolidated statement of operations for the year ended December 31, 2018 for the difference between the carrying amount of the initial Loan and the Refinanced Loan.

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

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

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

d) KFW IPEX-Bank Facility:

	Loan facility – amortised cost	**Deferred financing fee**	**Total**
Balance at December 31, 2018	$-	$-	$-
Advance	115,000	(12,628)	102,372
Interest expense	1,464	-	1,464
Accretion expense	-	1,257	1,257
Change in fair value	-	-	-
Balance at December 31, 2019	$116,464	$(11,371)	$105,093
Less: current portion	(1,855)	-	(1,855)
	$114,609	$(11,371)	$103,238

On May 6, 2019, the Company, through its wholly owned subsidiary, Nevada Copper, Inc. ("NCI") entered into a credit agreement (the "KfW IPEX-Bank Facility") with KfW IPEX-Bank ("KfW") pursuant to which KfW agreed to fund up to $115,000 for construction and operating costs in respect of the Underground Project. During the year ended December 31, 2019, the Company drew the total of the KfW IPEX-Bank Facility's total amount of $115,000.

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

Initial repayments are scheduled to start in January 2021 with a back-weighted repayment profile, with final payment due in July 2028. In the event that less than $15,000 of the cost overrun facility ("COF") (note 10b) has been drawn as of completion of the Underground Project, an amount equal to the difference between $15,000 and the amount that has been drawn under the COF will be applied by NCI to repay principal under the KfW IPEX-Bank Facility.

Interest accrued is payable every six months at July 31 and January 31 until the final principal payment on July 31, 2028. Interest of $2,231 was paid subsequent to year end.

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

The KfW IPEX-Bank Facility contains certain financial and non-financial affirmative and restrictive covenants similar to those found in a traditional bank financing. The Company is in compliance with these covenants as at December 31, 2019.

Subsequent to year end, the Company entered into certain amendments to the KfW IPEX-Bank Facility (Note 15d).

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

e) Working Capital Facility:

During the year, NCI entered into a working capital facility (the "Working Capital Facility") with Concord Resources Limited ("Concord") for a maximum principal amount of $35,000 which provides for advances of up to 85% of the value of expected deliveries up to four months in advance of deliveries prior to commercial production at the Underground Project, and three months thereafter, on a revolving basis. Interest on advance payments will be payable at LIBOR plus 7.5% prior to commercial production at the Underground Project and LIBOR plus 5% thereafter, for a term of 3.5 years, unless terminated in accordance with the terms of any Offtake Agreement (as defined in note 10c). There is no penalty or charge for repayment in respect of the Working Capital Facility.

As at December 31, 2019, the Company had drawn $23,067 from the Working Capital Facility and accrued interest of $374. Subsequent to December 31, 2019, the Company withdrew an additional $15,915 from the facility and repaid $23,067 million resulting to a net repayment of $7,152. Of the $23,067 repayment, $1,577 was in product delivery and $21,490 was in cash.

f) 2019 Credit Facility:

	Credit facility – amortised cost	Deferred financing fee	Total
Balance at December 31, 2018	$-	$-	$-
Advance	16,350	(1,031)	15,319
Interest expense	106	-	106
Accretion expense	-	50	50
Balance at December 31, 2019	$16,456	$(981)	$15,475
Less: current portion	(106)	-	(106)
	$16,350	$(981)	$15,369

On November 29, 2019, the Company entered into a $30,000 unsecured credit facility (the "2019 Credit Facility") with Pala, the Company's largest shareholder. The 2019 Credit Facility replaced in its entirety Pala's $11.4 million commitment under the equity standby facility that it previously provided to the Company in connection with the KfW IPEX-Bank Facility (the "Equity Standby Facility").

The 2019 Credit Facility had an initial draw of $15,000, and three additional draws of $5,000 each at the sole option of the Company, subject to the satisfaction of certain conditions, including for the additional draws Pala having syndicated the 2019 Credit Facility. The 2019 Credit Facility was a direct obligation of the Company and was not guaranteed or secured by any of its subsidiaries. It had a maturity date of September 30, 2021 and bore interest at 9% for the first 12 months of the term and 10% thereafter, subject to a 3% repayment fee, a 3% arrangement fee calculated on the total available funds and a 3% disbursement fee on amounts disbursed. There were no common shares, warrants or other convertible securities issuable in connection with the 2019 Credit Facility.

The Company drew the initial amount of $15,000 during the year. Together with 3% arrangement fee of $900, and the 3% disbursement fee of $450, the total principal balance of the 2019 Credit Facility was $16,350 at December 31, 2019. Subsequent to year end, and following a waiver by Pala of certain conditions for subsequent draws, including the requirement that the 2019 Credit Facility be syndicated, the Company drew an additional $14,150 from the 2019 Credit Facility.

Subsequent to year end, the company entered into a Convertible Loan to replace the 2019 Credit Facility (note 15e).

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

g) Lease liability:

Lease liabilities are repayable in monthly instalments and are secured by equipment with a carrying value of $25,807 (2018 - $nil). The capital lease obligations bear fixed interest rates ranging from 6% to 8% and have maturity dates ranging from 2022 to 2048.

h) Promissory note payable

During the year, the Company purchased land for its transload facility for $1,607 by paying $56 in cash issuing a promissory note for $1,551. The promissory note is payable in monthly instalments of $7 with the principal due on January 1, 2021.

5. Stream deferral

Beginning Balance	$70,000
Accretion	2,613
Balance at Dec. 31, 2018	$72,613
Accretion	8,365
Balance at Dec. 31, 2019	**$80,978**

The Company and Triple Flag Mining Finance Bermuda Ltd. ("Triple Flag Bermuda") entered into a metals purchase and sale agreement on December 21, 2017 (the "Stream Agreement") whereby Triple Flag Bermuda committed to deposit $70,000 (the "Stream Deposit") against the future delivery by Nevada Copper of 90% of the gold and silver production equivalent from the Underground Project. The gold and silver production is to be calculated based on a fixed ratio of 162.5 ounces of gold and 3,131 ounces of silver for each 1 million pounds of copper in concentrate produced. The Company will receive an ongoing payment of 10% of the spot price for each ounce of gold and silver delivered to Triple Flag Bermuda.

The Company originally had a one-time option on March 31, 2020 to reduce the amount of gold and silver to be delivered under the Stream Agreement to 55% of the gold and silver production from the Underground Project (based on the fixed ratios noted above) by making a payment of $36,000 to Triple Flag Bermuda, subject to certain adjustments. 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.

During the year, in connection with the KfW IPEX-Bank Facility (note 4d), the Company, NCI and Triple Flag Bermuda amended the Stream Agreement as follows: (i) in order to accommodate the maximum drawdown under the KfW IPEX-Bank Facility, the aggregate amount of senior indebtedness that the Company is permitted to incur upon the refinancing of the Red Kite Loan Agreement was increased from $80,000 to $115,000 or such lower amount outstanding from time to time, provided that if the amount of outstanding senior debt subsequently reduces below $80,000, the maximum amount of senior indebtedness that the Company may incur will be limited to a maximum $80,000; and (ii) the Company's buyback option, exercisable on March 31, 2020, to reduce the amount of gold and silver to be delivered under the Stream Agreement was reduced from 35% to 15% of the gold and silver production from the Underground Project (based on the fixed ratios of copper to gold and silver specified in the Stream Agreement) and the base amount payable by the Company (prior to applicable adjustments) to exercise such right was proportionately reduced from $36,000 to approximately $15,400.

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

(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 Agreement resulting from a difference in the timing of the up-front consideration received and the expected future deliveries of metal. Interest expense on the stream deferral is recognized as a finance cost. The interest rate is determined based on the rate implicit in the Stream Agreement. $8,365 of accretion expenses was recognized during the year ended December 31, 2019.

Subsequent to year end, the Company entered into certain amendments to the Stream Agreement (note 15c).

6. Asset retirement obligation:

The asset retirement obligation has been recorded as a liability, assuming a risk-free discount rate of 1.92% (2018 - 2.5%) and an inflation factor of 1.79% (2018 - 1.5%). The liability for retirement and remediation on an undiscounted basis before an inflation factor of 1.79% (2018 - 1.5%) is estimated to be approximately $5,890 (2018 - $2,000) and as of December 31, 2019 settlement is expected to be by December 31, 2033.

	Asset retirement obligation
Balance at Dec. 31, 2017	$895
Change in timing and increase in estimated closure costs	909
Accretion	18
Balance at Dec. 31, 2018	$1,822
Change in timing and increase in estimated closure costs	3,964
Accretion	112
Balance at Dec. 31, 2019	**$5,898**

7. Related Party Transactions:

Pala is a related party to the Company as a result of its 35.8% (2018 – 36.5%) shareholding in Nevada Copper as at December 31, 2019. Additionally, three Pala executives are on the Company's Board as at December 31, 2019.

During the year ended December 31, 2019, the following transactions were entered into with Pala:

- Technical and other services rendered of $233;
- Equity Standby Facility (and related fees) entered into and subsequently replaced by the 2019 Credit Facility; and
- 2019 Credit Facility and draw of $15,000 during the year plus accrued interest of $156 (note 4f).

During the comparative period in 2018, the following transactions were entered into with Pala:

- Offering subscription (note 9b);
- Repayment of the Pala Bridge Loan (note 4a);
- Conversion of the Pala convertible debt and issuance of 95,561,944 shares to Pala (note 4b);
- Back stop fees of $1,800 (note 9b and 9c);
- Repayment of accounts payable in the amount of $2,724 in respect of technical and other services rendered; and
- Interest paid of $1,194.

The related party transactions listed above involving Pala were reviewed and approved by directors of the Company who are independent of Pala.

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.

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

Subsequent to year end on January 24, 2020, the Company entered, together with Pala, into indemnity agreements with a surety in connection with the issuance of a lien bond in the amount of $21,000, to the extent required in order to remove any liens that may be recorded on the Property by the Company's previous contractor. On February 11, 2020, the Company entered, together with Pala, into indemnity agreements with a surety in connection with the issuance of a bond up to a maximum of $10,000 to secure payment terms of the Company's new underground contractor. The Company entered into indemnity and fee agreements with Pala pursuant to which Company will pay Pala an annual 10% financing fee of the total amounts of the bonds for guaranteeing each of the bond obligations.

On March 27, 2020, the Company entered into the Convertible Loan and Backstop with Pala and the 2019 Credit Facility was repaid (see notes 15e and 15f).

8. Key Management Personnel Compensation:

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

	2019	2018
Change of control benefits	**$ -**	$ 981
Short-term employee benefits	**1,736**	1,614
Stock-based compensation	**2,585**	1,619
Total	**$4,321**	$4,214

Certain key management personnel are entitled to termination without cause and change in control benefits. In the event of termination without cause, other than a change of control, these key management personnel are entitled to receive, among other things, an amount ranging from 75% to 100% of their annual base salary. In the event of a change of control, if a termination without cause is within 24 months following the change of control, these key management personnel are entitled to receive, among other things, an amount ranging from 150% to 200% of their annual based salary. During the year ended December 31, 2019, $nil was paid to key management personnel under this plan. During the year ended December 31, 2019, $nil was paid to key management personnel as a result of the foregoing. In comparison, during the year ended December 31, 2018, $981 was paid to a previous key management member.

During the year ended December 31, 2019, $611 (2018 - $472) was incurred in director fees. As of December 31, 2019, accounts payable and accrued liabilities include director fees and expenses payable of $228 (2018 - $171).

9. Share Capital:

a) Authorised and issued:

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

b) Offering:

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

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

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

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

Concurrent with the closing of the Offering, the convertible facility provided by Pala on (note 4b) was converted into shares at a conversion price of CAD$0.50 per share resulting to the issuance of 95,561,944 shares to Pala.

c) Second Offering:

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

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

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

d) Equity Offering:

In May 2019, the Company completed a public offering and concurrent private placement raising gross proceeds of approximately $29,765 (CAD$40,001) through the issuance of 100,002,313 common shares at a price of CAD$0.40 per share (the "Equity Offering"). Share issuance costs of $1,964 and a subsequent credit of $466 for net costs of $1,498 were incurred in relation to the Equity Offering.

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

e) Share Purchase Options:

	Number of Options	Weighted average exercise price $(CAD)
Outstanding December 31, 2017	5,703,500	$0.84
Granted	19,074,000	0.68
Expired/cancelled	(1,355,000)	0.78
Outstanding December 31, 2018	23,422,500	$0.71
Granted	14,486,334	0.44
Expired/cancelled	(585,000)	1.95
Outstanding December 31, 2019	**37,323,834**	**$0.59**
Exercisable December 31, 2019	**22,960,974**	**$0.60**

The Company grants incentive stock options as permitted pursuant to the Company's Stock Option Plan (the "Plan"), originally approved by the shareholders on November 16, 2007 and re-approved April 27, 2017, which complies with the rules and policies of the Toronto Stock Exchange. Under the Plan, the aggregate number of common shares which may be subject to option at any one time may not exceed 10% of the issued common shares of the Company as of that date including options granted prior to the adoption of the Plan. Options granted may not exceed a term of ten years, and the term will be reduced to one year following the date of death of the Optionee. If the Optionee ceases to be qualified to receive options from the Company, those options shall immediately expire.

During the year ended December 31, 2019, 14,486,334 options (2018 – 19,074,000) at a weighted-average exercise price of CAD$0.44 (2018 – CAD$0.68) were granted to employees, consultants and directors exercisable for a period of five years (2018 – five years) with various vesting terms between nil and three years. The weighted-average fair value attributable to options granted in the period was CAD$0.25. During the year ended December 31, 2019, 585,000 options (2018 – 1,355,000) at a weighted-average exercise price of CAD$1.95 (2018 – CAD$0.78) expired/cancelled.

During the year ended December 31, 2019, $3,371 (2018 - $3,513) in stock-based compensation was recorded for options granted to directors, officers and employees, of which $1,582 (2018 - $2,108) was charged to operations and $1,789 (2018 - $1,405) capitalized to development costs.

The Company uses the Black-Scholes option pricing model to value stock options, which requires management to make estimates that are subjective and may not be representative of actual results. Changes in assumptions can materially affect estimates of fair values. For purposes of the calculation, the following weighted average assumptions were used:

	December 31, 2019	**December 31, 2018**
Risk free interest rate	2.05%	1.97%
Expected dividend yield	0%	0%
Expected stock price volatility	66.1%	66.9%
Expected life in years	4.9	4.3
Expected forfeitures	0%	0%

(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 option life. The expected volatility is based on the Company's historical share prices. The expected average option term is the average expected period to exercise, based on the historical activity patterns for each individually vesting tranche. Expected forfeitures are based on historical forfeitures of the Company's options.

The following table summarises the stock options outstanding and exercisable as at December 31, 2019:

	Outstanding		Exercisable	
Exercise price (in CAD)	Number outstanding	Weighted average remaining life (years)	Number outstanding	Weighted average remaining life (years)
\$0.40 - \$0.74	36,203,834	3.54	21,840,974	3.36
\$0.75 - \$1.00	1,120,000	1.12	1,120,000	1.12
	37,323,834	**3.46**	**22,960,974**	**3.25**

f) Deferred share units:

	Number of DSUs
Outstanding December 31, 2017 and 2018	875,340
Granted	-
Exercised	(5,946)
Outstanding December 31, 2019	**869,394**

The Company established a deferred share unit ("DSU") plan that allows directors to receive directors' fees in the form of DSUs. Directors receive cash upon the exercise of the DSU. DSUs may only be exercised when the holder ceases to be a director. Vesting terms are established by the directors at the date of grant. Settlement of DSUs is a cash pay-out based on the 5-day volume weighted average price 30 days after the director ceases to be a director.

Periodically, since 2013, directors have been granted DSUs, which replaced stock option grants and cash payments as a component of their compensation. All of the DSUs have vested. During the year ended December 31, 2019, 5,946 options were exercised. The current DSU payable amount is \$209 (2018 - \$212). The Corporation recognised a \$1 gain for the year ended December 31, 2019 (2018 – \$276 gain) in the consolidated statements of operations in relation to change in value of these DSUs.

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

g) Warrants:

	Number of warrants
Outstanding December 31, 2017	5,460,000
Exercised	(442,750)
Expired	(17,250)
Outstanding December 31, 2018	5,000,000
Exercised	-
Expired	(2,500,000)
Outstanding December 31, 2019	**2,500,000**

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

In June 2016, the Company issued 2,500,000 warrants with an exercise price of CAD$1.20 per share to Pala in relation to the Facility and in March 2017, a further 2,500,000 warrants were issued with an exercise price of CAD$0.97 per share (note 4b). The 2,500,000 warrants with an exercise price of CAD$1.20 expired on June 3, 2019. The change in value of the warrant derivatives was recognised in the consolidated statement of operations as derivative fair value gain of $27 for the year ended December 31, 2019 (2018 – $721). The fair value of the warrant derivatives at December 31, 2019 and December 31, 2018 was measured using the Black-Scholes option pricing model with the following assumptions:

	December 31, 2019	**December 31, 2018**
Risk-free interest rate	1.67%	1.81%
Expected dividend yield	0	0
Expected stock price volatility	79.32%	62.1%
Expected life in years	0.2	0.8

Subsequent to year end, all 2,500,000 warrants held by Pala expired and 15,000,000 warrants were issued to Triple Flag Precious Metals Corp. (see note 15c).

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

h) Performance and Restricted Share Units:

During the year ended December 31, 2019, the Company established a Performance and Restricted Share Unit Plan that allows employees to receive short term and long-term incentive plan compensation in the form of performance share units ("PSUs") and restricted share units ("RSUs"). PSUs and RSU issued under the plan entitle the holder to a cash payment at the end of a three-year performance period equal to the number of RSUs or PSUs granted, adjusted for a performance factor and multiplied by the quoted market value of a common share of the Company.

	Number of PSUs
Outstanding December 31, 2017 and 2018	-
Granted	4,359,466
Cancelled	(118,145)
Outstanding December 31, 2019	**4,241,321**

	Number of RSUs
Outstanding December 31, 2017 and 2018	-
Granted	5,368,258
Cancelled	-
Outstanding December 31, 2019	**5,368,258**

During the year ended December 31, 2019, $807 (2018 - $nil) in stock-based compensation was recorded in relation to these units, of which $123 (2018 - $nil) was charged to operations and $684 (2018 - $nil) was capitalised to development costs. The RSU/PSU payable amount is $807 (2018 - $nil) which was classified as long term.

10. Commitments and Contractual Obligations:

a) Capital expenditure commitments

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

	December 31, 2019	**December 31, 2018**
Property, plant and equipment	$9,118	$22,910

b) Cost Overrun Facility

In connection with the KfW IPEX-Bank Facility, the Company provided a COF to NCI for up to $26,400, which was to be drawn only once all other existing sources of funding were utilized and if construction costs at the Underground Project exceed the current estimate. The COF was made available from the date of closing of the KfW IPEX-Bank Facility and was to be available until the completion of the construction of the Underground Project. The COF was partially funded through $15,000 from the net proceeds of the Equity Offering (note 9d), with the remainder to be backstopped by the Equity Standby Facility which was replaced by the 2019 Credit Facility (note 4f).

During the year, the Company drew $15,000 from the COF.

In addition, as a condition to closing of the KfW IPEX-Bank Facility, KfW IPEX-Bank required a corporate guarantee from Pala in respect of the COF amount (after reduction by the amounts funded from the proceeds of the Equity Offering) (the "Guaranteed Amount") and a pledge of certain of Pala's assets for the period until completion of the construction of the Underground Project. The Company compensated Pala for its commitments under the corporate guarantee and pledge arrangement at a rate of 5% per annum of the remaining Guaranteed Amount. In December 2019, $11,400 of the initial advance under the 2019 Credit Facility was deposited to the COF and Pala's corporate guarantee and pledge obligations were terminated.

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") whereby 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"). In light of logistical challenges for deliveries from the Underground Project to Aurubis' smelters in Germany and Bulgaria, NCI and Concord may elect to deliver alternative clean copper concentrates acceptable to Aurubis pursuant to a swap agreement between NCI and Concord (the "Swap Agreement").

Drawdowns under the Working Capital Facility will be linked to deliveries to Concord under the Swap Agreement and a separate copper concentrate sales agreement with Concord (the "Additional Volumes Offtake Contract" and collectively with 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 Contract, NCI will deliver not less than 30,000 dmt (+/- 10% at NCI's option) of copper concentrate and other uncontracted volumes from the Underground Project per annum to Concord. Both the Swap Agreement and the Additional Volumes Offtake Contract provide for NCI to deliver monthly shipments to Concord at a rail loadout facility located on the Union Pacific railroad mainline 22 km east of Reno.

d) Cementation Claim

On November 5, 2019, Cementation USA Inc. ("Cementation"), who was the principal underground contractor of the Underground Project until January 30, 2020, filed a claim against the Company's subsidiary NCI in the Second Judicial District of Nevada for breach of contract and other claims related to the mining development contract for the Underground Project. On January 30, 2020, after NCI terminated its contract with Cementation, NCI filed a motion for leave to file counterclaims against Cementation for breach of contract and declaratory relief. On March 18, 2020, NCI's counterclaims were allowed by the court. The parties' dispute is ongoing and relates to the progress and costs of construction development for the Underground Project. Damages amounts claimed by each party is undetermined.

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

11. 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% (2018 - 27.0%) as follows:

	Dec. 31, 2019	Dec. 31, 2018
Loss Before Taxes	**$(5,380)**	$(20,057)
Expected income tax expense (recovery)	**(1,453)**	(5,415)
Stock based compensation and other permanent items	**8,955**	(3,343)
Difference in foreign tax rates	**861**	693
Effect of changes in tax rates	**-**	-
Deferred tax assets not recognized	**(8,363)**	8,065
Total income tax expense	**$-**	$-

The difference in the statutory tax rate is due to the increase in the provincial corporate income tax rate effective January 1, 2018.

(b) Deferred income tax assets and liabilities:

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

	Dec. 31, 2019	Dec. 31, 2018
Mineral properties	**$(31,253)**	$(22,854)
Tax losses	**11,991**	14,057
Deferred interest	**18,019**	8,797
Other	**1,243**	-
Net deferred income tax liabilities	**$-**	$-

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

	Dec. 31, 2019	Dec. 31, 2018
Unrecognised deductible temporary differences and unused tax losses:		
Non-capital losses	**$88,467**	$57,707
Capital losses	**-**	2,890
Plant and equipment	**168**	244
Financing costs	**9,327**	61,780
Other	**211**	4,647
	$98,173	$127,268

The Company has Canadian tax losses of approximately $81,640 and the losses can offset future taxable income in Canada and expire between 2025 and 2039. The Company has total US tax loss of approximately $63,926. Losses in 2017 and earlier tax years can be used to offset future taxable income and expire between 2026 and 2037, and losses in 2018 of approximately $56,300 carry forward indefinitely and can be used to offset 80% of future taxable income.

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

12. Supplemental Cash flow information

	Dec. 31, 2019	Dec. 31, 2018
Non-cash investing and financing activities:		
Depreciation capitalized in mineral properties, plant, and equipment	**$2,900**	$60
Convertible debt conversion (note 4b)	**-**	$52,657
Long term debt conversion (note 4c)	**-**	$15,000
Non-cash share issuance costs – shares issued	**-**	$5,271
Stock-based compensation included in mineral properties	**$2,473**	$1,405
Mineral properties, plant, and equipment in accounts payable and accrued liabilities change	**$11,801**	$17,590
Rights of use assets acquired under finance lease (note 2r)	**$29,167**	$-
Asset retirement obligation change	**$3,964**	$909
Accretion on stream deferral (note 5)	**$8,365**	$2,163
Interest capitalised in mineral properties, plant and equipment	**$9,713**	$9,494

13. 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:

	Dec. 31, 2019		Dec. 31, 2018	
	Carrying value	**Fair value**	Carrying value	Fair value
Red Kite Facility (note 4c)	**$-**	**$-**	$89,759	$118,845
Working Capital Facility (note 4e)	**23,441**	**23,441**	-	-
KfW IPEX Bank Facility (note 4d)	**105,484**	**117,031**	-	-
2019 Credit Facility (note 4f)	**15,475**	**15,475**	-	-
	$144,400	**$155,947**	$89,759	$118,845

(b) Financial risk factors:

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

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

(c) Market risks:

i) Interest rate risk:

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The KfW IPEX-Bank Facility (note 4d) and Working Capital Facility (note 4e) currently provides for interest at a market rate plus a fixed margin. Due to the capitalisation of borrowing, the Company's sensitivity to a 1% decrease or increase in market rates of interest would have an immaterial effect on the Company's interest expense.

ii) Foreign currency risk:

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

At December 31, 2019, the Company held $23 CAD (2018 - $364 CAD) in cash and cash equivalents in a company with a functional currency of United States dollars. At December 31, 2019, the Company had $512 CAD (2018 - $1,389 CAD) in accounts payable in a company with a functional currency of United States dollars.

A +/- 10% change in the Canadian exchange rate would have had an impact of approximately +/- $49 on loss for the year ended December 31, 2019.

iii) Commodity price risk:

Fluctuations in the market price of copper and other metals and the continuation of the current low copper price environment 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. The Chinese market is a significant source of global demand for commodities, including copper. Chinese demand has been a major driver in global commodities markets for a number of years and recent uncertainties regarding the level of Chinese demand, including those resulting from the ongoing COVID-19 pandemic, have adversely affected prices for copper. The Chinese economy has slowed significantly due to the COVID-19 pandemic and a further slowing in China's economic growth could result in even lower prices and could negatively impact the value of the Company's securities. Prolonged decreases in the price of copper or other metals could adversely impact the ability of the Company to proceed with the development of the Project. In particular, the prolonged low copper price that is continuing as at the date hereof has impacted the amount of funds that are available to the Company under the Working Capital Facility since these amounts are tied to the value of future expected copper deliveries. If the current low copper price continues throughout the ramp-up of the Underground Project then the Company may need to obtain additional financing to complete the ramp-up or suspend operations. The Company may also curtail or suspend some or all of its other proposed mining activities on the Project in response to lower copper or other metals prices.

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

(d) Credit risk:

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Financial instruments that potentially subject the Company to credit risk consist of cash and cash equivalents, restricted cash, reclamation bond, and amounts receivable. The Company has reduced its credit risk by investing its cash and cash equivalents in high quality Canadian chartered banks. The Company's maximum exposure to credit risk is $3,169 as at December 31, 2019 (2018 - $112,648), being the carrying value of cash and cash equivalents, restricted cash and amounts receivable.

(e) Liquidity risk:

Liquidity risk is the risk that the Company will not be able to meet the obligations associated with its financial liabilities. The Company is currently in the development stage and as result it is not yet generating revenue. The Company is reliant upon its existing cash and other sources of potential funding to:

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

As at December 31, 2019, the Company had the following consolidated contractual obligations:

		Payments due by period			
Contractual obligations	Total	1 year	2-3 years	4-5 years	5 years+
Accounts payable and accrued liabilities	$31,304	$31,304			
Construction contractual obligations	$9,118	$9,118	-	-	-
Working Capital Facility	$23,441	$23,441	-	-	-
2019 Credit Facility	$19,192	$1,602	$17,590	-	-
KfW IPEX Bank Facility	$138,599	$4,438	$25,717	$46,623	$61,821
Equipment leases	$27,808	$6,544	$12,811	$8,453	-
Asset Retirement obligation	$5,898	-	-	-	$5,898
Office lease	$96	$47	$49	-	-
Total USD obligations	$255,456	$76,494	$56,167	$55,076	$67,719
	CAD	CAD	CAD	CAD	CAD
Office lease	$262	$137	$125	$-	$-
Total CAD obligations	$262	$137	$125	$-	$-

Subsequent to year end, the Company entered into the Refinancing Transaction (note 15) to address the short-term liquidity risk facing the Company. In addition, the amendment to its existing KFW IPEX-Bank Facility that provides an aggregate of $12,200 in payment deferrals (note 15d) and conversion of the 2019 Credit Facility to the Convertible Loan (note 15e) resulted in a $20,790 decrease contractual obligations in 2021 - 2022 and a corresponding $20,790 increase in contractual obligations from 2023 onwards.

The Company continuously assesses its cash requirements and sources of funds in order to optimize its financing strategy. Management believes that by entering into the subsequent refinancing transactions (note 15), the Company will have sufficient liquidity to fund its ramp up to production and to continue in operations for at least the next twelve months.

14. 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 may issue new shares or seek debt or streaming financing to ensure that there is sufficient working capital to meet its short-term business requirements.

At year end 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, 2019.

15. Subsequent Events

Change in Contractor

a) On January 30, 2020, the Company terminated its construction contract with Cementation and the Company announced that NCI had engaged Redpath USA Corporation to implement the Company's ramp up strategy for the Underground Project.

Refinancing Transactions

Subsequent to December 31, 2019, the Company entered into a comprehensive financing package to strengthen its balance sheet. Details of these transactions are described below (the "Refinancing Transactions"). See the news releases dated March 27, 2020 and March 30, 2020 for additional details.

b) Pre-Funding Promissory Note

On March 18, 2020, Pala provided an advance of $2,200 as pre-funding prior to the closing of the Refinancing Transactions, pursuant to the terms of a new unsecured promissory note (the "Promissory Note"). The proceeds from the Promissory Note were used by the Company for the continued operation and construction of the Underground Project prior to the funding under the Refinancing Transactions below.

This promissory note was paid in full on March 30, 2020, with Pala waiving all interest due under the Promissory Note.

c) Stream Agreement Amendment and Royalty Financing

On March 27, 2020, the Company entered into agreements with affiliates of Triple Flag Precious Metals Corp. ("TFPM") that provide for the following:

- a 0.70% net smelter return royalty in respect of the Open Pit Project in consideration for a payment of $17,000 from an affiliate of TFPM that has been received by the Company;
- a 2.00% net smelter return royalty in respect of the Tedeboy exploration project in consideration for a payment of $3,000 from an affiliate of TFPM that has been received by the Company and an additional contingent payment of $5,000 upon commercial production commencing in respect of the Tedeboy project;
- An amendment to the Stream Agreement (note 5) that provides for an additional $15,000 in payments to the Company, comprised of a $10,000 payment on May 1, 2020 and an additional $5,000 to be paid through the reinvestment of 50% of the value of metal deliveries received by Triple Flag Bermuda under the Stream Agreement (in consideration for which the amount of gold and silver deliverable to Triple Flag Bermuda shall be increased from 90% to 97.5% and the ongoing payment by Triple Flag Bermuda shall be reduced from 10% to 5% of the then current spot price);
- In connection with the above transactions, TFPM was issued an aggregate of 15 million common share purchase warrants of the Company at an exercise price of C$0.225 that are exercisable for a period of five years.

d) KfW IPEX-Bank Facility Amendment

On March 27, 2020, the Company entered into an amendment to its existing KFW IPEX-Bank Facility (note 4d) that provides an aggregate of $12,200 in payment deferrals through the re-sculpting of certain amortization and debt service reserve account payments to maximize access to liquidity over the next 18 months. The amendments include a deferral of scheduled principal payments for 18 months with the deferred amount being payable on a pro rata basis with the remaining instalments until the existing maturity date. They also include postponing the required funding date for the debt service reserve account for 18 months.

e) Pala Convertible Loan

On March 27, 2020, the Company entered into a Convertible Loan facility (the "Convertible Loan") with Pala in the principal amount of $30,000, which extended and replaced the 2019 Credit Facility (note 4f). The Convertible Loan shall be repaid in four years and will bear interest at the rate of 14% per annum, quarterly in arrears. At the option of the Company, subject to approval of the Toronto Stock Exchange (the "TSX"), such accrued interest may be satisfied through the issuance of common shares based on the five-day volume weighted average price ("VWAP") of the common shares ended on the day prior to the relevant interest payment date, provided the Company may always pay such interest in cash if permitted to do so under its existing financing arrangements.

Subject to the approval of the TSX, Pala may, at any time, and from time to time, convert all or a portion of the Convertible Loan into common shares at a price per common share which is the lower: (a) of C$0.1575 (the "Current Market Price"); and (b) a 5% premium to the five-day VWAP of the common shares on the TSX over the period ending on April 1, 2020, with a minimum conversion price of C$0.12.

The 2019 Credit Facility was repaid in full through the proceeds from the Convertible Loan. All fees, interest and other expenses that accrued, were outstanding or became due as a result of the repayment of the 2019 Credit Facility in the aggregate amount of $3,400, will be, subject to approval of the TSX, satisfied through the issuance of an aggregate of 31,400,000 common shares to Pala, reflecting a price per common share equal to the Current Market Price. These common shares are expected to be issued to Pala on April 1, 2020.

The Convertible Loan may be prepaid by the Company in full at any time, subject to payment of a premium of 15% in year 1, 10% in year 2, 8% in year 3 and 5% in year 4. The Convertible Loan is also repayable subject to a make whole amount upon certain change of control events. Pala is entitled to a restructuring and extension fee of 8% of the principal amount of the Convertible Loan which shall be added to the principal amount of the Convertible Loan.

f) Backstop Agreement

On March 27, 2020, Pala, the Company and Triple Flag Bermuda entered into a Backstop Agreement (the “Backstop”) providing for up to $20,000 which is available, subject to certain conditions, for the Company to call on capital from Pala when required until December 31, 2021 if it is unable to raise capital from other sources.

If funds are called by the Company under the Backstop, the obligations of the Company under the Backstop will be satisfied through the issuance of common shares, which common shares will be issued at a price to be agreed by the Company and Pala within the applicable pricing rules of the TSX, but if a price cannot be agreed will be based on the market price (as defined in the policies of the TSX) at the relevant time less a discount of 20%.

If the Backstop is called after December 31, 2020, and the obligations under any such call would require disinterested shareholder approval (which will exclude Pala and any other insiders that may participate in the Backstop) under the policies of the TSX, the Company must obtain such approval as a condition to completion of the call under the Backstop. The Company may also seek to obtain, any time after the date hereof, approval of disinterested shareholders to issue common shares pursuant to the Backstop after December 31, 2020. In the event such disinterested shareholder approval is not obtained, any amounts called under the Backstop for which such approval was sought will be in the form of subordinated unsecured debt which will have substantially the same terms as the 2019 Credit Facility. For certainty, any calls made by the Company under the Backstop prior to December 31, 2020 will not be subject the shareholder approval requirements of the TSX.

Notwithstanding the foregoing, Pala may elect to fund its obligations under the Backstop through the issuance by the Company of convertible debt, which convertible debt will have a 3 year term to maturity, a conversion price of a 5% premium to the market price of the common shares (as defined by the policies of the TSX) at the time of issuance, no fees payable other than an interest rate of 12% and shall be prepayable by the Company at any time.

A fee was payable to Pala upon entering into the Backstop in an aggregate amount of $800, which will be, subject to TSX approval, paid through the issuance of an aggregate of 7,500,000 common shares, reflecting a price per common share equal to the Current Market Price. These common shares are expected to be issued to Pala on April 1, 2020.

g) Indemnity Shares

In connection with the provision by Pala of certain surety bonds provided to third party contractors to support the ramp-up process relating to the Underground Project, Pala is owed an aggregate of $2.1 million as a fee for providing an indemnity for such surety bonds. Such fees will be, subject to TSX approval, satisfied through the issuance of an aggregate of 18,900,000 common shares, reflecting a price per common share equal to the Current Market Price. These Common Shares are expected to be issued to Pala on April 1, 2020.

h) COVID-19

As a result of the novel coronavirus (COVID-19) and the declaration by the World Health Organization of COVID-19 as a "pandemic", many measures have been, and continue to be, implemented by all levels of government in the United States, Canada and around the world in order to control the pandemic. Work is currently continuing at the Project, subject to enhanced precautions and related government-imposed health and safety rules, which are resulting in various significant operational constraints and work delays. While the impact of COVID-19 is expected to be temporary, the current circumstances are dynamic and the impacts of COVID-19 on the Company's business operations, including the timing, duration and extent of the impact on its ramp up process and future production, cannot be reasonably estimated at this time and it is possible that the COVID-19 pandemic may have a material adverse impact on the Company's business, results of operations, financial position and cash flows in 2020.