NEVADA COPPER

TEAMWORK. INNOVATION. EXECUTION.

Condensed Consolidated Interim Financial Statements
For the three months ended March 31, 2020 and 2019

NEVADA COPPER CORP.

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

	March 31, 2020	December 31, 2019
Assets		
Current assets		
Cash and cash equivalents	**$10,323**	$1,041
Accounts receivable	**79**	73
Prepaid expenses	**225**	121
	10,627	1,235
Restricted cash	**2,055**	2,055
Deferred financing fees (note 6a)	**800**	497
Mineral properties, plant, and equipment (note 3)	**647,762**	604,933
	$661,244	$608,720
Liabilities and Shareholders' Equity		
Current liabilities		
Accounts payable and accrued liabilities	**$47,965**	$31,304
Related party payable (note 6)	**7,300**	-
Stock-based compensation liabilities – current portion (note 8c)	**78**	209
Current portion of stream deferral (note 5)	**6,941**	11,317
Current portion of long-term debt (note 4)	**29,774**	31,975
Total Current Liabilities	**92,058**	74,805
Stock based compensation liabilities - long term portion (note 8e)	**494**	807
Warrant derivative (note 8d)	**865**	-
Stream and royalty deferral (note 5)	**94,637**	69,661
Long term debt (note 4)	**141,752**	118,998
Lease Obligation – long term portion (note 4)	**18,612**	19,990
Asset retirement obligation	**5,898**	5,898
	354,316	290,159
Shareholders' Equity		
Share capital	**431,069**	431,069
Other equity reserve	**33,664**	33,308
Accumulated other comprehensive loss	**(3,578)**	(3,578)
Deficit	**(154,227)**	(142,238)
Total Shareholders' Equity	**306,928**	318,561
Total Liabilities and Shareholders' Equity	**$661,244**	$608,720

General Information, Nature of Operations and Going Concern (note 1)
Commitments and Contractual Obligations (note 9)
Subsequent Events (notes 4b, 6, 7, 8, 9, 12)

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

Approved on behalf of the Board on May 29, 2020:

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

NEVADA COPPER CORP.

Condensed Consolidated Interim Statements of Operations and Comprehensive Loss
(Expressed in thousands of United States dollars except per share amounts which are in United States dollars)
Three months ended March 31, 2020 and 2019
(Unaudited – Prepared by Management)

	March 31, 2020	March 31, 2019
Expenses		
Consulting and remuneration	**$197**	$153
Public company expenses	**689**	523
Office expenses	**73**	222
Professional fees	**1,195**	527
Depreciation expense	**10**	9
Stock-based compensation (note 7b, 7c and 7e)	**(132)**	1,557
	(2,032)	(2,991)
Interest income	**3**	556
Interest and finance expenses	**(5)**	-
Derivative fair value (loss) gain (note 4d)	**(5,930)**	100
Other income (expense)	**-**	27
Gain on debt modification (note 4a)	**794**	
Loss on debt extinguishment, net (note 4c)	**(4,906)**	-
Foreign exchange gain (loss)	**87**	(60)
	(9,957)	623
Net loss and comprehensive loss	**$(11,989)**	$(2,368)
Loss per common share		
Basic and diluted	**$(0.02)**	$(0.00)
Weighted average number of common shares outstanding	**761,935,897**	661,933,584

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

NEVADA COPPER CORP.

Condensed Consolidated Interim Statements of Changes in Equity
(Expressed in thousands of United States dollars)
Three months ended March 31, 2020 and March 31, 2019
(Unaudited – Prepared by Management)

	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
Stock-based compensation (note 8b)	-	-	1,981	-	-	1,981
Comprehensive loss	-	-	-	-	(2,368)	$(2,368)
Balances, March 31, 2019	**661,933,584**	**$402,802**	**$31,918**	**$(3,578)**	**$(139,226)**	**$291,916**

	Share Capital					
	Number of Shares	Amount	Other Equity Reserve	Accumulated Other Comprehensive Loss	Deficit	Total
Balances, December 31, 2019	761,935,897	$431,069	$33,308	$(3,578)	$(142,238)	$318,561
Stock-based compensation (note 8b)	-	-	356	-	-	356
Comprehensive loss	-	-	-	-	(11,989)	(11,989)
Balances, March 31, 2020	761,935,897	**$431,069**	**$33,664**	**$(3,578)**	**$(154,227)**	**$306,928**

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

NEVADA COPPER CORP.

Condensed Consolidated Interim Statements of Cash Flows
(Expressed in thousands of United States dollars)
Three months ended March 31, 2020 and March 31, 2019
(Unaudited – Prepared by Management)

	March 31, 2020	March 31, 2019
Cash flows used in operating activities		
Loss for the period	**$(11,989)**	$(2,368)
Adjustments for:		
Derivatives fair value change	**5,930**	(100)
Debt modification gain (note 4a)	**(794)**	
Debt extinguishment loss (note 4c)	**4,906**	-
Stock-based compensation	**(132)**	1,557
Unrealized foreign exchange loss (gain)	**8**	14
Interest and finance charges	**6**	-
Interest income	**(3)**	(556)
Depreciation and accretion expense	**10**	9
	(2,058)	(1,444)
Changes in non-cash working capital items:		
Amounts receivable	**(6)**	60
Prepaid expenses	**(104)**	54
Accounts payable and accrued liabilities	**(114)**	602
Net cash used in operating activities	**(2,282)**	(728)
Cash flows used in investing activities		
Proceeds received upon sale of royalties, stream amendment and issuance of warrants (note 5)	**20,000**	-
Interest received	**3**	556
Cash moved to restricted cash, net	**-**	(1,280)
Stream payments (note 5)	**(47)**	-
Proceeds from pre-production sales (note 3)	**1,576**	-
Development costs for mineral properties and purchase of plant and equipment	**(20,905)**	(42,749)
Net cash provided by (used in) investing activities	**627**	(43,473)
Cash flows from financing activities		
Proceeds from Working Capital Facility (note 4b)	**21,969**	-
Working Capital Facility repayment (note 4b)	**(23,068)**	-
Proceeds from 2019 Credit Facility (note 4c)	**14,550**	-
Proceeds from Convertible Loan (note 4d)	**450**	-
Deferred financing fees	**-**	(1,084)
Interest paid	**(2,956)**	-
Net cash provided by (used in) financing activities	**10,945**	(1,084)
Effect of exchange rate changes on cash and equivalents	**(8)**	(14)
Increase (decrease) in cash and cash equivalents	**9,282**	(45,299)
Cash and cash equivalents, beginning of the period	**1,041**	108,055
Cash and cash equivalents, end of the period	**$10,323**	$62,756
Non-cash investing and financing activities:		
Depreciation capitalized in mineral properties	**$1,420**	$170
2019 Credit Facility conversion (note 4c)	**$31,950**	$-
Stock-based compensation included in mineral properties	**$14**	$390
Mineral properties, plant, and equipment in accounts payable and accrued liabilities change	**$16,631**	$29,871
Rights of use assets acquired under finance lease	**$-**	$5,338
Accretion on stream deferral (note 5)	**$1,737**	$2,094
Interest capitalised in mineral properties, plant and equipment	**$6,609**	$2,502

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

1. General Information, Nature of Operations and Going Concern:

Nevada Copper Corp. is the parent company of its consolidated group (the "Company" or "Nevada Copper"). The Company was incorporated on June 16, 1999 under the Business Corporations Act (Yukon) and was continued into British Columbia under the Business Corporations Act (British Columbia) on November 16, 2006. Nevada Copper is incorporated and domiciled in Canada, and its registered office is at Suite 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. Its primary focus is the development and construction of the mining project at its Pumpkin Hollow Property (the "Property") in Western Nevada, USA.

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards applicable to a going concern.

As at March 31, 2020, the Company had a working capital deficiency (current assets less current liabilities) of $81,431 (December 31, 2019 - $73,570). For the period ended March 31, 2020 the Company incurred a loss of $11,989 (2019 - $2,368) and the cash used in operating activities was $2,282 (2019 - $728). As at March 31, 2020, capital commitments due in the next twelve months are $10,000.

As a result of the novel coronavirus (COVID-19) and the declaration by the World Health Organization of COVID-19 as a "pandemic" in March 2020, 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.

On April 6, 2020, the Company announced it had temporarily suspended its milling operation at its Pumpkin Hollow mine as a result of the restrictions imposed by government-mandated measures and other impacts of the COVID-19 pandemic (the "Suspension"). The Company currently expects to re-start milling operations in the latter half of Q3 2020, subject to revision based on impacts of the COVID-19 pandemic and other factors. During the Suspension, essential mine services will continue on site, including reduced underground mine development and other activities necessary to maintain the operation in a ready condition for the ramp-up of activities as COVID-19 related impacts are mitigated. The Company has implemented cost reduction initiatives to preserve liquidity and protect the Company during the Suspension. The Company continues to closely consult with its senior project lender, KfW, in relation to the Suspension and is working with all of its stakeholders to mitigate the its impact. As such, the Company claimed Force Majeure on its Offtake Agreements (note 9a) and Working Capital Facility (note 4b) affecting the Company's ability to perform certain of its obligations under the agreements.

While it is expected to be temporary, the Suspension is expected to have a material adverse impact on the Company's business, results of operations, financial position, and cash flows in 2020.

During the quarter, the Company entered into the following refinancing initiatives:

- Amendments to the KfW IPEX- Bank Facility providing for an aggregate of $12,200 in payment deferrals (note 4a)
- Working Capital Facility payment deferral (note 4b)
- Convertible Loan in the amount of $30,000 (note 4d) to replace the 2019 Credit Facility (note 4c)
- Stream and Royalty Deferral Agreements (note 5) in the amount of $20,000 (received on March 27, 2020), $10,000 (received on May 1, 2020) and $5,000 to be received in conjunction with increased payments on future stream deliveries
- Backstop funding in the amount of $20,000 (note 6a)
- Indemnity Agreement with a surety in the amount of $21,000 (note 6b)
- 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 6b)

In addition, subsequent to period end, the Company was approved for Payroll Protection Program Loan (note 12) in the amount of $2,348.

Management believes that through the Company's cost reduction initiatives and the financing initiatives outlined above, the operations of the Pumpkin Hollow Property will re-commence. However, as the full extent of the impact of the COVID-19 pandemic on the economy and commodity prices, including copper prices, is not known at this time, COVID-19 is expected to have a materially negative impact on the Company's finances and the full extent of the impact cannot be reasonably estimated at this time. The Company is also subject to operational risks associated with the commissioning and ramp up of the Underground Project. The above factors give rise to material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern.

The ability of the Company to continue as a going concern, to realise the carrying value of its assets, and to discharge its liabilities when due, are dependent on results from operations, improved market conditions and the ability to obtain additional funding if required. There can be no assurance that these requirements will be achieved.

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

2. Significant Accounting Policies:

a) Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting and follow the same accounting policies and methods of application as the Company's most recent annual financial statements. These condensed consolidated interim financial statements do not include all of the information required for full consolidated annual financial statements and should be read in conjunction with the consolidated financial statements of the Company as at and for the year ended December 31, 2019, prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

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

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

These condensed consolidated interim financial statements were approved for issue by the Board of Directors on May 29, 2020.

b) Use of judgments and estimates

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

The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated audited financial statements for the year ended December 31, 2019 and except as described below.

Significant judgment was required in conjunction with arriving at the Company's accounting policies related to the royalty and stream transactions described in note 5, including the characterization of the transactions, whether control has been transferred on the underlying mineral interests and whether related services are distinct from the mineral interests. In addition, because the transactions were entered into concurrently, the Company's future statements of operations will also be affected by significant estimation related to the allocation of consideration to the various components of the transaction on the basis of stand-alone selling price.

COVID-19's current and expected impacts on the global economy are anticipated to be far-reaching. To date there have been significant stock market declines and volatility, significant volatility in commodity and foreign exchange markets, restrictions on the conduct of business in many jurisdictions and the global movement of people and some goods has become restricted. There is significant ongoing uncertainty surrounding COVID-19 and the extent and duration of the impacts that it may have on demand and prices for the commodities the Company produces, on the its suppliers and employees, and on global financial markets.

During the quarter ended March 31, 2020, the Company has made efforts to safeguard the health of its employees, while continuing to operate safely and responsibly maintain employment and economic activity. These measures combined with commodity market fluctuations resulting from COVID-19 have affected the Company's financial results.

The Company performed an impairment test and determined that there was no impairment to its mineral property, plant, and equipment at March 31, 2020. There is heightened potential for impairments of these assets and possibly other impairments over the balance of 2020. In the current environment, assumptions about future commodity prices, exchange rates, interest rates and customer credit performance are subject to greater variability than normal, which could in the future significantly affect the valuation of the Company's assets, both financial and non-financial. Short-term prices for all of the commodities produced by the Company have declined in the period preceding the end of the first quarter. However, given the relatively short duration of this market movement and , market participant views of commodity prices over a longer horizon reflecting the long life of the Company's assets have remained largely unchanged. As an understanding of the longer-term impacts of COVID-19 on commodity, credit and equity markets develops, there is heightened potential for changes in these views over the balance of 2020.

The Company will continue to closely monitor the impacts of COVID-19 on its business. Should the duration, spread or intensity of the COVID-19 pandemic further deteriorate in 2020, there could be further potentially material and negative impact on the Company's operating plan, its liquidity and cash flows, and the valuation of its long-lived assets due to sustained decreases in metal prices, potential future decreases in revenue from the sale of its products and the profitability of its ongoing operations. Impacts from COVID-19 could lengthen the Suspension at the Project. The Company's access to financing to support its ongoing operations may also be negatively impacted or delayed as a result of COVID-19.

(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:					
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**
Additions	44,001	-	-	255	44,256
As at Mar. 31, 2020	**$617,317**	**$2,917**	**$29,167**	**$3,710**	**$653,111**
Accumulated depreciation:					
Balance at Dec. 31, 2019	$-	$1,268	$2,654	$-	$3,922
Additions	-	39	1,388	-	1,427
As at Mar. 31, 2020	**$-**	**$1,307**	**$4,042**	**$-**	**$5,349**
Net Book Value					
As at Dec. 31, 2019	$573,316	$1,649	$26,513	$3,455	$604,933
As at Mar. 31, 2020	**$617,317**	**$1,610**	**$25,125**	**$3,710**	**$647,762**

Project costs capitalised for the three months ended March 31, 2020 on the Property consists of the following:

	March 31, 2020	Q1 2020 Additions	December 31, 2019	2019 Additions	December 31, 2018
Property payments	$1,961	$-	$1,961	$ -	$1,961
Advance royalty payments	5,376	150	5,226	600	4,626
Water rights	2,626	47	2,579	141	2,438
Drilling	42,302	-	42,302	-	42,302
Geological consulting, exploration & related	8,459	-	8,459	-	8,459
Feasibility, engineering & related studies	27,517	280	27,237	1,919	25,318
Permits/environmental	13,354	245	13,109	615	12,494
East deposit underground project					
Underground access, hoist, head frame, power & related	222,739	23,489	199,250	92,911	106,339
Engineering procurement	127,330	232	127,098	81,965	45,133
Surface infrastructure	27,560	7,003	20,557	14,761	5,796
Site costs	34,735	4,351	30,384	10,492	19,892
	513,959	35,797	478,162	203,404	274,758
Depreciation	5,070	1,420	3,650	2,900	750
Asset retirement obligation	4,984	-	4,984	4,075	909
Capitalised interest	73,775	6,609	67,166	9,713	57,453
Stock-based compensation	8,390	14	8,376	2,473	5,903
Stream accretion	12,715	1,737	10,978	8,365	2,613
Pre-production sales	(1,576)	(1,576)	-	-	-
Total	$617,317	$44,001	$573,316	$230,930	$342,386

(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 the recoverable amount of the Pumpkin Hollow mine: the net assets of the Company exceeded the market capitalization of the Company as at March 31, 2020 and 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. The Company estimated the recoverable amount of the Pumpkin Hollow 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 analysis performed has not resulted in the recognition of an impairment loss as at March 31, 2020 and December 31, 2019. This assessment assumes a restart of the process plant in the latter half of Q3 2020 subject to revision based on impacts of the COVID-19 pandemic and other factors.

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 long-term copper prices, the discount rate, and the delay in re-commencement of milling operation as a result of the Pandemic. Based on the Company's sensitivity analysis, a 5% decrease in the short and long term copper prices would result in a break-even point. An increase on the discount rate to 11.5% would result in breakeven point. The test to determine the recoverable amount of the Pumpkin Hollow mine assumes a restart of the process plant in the latter half of Q3 2020 for the purpose of the March 31, 2020 impairment test. Assumptions related to the re-commencement of operations are subject to revision based on impacts on the COVID-19 and other factors and may impact the recoverable amount of the Pumpkin Hollow mine in subsequent periods. The Company estimates that a restart between the end of Q4 2020 to Q1 2021 is vital for the current carrying value at March 31, 2020 to hold.

Other than pricing and discount rate assumptions, any forecasted negative impacts of COVID-19 could have a continued material adverse impact to the value of the Project. as the full extent of the impact of the COVID -19 pandemic on the economy and commodity prices, including copper prices is not known at this time.

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 2019 assumptions have been shown for comparative purposes.

<u>Metal prices</u>

The metal prices used to calculate recoverable amounts at March 31, 2020 are based on analysts' consensus prices and are summarised in the following table:

Metal prices	2020 average	Long term
Copper price ($/lb)	$2.76	$3.05
Gold price ($/oz)	$1,500	$1,500
Silver price ($/oz)	$15	$16

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

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

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 March 31, 2020. 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 most recently filed technical report.

Reserves and resources

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

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 has used a 9% discount rate for the period ended March 31, 2020.

4. Debt:

	March 31, 2020	December 31, 2019
Current portion of long-term debt:		
Current portion of convertible debt - derivatives	**$-**	$1
Current portion of KfW IPEX Bank Facility (a)	**648**	1,855
Working Capital Facility (b)	**22,292**	23,441
Current portion of 2019 Credit Facility (c)	**-**	106
Current portion of lease liability (e)	**5,283**	5,021
Promissory note payable (f)	**1,551**	1,551
Total current portion of long-term debt	**$29,774**	$31,975
KfW IPEX Bank Facility (a)	**$103,360**	$103,629
2019 Credit Facility (c)	**-**	15,369
Convertible debt (d)	**25,699**	-
Convertible debt -derivatives (d)	**12,695**	-
Lease liability (e)	**18,612**	19,990
Total long-term debt	**$160,366**	$138,988

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

a) 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	2,650	-	2,650
Interest payment	(795)	-	(795)
Accretion expense	-	1,257	1,257
Balance at December 31, 2019	**$116,855**	**$(11,371)**	**$105,484**
Interest expense	**1,023**	**-**	**1,023**
Interest payment	**(2,231)**	**-**	**(2,231)**
Loan modification		**(794)**	**(794)**
Accretion expense	**-**	**525**	**525**
Balance at March 31, 2020	**$115,647**	**$(11,640)**	**$104,007**

On May 6, 2019, the Company, through its wholly owned subsidiary, NCI entered into a credit agreement (the "KfW IPEX-Bank Facility") with KfW IPEX-Bank ("KfW") 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.

Per the amendment below, initial repayments are scheduled to start in July 2022 with a back-weighted repayment profile, with final payment due in July 2028.

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 during the quarter ended March 31, 2020.

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 March 31, 2020.

On March 27, 2020, the Company entered into an amendment to the KFW IPEX-Bank Facility providing 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 a period of 18 months. The amendments included 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. It also included postponing the required funding date for the debt service reserve account for 18 months.

The Company recorded a debt modification gain of $794 related to the above amendment during the quarter ended March 31, 2020.

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

b) Working Capital Facility:

Beginning Balance	$-
Advance	26.421
Interest accrual	372
Repayment	(3,352)
Balance at Dec. 31, 2019	$23,441
Advance	21,970
Interest accrual, net of accrual reversal	(50)
Repayment	(23,069)
Balance at Mar. 31, 2020	**$22,292**

In 2019, 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 f 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, maturing in 2023, unless terminated in accordance with the terms of any Offtake Agreement (as defined in note 9a). There is no penalty or charge for repayment in respect of the Working Capital Facility.

During the quarter ended March 31, 2020, the Company drew $21,970 under the Working Capital Facility and accrued interest of $322. It repaid the $23,069 balance outstanding at year end of which $1,576 was in product delivery and $21,490 was in cash.

Subsequent to March 31, 2020, the Company drew an additional $6,738 under the Working Capital Facility.

On April 10, 2020, the Company notified Concord of a force majeure affecting the Company's ability to perform certain of its obligations under the Offtake Agreements due to the Suspension (note 1). Repayments that would otherwise have fallen due under the Working Capital Facility shall not be required to be repaid until the earlier of: (1) when the force majeure ends; and (2) 180 days from the commencement of the force majeure, except as otherwise agreed between the Company and Concord. Further, the Company cannot draw under the Working Capital Facility while the force majeure continues. When the force majeure ends, the Company will resume making monthly repayments, and drawing, under the Working Capital Facility.

If the force majeure continues for more than 180 days, then Concord has the right to terminate the Working Capital Facility, at which time all amounts owing under the Working Capital Facility would become due.

On May 15, 2020, Concord agreed to defer the repayments until September 2020 provided that the outstanding Working Capital Facility balance is reduced by rebasing to current copper, gold and silver prices which are lower on May 15, 2020 than when the draws were made. This amount was determined to be $3,200. Concord agreed to push out resumption of repayments and product deliveries until September 2020 and to allow NCI to redraw on the Working Capital Facility upon commencement of the first repayment. Concord also agreed for the $3,200 to be paid in three deferred instalments of $1,000, $1,100, and $1,100 on July 30, August 15, and August 30, 2020, respectively.

As a condition to payment deferral, Concord required Pala to post a cash collateral of $1,200 as security which would remain in place until all deferred instalments above have been paid by the Company on August 30, 2020. Pala will charge a fee of 10% relating to this cash collateral. This cash collateral was posted subsequent to March 31, 2020

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

c) 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
Advance	14,987	(887)	14,100
Interest expense	545	-	545
Accretion expense	-	319	319
Conversion to Convertible Debt (note 4d)	(31,988)	1,549	(30,439)
Balance at March 31,2020	$-	$-	$-

On November 29, 2019, the Company entered into a $30,000 unsecured credit facility (the "2019 Credit Facility") with Pala. The 2019 Credit Facility replaced in its entirety Pala's $11,400 commitment under the equity standby facility that it previously provided to the Company in connection with the KfW IPEX-Bank 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.

During the quarter, the Company drew $14,550 (2019 - $15,000). Together with a 3% arrangement fee of $900, and the 3% disbursement fee of $887, the total principal balance of the 2019 Credit Facility was $31,337 prior to it being replaced by the Convertible Loan (as defined below).

On March 27, 2020, the balance above, together with an accrued interest of $651 was extinguished from the proceeds of the Convertible Loan (note 4d). A $4,910 loss was recognized in the interim consolidated statement of operations for the difference between the carrying amount of the 2019 Credit Facility, the deferred financing fee, and the fair value of the Convertible Loan at the time the 2019 Credit Facility was replaced.

d) Pala Convertible Loan

	Convertible loan	Conversion Option	Prepayment Option	Deferred financing fees	Total
December 31, 2019	$-		$-	$-	$-
2019 Credit Facility Conversion	28,037	$12,806	(6,043)	(2,400)	32,400
Interest accrued	50	-	-	-	50
Accretion	-	-	-	12	12
Change in fair value	-	11,474	(5,543)	-	5,931
March 31, 2020	$28,087	24,280	$(11,586)	$(2,388)	$38,393

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 4c). All fees, interest and other expenses that accrued or became due under the 2019 Credit Facility on March 27, 2020 in the aggregate amount of $3,400 was satisfied through the issuance of 31,400,000 common shares to Pala on April 6, 2020 (note 8a).

The Convertible Loan has four-year term and bears 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.

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 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 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.

The debt component of the Convertible Loan is carried at amortised cost in the consolidated condensed interim financial statements and the convertible option and the prepayment option of the Convertible Loan are recorded at their respective fair values as at March 27, 2020 and the reporting date as it is classified as embedded derivatives. Changes in the fair values of these financial instruments are recorded in profit or loss.

The change in value was recognised in the consolidated condensed interim statement of operations as a change in derivative fair value of $5,930 for the three-month period ended March 31, 2020 (2019 - $nil).

e) Lease liability:

Lease liabilities are repayable in monthly instalments and are secured by equipment with a carrying value of $24,417 (2019 - $25,807). The capital lease obligations bear fixed interest rates ranging from 6% to 8% and have maturity dates ranging from 2022 to 2048.

f) Promissory note payable

During 2019, 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.

g) Pre-funding promissory note

On March 18, 2020, Pala provided an advance of $2,200 as pre-funding prior to the closing of the Company's March 2020 refinancing transactions, pursuant to the terms of an 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.

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

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

5. Stream and royalty deferral

Balance at Dec. 31, 2018	$72,613
Accretion	8,365
Balance at Dec. 31, 2019	$80,978
Accretion	1,737
Amounts recognized under the stream	(47)
Proceeds allocated from royalty and stream transactions, net of transaction costs (see below)	18,910
Balance at Mar. 31, 2020	**$101,578**

On March 27, 2020 the Company entered into an implementation agreement and supporting agreements with Triple Flag Bermuda Ltd. and affiliated companies (collectively, "Triple Flag"). These agreements provide for i) the issuance of a 0.70% net smelter return royalty in respect of the Open Pit Project; ii) the issuance of a 2.00% net smelter return royalty in respect of the Tedeboy exploration property; iii) an increase in the amount of gold and silver deliverable to Triple Flag under the Stream Agreement from 90% to 97.5% and a reduction in the ongoing payment by Triple Flag from 10% to 5% of the then current spot price at the time of future deliveries; and iv) the issuance of an aggregate of 15 million common share purchase warrants of the Company at an exercise price of C$0.225, exercisable for a period of five years (note 8d).

As consideration for these transactions, the Company became entitled to an estimated $35,000 of consideration including $20,000 received on March 27, 2020 and a right to future consideration consisting of $10,000 due May 1, 2020 (received - note 12(b)) and an increase to 50% of the then current spot price for metal deliveries under the Stream until the Company has received $5,000 incremental consideration. The Company is entitled to an additional contingent payment of $5,000 in the event of, and upon achieving, commercial production of the Tedeboy exploration property. This contingent payment has been fair valued at a nominal amount as at March 31, 2020. In accordance with the contract modification guidance under IFRS, the amounts to be recognized in the future with respect to each of the individual components of the royalty and amended stream agreements will be based on an allocation of the total consideration based on the relative stand-alone selling price of the remaining obligations. For the purpose of this allocation, the total consideration from the royalty and amended stream agreements is aggregated with the carrying value of the stream deferral just prior to the transaction, net of transaction cost in the amount of $1,090, which includes $225 in Triple Flag transaction costs reimbursed by the Company and the $865 fair value of the warrants issued (note 8d). In applying its accounting policies to assess the transactions, the Company determined that the mineral interests are not derecognized and that the deferred consideration associated with each of the components will be recognized as control to the good or service is transferred to Triple Flag, which will occur as production of concentrate and refining takes place.

6. Related Party Transactions:

Pala is a related party to the Company as a result of its 35.8% (2019 – 35.8%) shareholding in Nevada Copper as at March 31, 2020. Additionally, three Pala executives are on the Company's Board of Directors of nine board members as at March 31, 2020.

On April 6, 2020, Pala's shareholding increased to 41.3% as a result of the subsequent share issuances to Pala. (note 8a).

During the quarter, the Company entered into the following transactions with Pala:

- $114 (2019 -$81) was incurred for technical and other services
- Conversion of the 2019 Credit Facility (note 4c)
- The Convertible Loan (note 4d)
- The Backstop Agreement (see a below)

- The Indemnity Agreements (see b below)

As at March 31, 2020, the Company owed Pala $7,300 (2019 - $Nil) relating to the $800 backstop fee (below), the $2,100 indemnity fee (below), $1,000 indemnity fee (below) and $3,400 for interest and fees related to the conversion of the 2019 Credit Facility to the Convertible loan (note 4 c and d). Subsequent to March 31, 2020, $6,300 of these amounts were settled through the issuance of 57,800,000 common shares (note 8a).

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.

a) Backstop Agreement

On March 27, 2020, Pala, the Company and Triple Flag entered into a Backstop Agreement (the "Backstop") providing for up to $20,000 of funding from Pala which is available, subject to certain conditions, for the Company to call on 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 to 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 the amount of $800, which was paid through the issuance of 7,500,000 common shares subsequent to quarter end (note 8a).

b) Indemnity Agreements

During the quarter, 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 a previous contractor. Pala charged the Company an annual 10% financing fee in the amount of $2,100 for providing an indemnity for such surety bonds.

Subsequent to period end, the $2,100 was paid through the issuance of 18,900,000 common shares on April 6, 2020.

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.

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

The above fees were capitalized to mineral properties as it relates to the Underground Project.

7. Key Management Personnel Compensation:

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

	March 31, 2020	March 31, 2019
Short-term employee benefits	**$271**	$420
Stock-based compensation	**234**	1,670
Total	**$505**	$2,090

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 period ended March 31, 2020, $nil (2019 - $nil) was paid to key management personnel as a result of the foregoing.

Subsequent to March 31, 2020, $408 became payable to certain key management personnel under the termination without cause benefits.

During the quarter, $132 (2019 - $128) was incurred in director fees. As of March 31, 2020, accounts payable and accrued liabilities include director fees and expenses payable of $199 (2019 - $228).

8. Share Capital:

a) Authorised and issued:

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

On April 6, 2020, the Company issued the following common shares to Pala:

- 31,400,000 common shares at CAD$0.1575 in consideration for $3,400 in fees, interest and other expenses that accrued or became due upon the replacement of the 2019 Credit Facility with the Convertible Loan (note 4c and d)
- 18,900,000 common shares at CAD$0.1575 in consideration for $2,100 of fees in connection with the Indemnity Agreements (note 6b)
- 7,500,000 common shares at CAD$0.1575 in consideration for $800 in backstop fees (note 6a)

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

b) Share Purchase Options:

	Number of Options	Weighted average exercise price $(CAD)
Outstanding December 31, 2018	23,422,500	$0.71
Granted	14,486,334	0.44
Expired/cancelled	(585,000)	1.95
Outstanding December 31, 2019	37,323,834	$0.59
Expired/cancelled	(1,645,814)	0.59
Outstanding March 31, 2020	35,678,020	0.59
Exercisable March 31, 2020	24,358,782	$0.59

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 on April 27, 2017, which complies with the rules and policies of the TSX. Under the Plan, the aggregate number of common shares which may be subject to option at any one time may not exceed 10% of the issued common shares of the Company as of that date including options granted prior to the adoption of the Plan. Options granted may not exceed a term of ten years, and the term will be reduced to one year following the date of death of optionee. If the optionee ceases to be qualified to receive options from the Company, those options shall immediately expire.

In Q1 2019, 14,486,334 options were granted at a weighted-average exercise price of CAD$0.44 to employees, consultants, and directors exercisable for a period of five years with various vesting terms between nil and three years. The weighted-average fair value attributable to options granted in Q1 2019 was CAD$0.25.

During the three months ended March 31, 2020, $355 (2019 - $1,981) in stock-based compensation was recorded upon options vesting to officers and employees, of which $77 (2019 -$624) was charged to operations.

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

	March 31, 2020 and 2019
Risk free interest rate	2.05%
Expected dividend yield	0%
Expected stock price volatility	66.1%
Expected life in years	4.9
Expected forfeitures	0%

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

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

The following table summarises the stock options outstanding and exercisable as at March 31, 2020:

	Outstanding		Exercisable	
Exercise price (in CAD)	Number outstanding	Weighted average remaining life (years)	Number outstanding	Weighted average remaining life (years)
$0.40 - $0.74	34,558,020	3.28	23,238,782	3.17
$0.75 - $1.00	1,120,000	0.87	1,120,000	0.87
	35,678,020	3.21	24,358,782	3.07

Subsequent to March 31, 2020 19,130,875 options were granted at a weighted-average exercise price of CAD$0.16 to employees, consultants and directors exercisable for a period of five years with various vesting terms between nil and three years. The weighted-average fair value attributable to options granted was CAD$0.09.

c) Deferred share units:

	Number of DSUs
Outstanding December 31, 2019	869,340
Granted	-
Expired	-
Outstanding March 31, 2020	869,340

The Company established a 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. The current DSU payable amount is $78 (2019 - $209). The Corporation recognised a $131 gain for the period ended March 31, 2020 (2019 – $8 gain) in the consolidated statements of operations in relation to change in value of these DSUs.

Subsequent to March 31, 2020, 4,784,761 DSUs were granted at a weighted-average exercise price of CAD$0.16 to directors. The weighted-average fair value attributable to DSUs granted was CAD$0.09.

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

d) Warrants:

	Number of warrants
Outstanding December 31, 2019	2,500,000
Exercised	-
Expired/cancelled	(2,500,000)
Issued (note 5)	15,000,000
Outstanding March 31, 2020	15,000,000

In June 2016, the Company issued 2,500,000 warrants with an exercise price of CAD$0.97 per share. During the quarter, all 2,500,000 warrants held by Pala expired.

During the quarter ended March 31, 2020, 15,000,000 warrants were issued to Triple Flag with an exercise price of CAD$0.225 per common share, exercisable for five years. The value of the warrants was determined to be $865 based on an evaluation using the Black-Scholes pricing model and was recorded as a liability (as the strike price is in Canadian dollars and the Company's functional currency is USD thereby making it a derivative) with the corresponding entry to the stream and royalty deferral (note 5).

The fair value of the warrants derivative at March 31, 2020 and March 31, 2019 was measured using the Black-Scholes option pricing model with the following assumptions:

	March 31, 2020	**March 31, 2019**
Risk-free interest rate	0.25%	1.68%
Expected dividend yield	0	0
Expected stock price volatility	66.5%	60.03%
Expected life in years	5	0.6

e) Performance and Restricted Share Units

During the comparative period, 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 RSUs issued under the plan entitle the holder to a cash payment at the end of a three-year performance period equal to the number of RSUs or PSUs granted, adjusted for a performance factor and multiplied by the quoted market value of a common share of the Company

Under the plan, 4,359,466 PSUs and 5,368,258 RSUs were issued during Q1 2019. During the period ended March 31, 2020, $313 (2019 - $998 expense) in a stock-based compensation credit was recorded in relation to these units, of which $48 (2019 - $191 expense) was credited to operations and $265 (2019 - $807 expense) was credited to development costs. The RSU/PSU payable amount is $494 (2019 - $807) which was classified as long term.

Subsequent to period end, 18,831,022 RSUs and 5,907,223 PSUs were issued.

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

9. Commitments and Contractual Obligations:

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

	March 31, 2020	December 31, 2019
Property, plant, and equipment	$10,000	$9,118

a) 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 under which NCI will deliver not less than 40,000 dry metric tonnes ("dmt") (+/- 5% at NCI's option) of copper concentrate per annum to Aurubis for a term linked to the KfW IPEX-Bank Facility (the "Aurubis Offtake Agreement"). In light of logistical challenges for of making 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 side letter entered into by Aurubis, NCI and Concord on or about the date of the Aurubis Offtake Agreement (the ""Aurubis Side Letter""). NCI sells and delivers copper concentrate required for the swap agreement arrangement contemplated by the Aurubis Side Letter under a copper concentrate sales agreement with Concord between NCI and Concord (the "Swap Volumes Offtake Agreement").

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

Subsequent to the period end on April 10, 2020, the Company notified Concord of a force majeure affecting the Company's ability to perform certain of its obligations under the Offtake Agreements due to temporarily suspended copper production at the Company's Pumpkin Hollow mine as a result of the restrictions imposed by government-mandated measures and other impacts of the COVID-19. The force majeure commenced on April 6, 2020. It is not currently possible for the Company to estimate the time required to enable it to resume full performance of its obligations under the Offtake Agreement.

b) 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 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 the Company terminated its contract with Cementation, the Company filed a motion for leave to file counterclaims against Cementation for breach of contract and declaratory relief. On March 18, 2020, the Company'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. Subsequent to March 31, 2020, Cementation filed an amended complaint alleging additional tort claims, which NCI responded to on April 24, 2020. Cementation also filed a motion for injunctive relief on May 13, 2020 relating to use of hoist software, which NCI opposed on May 27, 2020. Cementation claimed estimated damages of approximately $17,000 while damages claimed by NCI are approximately $88,000. The Company believes it is unlikely they it will have to incur pay any damages to Cementation, and therefore the amount claimed has not been accrued for the financial statements.

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

c) Sedgman Claim

On April 6, 2020, Sedgman USA Inc. ("Sedgman"), the primary contractor for construction and commissioning of the plant at the Underground Project, filed a complaint against NCI in the Second Judicial Court for the State of Nevada (the "Court"). The parties have entered into a formal stipulation with the Court whereby the parties agreed to stay the litigation pending mediation proceedings. The dispute relates to Sedgman's delay in the ramp-up of commissioning of the processing plant and the parties' contractual obligations. The damages amount claimed by Sedgman is undetermined.

10. Financial Instruments:

(a) Fair value measurements:

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

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

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

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

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

The fair value of the Company's debt was determined using Level 2 inputs:

	Mar. 31, 2020		Dec. 31, 2019	
	Carrying value	Fair value	Carrying value	Fair value
Working Capital Facility (note 4b)	22,292	22,292	23,441	23,441
KfW IPEX Bank Facility (note 4a)	104,008	104,288	105,484	117,031
2019 Credit Facility (note 4c)	-	-	15,475	15,475
Convertible loan (note 4d)	28,087	26,973	-	-
	$154,387	$153,553	$144,400	$155,947

(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 4a) Working Capital Facility (note 4b) and Convertible Loan (note 4d) currently provide 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 March 31, 2020, the Company held CAD$48 (2019 -CAD$23) in cash and cash equivalents in a company with a functional currency of United States dollars. At March 31, 2020, the Company had CAD$1,168 (2019 - CAD$512) 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 +/- $112 on loss for the year ended March 31, 2020.

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. Even after the Suspension is lifted, the Company may need to curtail or suspend some or all of its other proposed mining activities on the Project in the future 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 $12,457 as at March 31, 2020 (2019 - $3,169), 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 future cash inflows from the refinancing initiatives undertaken during the period 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 March 31, 2020, 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, accrued liabilities and relate party payables	$55,673	$55,673	-	-	-
Construction contractual obligations	$10,000	$10,000	-	-	-
Working Capital Facility	$22,292	$22,292	-	-	-
Convertible Loan	$50,809	$3,515	$9,198	$38,095-	-
KfW IPEX Bank Facility	$135,421	$1,965	$14,269	$51,027	$68,160
Equipment leases	$26,154	$4,889	$12,811	$8,453	-
Asset Retirement obligation	$5,898	-	-	-	$5,898
Office lease	$84	$35	$49	-	-
Total USD obligations	$306,331	$98,369	$36,327	$97,575	$74,058
	CAD	CAD	CAD	CAD	CAD
Office lease	$228	$103	$125	$-	$-
Total CAD obligations	$228	$103	$125	$-	$-

The Company continuously assesses its cash requirements and its sources of funds in order to optimize its financing strategy. Management believes that by entering into the refinancing 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.

11. 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 or royalty financing to ensure that there is sufficient working capital to meet its short-term business requirements.

As at March 31, 2020, the Company is compliant with its debt covenants.

There were no changes in the Company's approach to capital management during the quarter ended March 31, 2020.

12. Subsequent Events

In addition to those subsequent events mentioned elsewhere:

a) Payroll Protection Program Loan

On April 17, 2020, the Company received a loan under the Payroll Protection Program ("PPP Loan") in the amount of $2,348. The Payroll Protection Program is one of the COVID-19 relief measures provided by the United States federal government. The program is intended to provide an incentive for businesses to keep their workers on payroll. Under the program, loans proceeds can be used for specified purposes including payroll costs, interest on mortgages, rent, and utilities. Forgiveness is based on the employer maintaining or quickly rehiring employees and maintaining salary levels. Forgiveness will be reduced if full-time headcount declines, or if salaries and wages decrease.

Pursuant to the terms of the program, any amounts not forgiven accrue interest at a rate of 1% annually are repayable in monthly principal and interest payments starting on November 17, 2020 to April 17, 2022. The PPP Loan is unsecured with no collateral, guarantees or financing fees.

b) Proceeds from Triple Flag transaction

On May 1, 2020, the Company received $10,000 proceeds associated with the stream and royalty transactions (note 5).