NEVADA COPPER

TEAMWORK. INNOVATION. EXECUTION.

Condensed Consolidated Interim Financial Statements
For the three and nine months ended September 30, 2020 and 2019
(Unaudited)

NEVADA COPPER CORP.

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

	September 30, 2020	December 31, 2019
Assets		
Current assets		
Cash and cash equivalents	**$794**	$1,041
Accounts receivable	**195**	73
Prepaid expenses	**971**	121
Total Current Assets	**1,960**	1,235
Restricted cash (note 14)	**7,073**	2,055
Deferred financing fees	**-**	497
Mineral properties, plant, and equipment (note 3)	**712,293**	604,933
Total Assets	**$721,326**	$608,720
Liabilities and Shareholders' Equity		
Current liabilities		
Accounts payable and accrued liabilities	**$43,926**	$31,304
Related party payable (note 6)	**2,760**	-
Stock-based compensation liabilities – current portion (note 9b)	**491**	209
Warrant derivative (note 10)	**9,363**	-
Current portion of stream and royalty deferral (note 5)	**11,811**	11,317
Current portion of long-term debt (note 4)	**36,771**	31,975
Total Current Liabilities	**105,122**	74,805
Stock based compensation liabilities - long term portion (note 9c)	**505**	807
Stream and royalty deferral (note 5)	**103,248**	69,661
Long term debt (note 4)	**106,829**	118,998
Lease obligation – long term portion (note 4)	**22,570**	19,990
Asset retirement obligation	**5,898**	5,898
	344,172	290,159
Shareholders' Equity		
Share capital	**505,446**	431,069
Other equity reserve	**34,555**	33,308
Accumulated other comprehensive loss	**(3,578)**	(3,578)
Deficit	**(159,269)**	(142,238)
Total Shareholders' Equity	**377,154**	318,561
Total Liabilities and Shareholders' Equity	**$721,326**	$608,720

General Information, Nature of Operations and Going Concern (note 1)
Commitments and Contractual Obligations (note 11)
Subsequent Events (notes 4b and 4h)

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

Approved on behalf of the Board on November 10, 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 and nine months ended September 30, 2020 and 2019
(Unaudited)

	Three Months Ended September 30,		**Nine Months Ended September 30,**	
	2020	2019	**2020**	2019
Expenses				
Consulting and remuneration	**$192**	$128	**$1,361**	$479
Public company expenses	**325**	382	**1,573**	1,421
Office expenses	**62**	38	**261**	236
Professional fees	**642**	279	**3,784**	1,118
Depreciation expense	**(9)**	11	**31**	31
Stock-based compensation (notes 9a, 9b and 9c)	**(290)**	(44)	**845**	1,561
	(922)	(794)	**(7,855)**	(4,846)
Interest income	**2**	19	**5**	846
Interest and finance expenses (note 6a)	**(803)**	16	**(837)**	(20)
Derivative fair value gain (loss) (note10)	**(4,568)**	2	**(4,763)**	127
Other income	**51**	-	**62**	27
Gain (Loss) on debt extinguishment, net (note 4c)	**-**	-	**(4,112)**	1,294
Convertible loan derivative fair value change (note 4d)	**9,994**	-	**6,763**	-
Gain on extinguishment of convertible loan (note 4d)	**(6,383)**	-	**(6,383)**	-
Foreign exchange gain (loss)	**47**	7	**89**	(89)
	(1,660)	44	**(9,176)**	2,185
Net income/(loss) and comprehensive income/(loss)	**$(2,582)**	$(750)	**$(17,031)**	$(2,661)
Loss per common share				
Basic and diluted	**($0.00)**	$(0.00)	**$(0.02)**	$(0.00)
Weighted average number of common shares outstanding	**1,344,685,878**	761,935,897	**957,603,774**	712,484,204

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

NEVADA COPPER CORP.

Condensed Consolidated Interim Statements of Changes in Equity
(Expressed in thousands of United States dollars except number of shares)
Nine months ended September 30, 2020 and 2019
(Unaudited)

	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	100,002,313	29,765	-	-	-	29,765
Shares issuance costs	-	(1,498)	-	-	-	(1,498)
Stock-based compensation (note 9a)	-	-	2,948	-	-	2,948
Comprehensive loss	-	-	-	-	(2,661)	(2,661)
Balances, September 30, 2019	**761,935,897**	**$431,069**	**$32,885**	**$(3,578)**	**$(139,519)**	**$320,857**

	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
Shares issued (note 8)	726,327,092	76,810	-	-	-	76,810
Shares issuance costs	-	(2,433)	-	-	-	(2,433)
Stock-based compensation (note 9a)	-	-	1,247	-	-	1,247
Comprehensive loss	-	-	-	-	(17,031)	(17,031)
Balances, September 30, 2020	**1,488,262,989**	**$505,446**	**$34,555**	**$(3,578)**	**$(159,269)**	**$377,154**

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

NEVADA COPPER CORP.

Condensed Consolidated Interim Statements of Cash Flows
(Expressed in thousands of United States dollars) (Unaudited)
Nine months ended September 30, 2020 and 2019

	September 30, 2020	September 30, 2019
Cash flows used in operating activities		
Loss for the period	**$(17,031)**	$(2,661)
Adjustments for:		
Derivatives fair value change	**4,763**	(127)
Debt extinguishment loss (note 4c)	**4,112**	(1,294)
Convertible Loan derivative fair value change (note 4d)	**(6,763)**	-
Gain on extinguishment of Convertible Loan (note 4d)	**6,383**	-
Stock-based compensation	**852**	1,561
Unrealized foreign exchange loss (gain)	**(86)**	18
Interest and finance charges	**846**	-
Interest income	**(5)**	(846)
Depreciation and accretion expense	**31**	20
	(6,898)	(3,329)
Changes in non-cash working capital items:		
Amounts receivable	**(122)**	(214)
Prepaid expenses	**(850)**	20
Accounts payable and accrued liabilities	**1,393**	(893)
Net cash used in operating activities	**(6,477)**	(4,416)
Cash flows used in investing activities		
Proceeds received upon sale of royalties, stream amendment and issuance of warrants (note 5)	**29,741**	-
Interest received	**5**	846
Restricted cash, net (note 14)	**(5,018)**	1,578
Stream payments (note 5)	**(400)**	-
Proceeds from pre-production sales (note 3)	**3,017**	-
Development costs for mineral properties and purchase of plant and equipment	**(75,561)**	(138,830)
Net cash used in investing activities	**(48,216)**	(136,406)
Cash flows from financing activities		
Common shares issued, net	**27,034**	28,267
Long-term debt repayment	**-**	(92,468)
Repayment of promissory notes (note 4h)	**(5,868)**	-
Proceeds from promissory notes (note 4h)	**15,100**	-
Proceeds from long-term debt, net (note 4a)	**-**	102,372
Proceeds from Payroll Protection Program loan (note 4g)	**2,348**	-
Proceeds from Working Capital Facility (note 4b)	**33,655**	10,428
Working Capital Facility repayment (note 4b)	**(27,622)**	-
Proceeds from 2019 Credit Facility (note 4c)	**14,550**	-
Proceeds from Convertible Loan (note 4d)	**450**	-
Deferred share issuance cost	**-**	(439)
Interest paid	**(5,287)**	(796)
Net cash provided by financing activities	**54,360**	47,364
Effect of exchange rate changes on cash and equivalents	**86**	(18)
Decrease in cash and cash equivalents	**(247)**	(93,476)
Cash and cash equivalents, beginning of the period	**1,041**	108,055
Cash and cash equivalents, end of the period	**$794**	$14,579

Supplemental cash flow information (note 14)

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 910 – 800 West Pender Street, Vancouver, British Columbia, V6C 2V6. The Company is a mining company engaged in the exploration, development and operation of its copper project (the "Project") at its Pumpkin Hollow Property (the "Property") in Western Nevada, USA, and in particular, the ramp-up of its underground project at the Property (the "Underground Project").

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

As a result of 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 milling operations at the Underground Project as a result of the restrictions imposed by government-mandated measures and other impacts of the COVID-19 pandemic (the "Suspension"). During the Suspension, essential mine services and activities continued and the Company implemented an accelerated mine development plan focused on completion of the main shaft at the Underground Project and advancing lateral development. As a result of the COVID-19 pandemic and the Suspension, the Company implemented measures to reduce its expenses, including headcount and salary reductions, and the deferral of certain amounts payable during the period of the Suspension.

On August 20, 2020, the Company restarted its processing plant at the Underground Project following the Suspension.

As at September 30, 2020, the Company had a working capital deficiency (current assets less current liabilities) of $103,162 (December 31, 2019 - $73,570). For the period ended September 30, 2020, the Company incurred a loss of $17,031 (2019 - $2,661) and the cash used in operating activities was $6,477 (2019 - $4,416). As at September 30, 2020, capital commitments due in the next twelve months are $10,701.

During the nine-month period ended September 30, 2020, 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 repayment deferral during the Suspension (note 4b)
- Convertible Loan in the amount of $30,000 (note 4d) to replace the 2019 Credit Facility (note 4c), which was ultimately repaid with proceeds of the Offering described below
- Amendments to the Company's stream agreement with Triple Flag Mining Finance Bermuda Ltd. (the "Stream Agreement") and two new royalty agreements with an affiliate of Triple Flag Precious Metals Corp. (collectively, the "Royalty Agreements") (note 5), in the amount of $20,000 (received on March 27, 2020) and $10,000 (received on May 1, 2020), in respect of the amendment to the Stream Agreement and the Royalty Agreements and $5,000 to be received in conjunction with re-investments by Triple Flag Mining Finance Bermuda Ltd. on future stream deliveries under the Stream Agreement
- Indemnity agreement with a surety in the amount of $26,000 (note 6b)

- Indemnity agreement with a surety in connection with a bond up to a maximum of $16,530 to secure payment terms of the Company's new underground contractor (note 6b)
- Payroll Protection Program Loan in the amount of $2,348 (note 4g)
- the Company completed a bought deal public equity offering (the "Offering"), which included the exercise in full of the underwriters' over-allotment option, of 667,503,553 units of the Company ("Units") at a price of CAD$0.15 per Unit (the "Offering Price"). A portion of the net proceeds from the Offering was used to prepay, with no prepayment penalties, in full, the Convertible Loan (note 4d). The Company also used a portion of the net proceeds from the Offering to repay other outstanding indebtedness (including the Short Term Loans (note 4h)). After the debt repayments and agent fees, the net proceeds from the Offering were $27,034. In addition, the Backstop funding (note 6a) was terminated as a result of the Offering.

The COVID-19 pandemic and the Suspension have had a material adverse impact on the Company's business, results of operations, financial position, and cash flows in 2020. 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. Despite the restart at the Underground Project, COVID-19 is expected to continue to have a materially negative impact on the Company's operations and 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 together with increased costs during the ramp-up period in light of geotechnical changes and the need to raise additional financing in the short term give rise to material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern. See note 12e.

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, favourable market conditions and the ability to obtain additional funding. 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 November 10, 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, 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 its suppliers and employees, and on global financial markets.

During the nine months ended September 30, 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. At September 30, 2020, the Company assessed that there were no further indicators of impairment and did not identify any matters requiring it to perform an updated impairment test. There is heightened potential for impairments of these assets and possibly other impairments. 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 copper have fluctuated significantly in 2020; however, given the relatively short duration of these market movements and market participants' views of commodity prices over a longer horizon, 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.

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, there could be further potentially material and negative impacts 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 and potential inability to generate expected revenue and profitability from its ongoing operations. Impacts from COVID-19 could cause another suspension at the Underground 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)

c) New accounting standards not yet adopted

Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16): The amendments prohibit an entity from deducting from the cost of an item of property, plant, and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. This amendment is effective for the Company's annual reporting period beginning January 1, 2022, with early adoption permitted. The Company is in the process of assessing the impact of the adoption of this amendment. None of the remaining standards and amendments to standards and interpretations which have been issued but are not yet effective are expected to have a significant effect on the consolidated financial statements of the Company.

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 (transfers)	109,813	-	5,647	(3,004)	112,456
As at Sept. 30, 2020	**$683,129**	**$2,917**	**$34,814**	**$451**	**$721,311**
Accumulated depreciation:					
Balance at Dec. 31, 2019	$-	$1,268	$2,654	$-	$3,922
Additions	-	119	4,977	-	5,096
As at Sept. 30, 2020	**$-**	**$1,387**	**$7,631**	**$-**	**$9,018**
Net Book Value					
As at Dec. 31, 2019	$573,316	$1,649	$26,513	$3,455	$604,933
As at Sept. 30, 2020	**$683,129**	**$1,530**	**$27,183**	**$451**	**$712,293**

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

Project costs capitalised for the nine months ended September 30, 2020 on the Property consisted of the following:

	September 30, 2020	2020 Additions	December 31, 2019	2019 Additions	December 31, 2018
Property payments	$1,961	$-	$1,961	$ -	$1,961
Advance royalty payments	5,676	450	5,226	600	4,626
Water rights	2,720	141	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	27,605	368	27,237	1,919	25,318
Permits/environmental	13,729	620	13,109	615	12,494
Underground Project					
Underground access, hoist, head frame, power & related	262,577	63,327	199,250	92,911	106,339
Engineering procurement	130,324	3,226	127,098	81,965	45,133
Surface infrastructure	29,717	9,160	20,557	14,761	5,796
Site costs	41,579	11,195	30,384	10,492	19,892
	566,649	88,487	478,162	203,404	274,758
Depreciation	8,715	5,065	3,650	2,900	750
Asset retirement obligation	4,984	-	4,984	4,075	909
Capitalised interest	79,519	12,353	67,166	9,713	57,453
Stock-based compensation	8,721	345	8,376	2,473	5,903
Stream accretion	17,558	6,580	10,978	8,365	2,613
Pre-production sales	(3,017)	(3,017)	-	-	-
Total	$683,129	$109,813	$573,316	$230,930	$342,386

Project costs in the period were related to the continued development of the Project and therefore continued to be capitalized to Mineral Properties Development Costs.

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.

At March 31, 2020, the following indicators for impairment existed leading to a test of the recoverable amount of the Project: the net assets of the Company exceeded the market capitalization of the Company and the decrease in the estimated net cash flows of the Project driven by the decrease in estimated short and long term copper prices. The Company estimated the recoverable amount of the Project 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.

At September 30, 2020, the Company assessed that there were not any additional indicators of impairment that would require the Company to perform an impairment test. Accordingly, no impairment was recorded as at September 30, 2020.

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

4. Debt:

	September 30, 2020	December 31, 2019
Current portion of debt:		
Current portion of convertible debt - derivatives	**$-**	$1
Interest accrual for KfW IPEX-Bank Facility (a)	**373**	1,855
Working Capital Facility (b)	**28,823**	23,441
Current portion of 2019 Credit Facility (c)	**-**	106
Current portion of lease liability (e)	**6,024**	5,021
Promissory note payable (f)	**1,551**	1,551
Total current portion of debt	**$36,771**	$31,975
KfW IPEX-Bank Facility (a)	**$104,471**	$103,629
2019 Credit Facility (c)	**-**	15,369
Convertible debt (d)	**-**	-
Convertible debt derivatives (d)	**-**	-
Lease liability (e)	**22,570**	19,990
Payroll Protection Program Loan (g)	**2,358**	-
Total long-term debt	**$129,399**	$138,988

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	2,714	-	2,714
Interest payment	(4,196)	-	(4,196)
Loan modification	-	(794)	(794)
Accretion expense	-	1,636	1,636
Balance at September 30, 2020	**$115,373**	**$(10,529)**	**$104,844**

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 described below, initial repayments under the KfW IPEX-Bank Facility 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 $4,196 was paid during the nine months ended September 30, 2020.

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

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 September 30, 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 nine months ended September 30, 2020.

b) **Working Capital Facility:**

Beginning Balance	$-
Advance	26,421
Interest accrual	372
Repayment	(3,352)
Balance at Dec. 31, 2019	$23,441
Advance	33,654
Interest accrual, net of accrual reversal	851
Repayment	(29,123)
Balance at September 30, 2020	**$28,823**

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 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, maturing in 2023, unless terminated in accordance with the terms of any Offtake Agreement (as defined in note 11a). There is no penalty or charge for repayment in respect of the Working Capital Facility.

During the nine months ended September 30, 2020, the Company drew $33,654 under the Working Capital Facility and accrued interest of $851. It repaid the $29,123 balance outstanding at year end of which $3,016 was in product deliveries, $1,500 was through the issuance of 13,594,000 Units to Concord under the Offering at the Offering Price (note 8), $1,730 was through cash collateral posted by Pala Investments Limited ("Pala"), the Company's largest shareholder (note 6c) and $22,877 was in cash.

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). On May 15, 2020, Concord agreed to defer the repayments that would otherwise have fallen due under the Working Capital Facility during the course of the Suspension. As a condition to the repayment deferral, Concord and the Company agreed that the outstanding Working Capital Facility balance would be reduced by rebasing to current copper, gold and silver prices (copper prices were lower on May 15, 2020 than when the advances were drawn). The rebasing amount was determined to be $3,200 and the Company re-paid $1,500 on July

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28, 2020 through the issuance of 13,594,000 Units to Concord under the Offering at the Offering Price (note 8) and the remaining $1,200 was addressed through cash collateral posted by Pala (note 6c). The cash collateral was posted on May 18, 2020 and Pala has charged a fee of $34 which represents a 10% fee from May 18, 2020 to August 30, 2020.As a result of the above, the Company was able to draw $4,947 from the Working Capital Facility on September 27, 2020.

Following recommencement of production at the Underground Project, the Company resumed its performance under its offtake arrangements with Concord on September 12, 2020 when it resumed shipments to Concord. Subsequent to period end on October 1, 2020, the Company notified Concord of the cessation of the force majeure event under the offtake arrangements.

c) **2019 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)**	**$15,475**
Advance	14,987	(887)	14,100
Interest expense	545	-	545
Accretion expense	-	319	319
Conversion to Convertible Loan (note 4d)	(31,988)	1,549	(30,439)
Balance at September 30, 2020	**$-**	**$-**	**$-**

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.

On March 27, 2020, the principal amount of the 2019 Credit Facility, 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	**$-**	**$-**	**$-**	**$-**	**$-**
2019 Credit Facility Conversion	28,037	12,806	(6,043)	(2,400)	32,400
Interest accrued	1,537	-	-	-	1,537
Accretion	-	-	-	393	393
Change in fair value	-	(12,806)	6,043	-	(6,763)
Settlement with shares	(29,574)			2,007	(27,567)
September 30, 2020	**$-**	**$-**	**$-**	**$-**	**$-**

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 of the Company to Pala on April 6, 2020 (note 8). Subsequent to March 27, 2020, Pala syndicated an aggregate principal amount of $13,400 of the Convertible Loan to Castlelake L.P., the Company's second largest shareholder, and another $500 aggregate principal amount of the Convertible Loan to a third party.

The Convertible Loan had a maturity date of March 27, 2024 and bore interest at the rate of 14% per annum, quarterly in arrears. The lenders under the Convertible Loan could have, at any time, and from time to time, converted all or a portion of the Convertible Loan into common shares at a price of CAD$0.1575. The Convertible Loan could have been 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 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 $6,763 for the nine-month period ended September 30, 2020 (2019 - $nil).

On July 28, 2020, the Company repaid in full the Convertible Loan through the issuance of 180,262,677 Units under the Offering at the Offering Price (note 8). A $6,383 loss was recognized in the interim consolidated statement of operations for the difference between the carrying amount of the Convertible Loan, the deferred financing fee, and the fair value of the Convertible Loan.

e) **Lease Liability**

Lease liabilities are repayable in monthly instalments and are secured by equipment with a carrying value of $27,293 (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) **Note Payable – Land purchase**

During 2019, the Company purchased land for its transload facility for $1,607 by paying $56 in cash and 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) **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. It provides forgivable loans to small business owners to help them keep employees on payroll. The program is intended to provide an incentive for businesses to keep their workers on the 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 over a 24 week period from receipt of funds. Forgiveness will be reduced if full-time headcount declines, or if salaries and wages decrease.

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Pursuant to the terms of the program, any amounts not forgiven accrue interest at a rate of 1% annually and are repayable in monthly principal and interest payments over a five year period. The PPP Loan is unsecured with no collateral, guarantees or financing fees.

h) **Promissory Notes**

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 (the "Refinancing Transactions"), pursuant to the terms of an unsecured promissory note (the "March Promissory Note"). The proceeds from the March 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.

The March Promissory Note was repaid in full on March 30, 2020 with proceeds of the Refinancing Transactions, with Pala waiving all interest due under the promissory note.

During the period, Pala provided additional advances to the Company of $15,100, which were used primarily for the continued operation and construction of the Underground Project, pursuant to the terms of unsecured promissory notes, bearing interest at 8% and maturing on September 15, 2020 (collectively, the "Short Term Loans").

On July 28, 2020, the Short Term Loans were repaid in full through $5,868 in cash and the issuance of 83,190,000 Units under the Offering at the Offering Price (note 8).

Subsequent to period end, Pala provided further liquidity to the Company in the amount of up to $8,000 pursuant to the terms of an unsecured promissory note, bearing interest at 8% and maturing on January 31, 2021. Pala has advanced the full $8,000 to the Company under the promissory note, which was used primarily for the continued operation and construction of the Underground Project.

5. Stream and Royalty Deferral

Balance at Dec. 31, 2018	**$72,613**
Accretion	8,365
Balance at Dec. 31, 2019	**$80,978**
Accretion	6,580
Amounts recognized under the stream	(400)
Proceeds allocated from royalty and stream transactions, net of transaction costs (see below)	27,901
Balance at September 30, 2020	**$115,059**

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

	September 30, 2020	December 31, 2019
Current portion	**$11,811**	$11,317
Long term portion	**103,248**	69,661
Total stream and royalty deferral	**$115,059**	$80,978

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

As consideration for these transactions, the Company became entitled to an estimated $35,000 of consideration, including $20,000 received on March 27, 2020 pursuant to the Royalty Agreements and $10,000 received on May 1, 2020 pursuant to the amendment to the Stream Agreement and an additional $5,000 to be paid to the Company pursuant to the amendment to the Stream Agreement through the reinvestment of 50% of the value of metal deliveries received by Triple Flag under the Stream Agreement. The Company is entitled to an additional contingent payment of $5,000 in the event of, and upon achieving, commercial production of the Tedeboy area exploration property pursuant to the Tedeboy Royalty. 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 Agreements and amended Stream Agreement 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 Agreements and amended Stream Agreement is aggregated with the carrying value of the stream deferral just prior to the transaction, net of transaction costs and the $865 fair value of the warrants issued (note 10). 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 approximately 40.0% (2019 – 35.8%) shareholding in Nevada Copper as at September 30, 2020. Additionally, three Pala executives are on the Company's Board of Directors of nine board members as at September 30, 2020.

During the nine-month period, the Company entered into the following transactions with Pala:

- $319 (2019 - $171) was incurred for technical and other services
- Replacement of the 2019 Credit Facility (note 4c)
- The Convertible Loan (subsequently repaid with proceeds of the Offering) (note 4d)
- The Backstop (subsequently terminated in connection with the Offering) (see a below)
- The Indemnity Agreements (see b below)
- $1,730 payment of cash collateral made to Concord on behalf of the Company and related fee payable to Pala
- Issuance of 57,800,000 common shares in connection with the Refinancing Transactions (note 8)
- The March Promissory Note (subsequently repaid with proceeds of the Refinancing Transactions) and the Short Term Loans (subsequently repaid with proceeds of the Offering) (note 4h)
- Issuance of 180,262,677 Units for the repayment of the Convertible Loan (note 4d) and 83,190,000 Units for the repayment of the Short Term Loans (note 4h)

As at September 30, 2020, the Company owed Pala $2,760 (2019 - $nil) relating to fees in connection with the Indemnity Agreements (described below) and the payment to Concord (described below) on behalf of the Company.

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 until December 31, 2021 if the Company was unable to raise capital from other sources.

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 (note 8).

Upon completion of the Offering (note 8), the Backstop expired in accordance with its terms and is no longer available to the Company effective July 28, 2020. Accordingly, the $800 fee paid above was written off to financing fees.

b) Indemnity Agreements

During the nine-month period, the Company entered, together with Pala, into indemnity agreements with a surety in connection with the issuance of a lien bond in an amount up to $26,000 to the extent required in order to remove any liens that may be recorded on the Property by a previous contractor. Pala charges the Company an annual 10% financing fee in the amount of $2,100 for providing guarantees for such surety bonds.

During the period, the $2,100 was paid to Pala through the issuance of 18,900,000 common shares on April 6, 2020 (note 8). $825 was recorded as a prepaid expense as at September 30, 2020 to reflect the unamortized portion of the financing fee.

During the period, 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 $16,530 to secure payment terms of the Company's new underground contractor and approximately $7,000 for a reclamation bond. In connection with the above indemnity agreements (the "Indemnity Agreements"), 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.

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

c) Cash Collateral

During the period, Pala paid Concord in connection with the Working Capital Facility (note 4b) on behalf of the Company through posting cash collateral in the amount of $1,730.

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

7. Key Management Personnel Compensation

The remuneration of the chief executive officer, chief financial officer, chief operating officer, the previously employed 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:

	September 30, 2020	September 30, 2019
Short-term employee benefits	**$2,320**	$1,297
Stock-based compensation	**1,042**	2,297
Total	**$3,362**	$3,594

During the period ended September 30, 2020, $237 (2019 - $nil) was paid to former key management personnel as a result of termination payments and $408 became payable to certain former key management personnel under the Company's termination without cause benefits.

During the nine-month period, $804 (2019 - $466) was incurred in director fees. As of September 30, 2020, accounts payable and accrued liabilities include director fees and expenses payable of $417 (2019 - $147).

8. Share Capital:

Authorised and issued:

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

During the period, the Company issued the following common shares:

	Number of Common Shares	**Amount**
Outstanding December 31, 2019	**761,935,897**	
Settlement of fees, interest and other expenses due to Pala accrued and due upon the replacement of the 2019 Credit Facility with the Convertible Loan (notes 4c and d)	31,400,000	$3,400
Settlement of fees related to Indemnity Agreements (note 6b)	18,900,000	2,100
Settlement of Backstop fees (note 6a)	7,500,000	800
Issued in relation to the Offering (see below)	667,503,553	70,409
Warrants exercised	1,000	1
Share issuance costs	1,022,539	100
Issued during the nine months ended September 30, 2020	726,327,092	$76,810
Outstanding September 30, 2020	**1,488,262,989**	

During the period, the Company completed the Offering whereby 643,713,553 Units were issued at the Offering Price. Each Unit consisted of one common share and one- half of one common share purchase warrant (each whole common share purchase warrant, a "Warrant") of the Company. Each full Warrant entitles the holder thereof to purchase one common share at a price of CAD$0.20 per common share, for a period of 18 months following the closing of the Offering (note 10). The underwriters of the Offering exercised their Over-Allotment Option in full, which resulted in 23,790,000 additional Units being issued at the Offering

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

Price (the "Over-Allotment Option"). Inclusive of the Over-Allotment Option, an aggregate of 667,503,553 Units were issued in the Offering.

The Table below shows the reconciliation of the use of proceeds received from the Offering:

Description	Number of Units	Amount
Net cash proceeds received	262,328,000	$27,034
Extinguishment of the Convertible Loan (note 4d)	308,391,553	33,952
Extinguishment of the Short Term Loans (note 4h)	83,190,000	9,328
Settlement under the Working Capital Facility (note 4b)	13,594,000	1,500
Total	667,503,553	$71,814

9. Share-Based Compensation:

a) 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
Granted	19,997,966	0.16
Expired/cancelled	(15,029,238)	0.51
Outstanding September 30, 2020	42,292,562	0.42
Exercisable September 30, 2020	30,922,815	$0.49

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, re-approved on April 27, 2017 and June 24, 2020, 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 as of that date including options granted prior to the adoption of the Plan.

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.

In Q2 2020, on April 10, 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. In Q2 2020, on June 10, 2020, an additional 867,091 options were granted at a weighted-average exercise price of CAD$0.21 to employees and consultants exercisable for a period of five years with various vesting terms between one and three years. The weighted-average fair value attributable to options granted was CAD$0.11.

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

As at September 30, 2020, there were 88,322,229 stock options available for issuance under the Plan.

During the nine months ended September 30, 2020, $1,247 (2019 - $2,948) in stock-based compensation was recorded upon options vesting to officers and employees, of which $658 (2019 - $1,514) 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:

	September 30, 2020	September 30, 2019
Risk free interest rate	0.48%	2.05%
Expected dividend yield	0%	0%
Expected stock price volatility	62.0%	66.1%
Expected life in years	5.0	4.9
Expected forfeitures	0%	0%

The risk-free rate of return is the yield on a zero-coupon Canadian Treasury Bill of a term consistent with the assumed option life. The expected volatility is based on the Company's historical common 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 September 30, 2020:

	Outstanding		Exercisable	
Exercise price (in CAD)	Number outstanding	Weighted average remaining life (years)	Number outstanding	Weighted average remaining life (years)
$0.16 - $0.74	41,172,562	3.47	29,802,815	3.16
$0.75 - $1.00	1,120,000	0.37	1,120,000	0.37
	42,292,562	3.39	30,922,815	3.06

b) Deferred share units ("DSUs"):

	Number of DSUs
Outstanding December 31, 2019	869,394
Granted	4,977,047
Outstanding September 30, 2020	**5,846,441**

The Company established a DSU plan that allows directors to receive directors' fees in the form of DSUs. 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. DSUs will be paid out 30 days following the date a DSU participant ceases to be a director of the Company and settlement of DSUs will be by way of: (i) a lump sum cash payment; (ii) the issuance of common shares; or (iii) a combination of a cash payment and the issuance of common shares, at the discretion of the Company's Board of Directors.

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

Periodically, since 2013, directors have been granted DSUs, which replaced stock option grants and cash payments as a component of their compensation.

On April 10, 2020, 4,784,761 DSUs were granted at a weighted-average exercise price of CAD$0.16 to directors and advisors. The weighted-average fair value attributable to DSUs granted was CAD$0.09. On June 10, 2020, 192,286 DSUs were granted at a weighted-average exercise price of CAD$0.21 to an advisor. The weighted-average fair value attributable to DSUs granted was CAD$0.11.

All of the DSUs have vested. The current DSU payable amount is $491 (2019 - $209). The Company recognised a $282 loss for the period ended September 30, 2020 (2019 – $95 loss) in the consolidated statements of operations in relation to change in value of these DSUs.

c) 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 Performance and Restricted Share Unit 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.

Under the Performance and Restricted Share Unit Plan, 4,359,466 PSUs and 5,368,258 RSUs were issued during Q1 2019. In Q2 2020, 18,831,022 RSUs and 5,865,488 PSUs were granted. In Q3 2020, 1,013,231 RSUs were granted.

During the nine months ended September 30, 2020, $302 (2019 - $783 expense) in a stock-based compensation credit was recorded in relation to these units, of which $57 (2019 - $142 expense) was recorded to operations and $245 (2019 - $641 expense) was recorded to development costs. The RSU/PSU payable amount is $505 (2019 - $783) which was classified as long term.

10. Warrants:

	Number of warrants
Outstanding December 31, 2019	2,500,000
Exercised	(1,000)
Expired	(2,500,000)
Issued (note 8)	348,751,776
Outstanding September 30, 2020	348,750,776

In June 2016, the Company issued 2,500,000 warrants to Pala with an exercise price of CAD$0.97 per common share. During the nine-month period, the 2,500,000 warrants held by Pala expired.

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

On March 27, 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. At issuance, 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). At September 30, 2020, the change in value of the warrants was determined to be $453 resulting in a warrant derivative liability of $605 as at September 30, 2020 with the corresponding entry recorded as a derivative fair value loss.

The fair value of the warrants derivative at September 30, 2020 and September 30, 2019 was measured using the Black-Scholes option pricing model with the following assumptions:

	September 30, 2020	**September 30, 2019**
Risk-free interest rate	0.32%	1.66%
Expected dividend yield	0	0
Expected stock price volatility	69.5%	44.7%
Expected life in years	4.5	0.4

In July 2020, 333,751,776 warrants were issued in relation to the Offering (note 8) with an exercise price of CAD$0.20 per common share, exercisable within eighteen months. At issuance, the value of the warrants was determined to be $3,736 based on a Level 1 fair value quoted in the active market and was recorded as a liability. The fair value of the warrants was $8,757 at September 30, 2020 based on a closing price of CAD$0.035 at the end of on September 30, 2020. The change in the fair value of the warrants of $5,021 was recorded as a derivative fair value loss in the Statement of Operations and Comprehensive Loss.

Of the foregoing warrants, 1,000 warrants were exercised during the period ending September 30, 2020.

11. Commitments and Contractual Obligations:

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

	September 30, 2020	**December 31, 2019**
Property, plant, and equipment	$10,701	$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") 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 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 between NCI and Concord (the "Swap Volumes Offtake Agreement").

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

On April 10, 2020, the Company notified Concord of a force majeure affecting the Company's ability to perform certain of its obligations under its offtake arrangements with Concord due to the Suspension (see note 1).

Subsequent to period end on October 1, 2020, the Company notified Concord of the cessation of the force majeure event under the offtake arrangements.

b) Cementation Claim

On November 5, 2019, Cementation USA Inc. ("Cementation"), which was the principal underground contractor of the Underground Project until January 30, 2020, filed a claim against 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 counterclaims against Cementation for breach of contract and declaratory relief. Cementation filed an amended complaint on April 10, 2020 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. The court entered a stipulation among the parties on July 9, 2020 that allows NCI to continue to use Cementation's hoist software through completion of sinking operations on the vent shaft. The litigation relates to the progress and costs of construction development for the Underground Project. Damages claimed by Cementation are approximately $17,000, while damages claimed by NCI are approximately $88,000.

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.

d) Hedging Arrangement

Under the Working Capital Facility (note 4b), the Company has the ability to fix the price of payable copper for monthly volumes to be delivered to Concord under its offtake arrangements with Concord on a rolling basis, allowing the Company to fix the price of copper to be delivered for an agreed period of time. Under these arrangements, the Company will be required to provide cash collateral to Concord in the event that during the course of such arrangements, as tested on a weekly basis, the variation margin exposure to Concord is over an agreed threshold amount, currently fixed at $3,500. During the period, the Company fixed the pricing of 325 metric tonnes of payable copper delivered per month for the first six months of 2021 for prices ranging between $6,394 and $6,402 per metric tonne of payable copper.

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

The Company concluded the "one use" exemption applies to the hedging agreement. Accordingly, the agreement will not be accounted for as a derivative at FVTPL each period.

12. 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:

	Sept. 30, 2020		Dec. 31, 2019	
	Carrying value	Fair value	Carrying value	Fair value
Working Capital Facility (note 4b)	$28,823	$28,823	$23,441	$23,441
KfW IPEX-Bank Facility (note 4a)	105,545	98,598	105,484	117,031
2019 Credit Facility (note 4c)	-	-	15,475	15,475
Payroll protection program loan (note 4g)	2,358	2,358	-	-
	$136,726	$129,779	$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) and the Working Capital Facility (note 4b) 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 September 30, 2020, the Company held CAD$728 (2019 - CAD$23) in cash and cash equivalents. At September 30, 2020, the Company had CAD$1,233 (2019 - CAD$512) in accounts payable.

A +/- 10% change in the Canadian exchange rate would have had an impact of approximately +/-$51 on loss for the year ended September 30, 2020.

iii) Commodity price risk:

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

Market prices can be affected by numerous factors beyond the Company's control, including levels of supply and demand for a broad range of industrial products, economic growth rates of various international economies, expectations with respect to the rate of inflation, the relative strength of various currencies, interest rates, speculative activities, global or regional political or economic circumstances and sales or purchases of copper or other metals by holders in response to such factors. 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 lower copper 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, ramp-up and/or construction of the Project. If there are low copper prices during the ramp-up of the Underground Project, then the Company may need to obtain additional liquidity to complete the ramp-up. 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.

(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 $8,062 as at September 30, 2020 (2019 - $3,169), being the carrying value of cash and cash equivalents, restricted cash and amounts receivable.

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

(e) Liquidity risk:

Liquidity risk is the risk that the Company will not be able to meet the obligations associated with its financial liabilities (see note 1). The Underground Project is transitioning to the production stage and as result has not yet generated sufficient revenue to support the Company's obligations. The Company is reliant on its current cash balance, cash flow from pre-commercial production revenue and future potential cash inflows from a financing to:

1.) Fund the completion of the construction and commissioning of the Underground Project, and to take it into commercial production with positive steady state cashflow; and
2.) Fund other corporate costs.

As at September 30, 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 related party payables	$46,685	$46,685	-	-	-
Construction contractual obligations	$10,701	$10,701	-	-	-
Working Capital Facility	$28,823	$28,823	-	-	-
KfW IPEX-Bank Facility	$125,462	$2,233	$32,986	$44,248	$45,995
Equipment leases	$33,443	$2,077	$16,081	$14,731	$554
Asset Retirement obligation	$5,898	-	-	-	$5,898
Office lease	$61	$12	$49	-	-
Total USD obligations	$251,073	$90,531	$49,116	$58,979	$52,447
	CAD	CAD	CAD	CAD	CAD
Office lease	$159	$34	$125	$-	$-
Total CAD obligations	$159	$34	$125	$-	$-

In light of recent geotechnical changes relating to initially smaller stopes during the ramp-up period at the Underground Project, the Company's costs are expected to increase in the short-term. As a result of the additional costs associated with this change in mine plan during the ramp-up period, management has concluded that the Company will require additional funding over the next four months as it completes the ramp-up process. There can be no assurance that a financing will be completed, and in the absence of sufficient financing, the Company may not be able to continue operations.

13. 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 September 30, 2020, the Company is compliant with its debt covenants.

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

There were no changes in the Company's approach to capital management during the nine months ended September 30, 2020.

14. Supplemental cash flow information

Restricted cash in the amount of $7,073 (2019 - $2,055) 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. During the period, $1,675 of the restricted cash was released from restriction and an additional $6,687 was posted as cash collateral related to performance and reclamation bonds resulting in a net increase of $5,012 in restricted cash.

	September 30, 2020	September 30, 2019
Non-cash investing and financing activities		
Depreciation capitalized in mineral properties	**$5,065**	$1,679
2019 Credit Facility repayment (note 4c)	**$31,950**	$-
Stock-based compensation included in mineral properties	**$345**	$2,076
Mineral properties, plant, and equipment in accounts payable and accrued liabilities change	**$12,193**	$7,681
Rights of use assets acquired under finance lease	**$4,836**	$19,123
Accretion on stream and royalty deferral (note 5)	**$6,580**	$6,540
Interest capitalised in mineral properties, plant and equipment	**$12,353**	$6,940
Units issued to settle accrued liabilities (note 8)	**$6,300**	-
Units issued to settle amounts owing under the Working Capital Facility (note 4b)	**$1,500**	$-
Units issued to settle Convertible Loan (note 4d)	**$40,252**	$-
Units issued to settle Short Term Loans (note 4h)	**$9,328**	$-