TEAMWORK. INNOVATION. EXECUTION.

Consolidated Financial Statements
For the years ended December 31, 2020 and December 31, 2019

Independent auditor's report

To the Shareholders of Nevada Copper Corp.

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Nevada Copper Corp. and its subsidiaries (together, the Company) as at December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

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

- the consolidated statements of financial position as at December 31, 2020 and 2019;
- the consolidated statements of operations and comprehensive loss for the years then ended;
- the consolidated statements of changes in equity for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

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

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

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

Material uncertainty related to going concern

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

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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2020. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of mineral properties, plant, and equipment (PP&E) for the Pumpkin Hollow cash generating unit (CGU) *Refer to note 2 – Significant Accounting Policies, and note 3 – PP&E to the consolidated financial statements.* As at December 31, 2020, the total net book value of PP&E amounted to $739 million, of which $730 million related to the Pumpkin Hollow CGU. When an impairment indicator of PP&E exists, an impairment assessment is conducted at the level of the CGU (a group of assets that generate independent cash inflows). An impairment loss is recognized if the carrying amount of a CGU exceeds its recoverable amount. During the year, management identified impairment indicators due to the decline in the Company's market capitalization relative to its net assets at March 31, 2020 and the announcement that its milling operations were temporarily suspended due to COVID-19. As a result, management performed an impairment assessment on the Pumpkin Hollow CGU as at March 31, 2020. The recoverable amount of the CGU was based on a fair value less cost of disposal method using a discounted cash flow model. The determination of the recoverable amount included the following significant assumptions: quantities of recoverable reserves and resources, future metal prices, capital and operating costs and discount rates.	Our approach to addressing the matter included the following procedures, among others: • Tested how management determined the recoverable amounts of PP&E related to the Pumpkin Hollow CGU, which included the following: – Tested the appropriateness of the fair value less cost of disposal method used by management. – Tested underlying data used in the discounted cash flow model. – Evaluated the reasonableness of significant assumptions by (i) comparing future metal prices with external market and industry data; and (ii) assessing whether these assumptions were consistent with evidence obtained in other areas of the audit. – The work of management's experts was used in performing the procedures to evaluate the reasonableness of the estimates associated with the quantity of recoverable reserves and resources and capital and operating cost assumptions. As a basis for using this work, the management's experts' competence, capability and objectivity were evaluated, their work performed was understood and the appropriateness of their work as audit

Key audit matter	How our audit addressed the key audit matter
Management's estimates of the quantity of recoverable reserves and resources are based on information compiled by qualified persons (management's experts). No impairment charge was required for the Pumpkin Hollow CGU because its recoverable amount exceeded the carrying amount. We considered this a key audit matter due to the significant audit effort and subjectivity in applying audit procedures to test significant assumptions used by management in determining the recoverable amounts, which involved significant judgment from management. In addition, the audit effort involved the use of professionals with specialized skill and knowledge in the field of valuations.	evidence was evaluated by considering the relevance and reasonableness of the assumptions and methods and findings. The procedures performed also included tests of relevant data used by management's experts. − Professionals with specialized skill and knowledge in the field of valuation assisted us in assessing the appropriateness of the discounted cash flow models, and the reasonableness of the discount rate used within the model. • Tested the disclosures, including the sensitivity analysis, made in the consolidated financial statements with regard to the impairment assessment of PP&E for the Pumpkin Hollow CGU.
Valuation of the Triple Flag royalty and stream agreement *Refer to note 2 - Significant Accounting Policies, and note 6 – Royalty and Stream Deferral to the consolidated financial statements.* As at December 31, 2020, the total royalty and stream deferral related to the stream agreements with Triple Flag Bermuda Ltd. and affiliated companies (collectively, "Triple Flag") is $118 million. The consideration received from Triple Flag is accounted for as a sale of mineral interests. On March 27, 2020, the Company entered into net smelter return royalty financing and stream agreements with Triple Flag with specific agreements relating to its Pumpkin Hollow underground project, Pumpkin Hollow open pit project, and Tedeboy exploration project. As consideration for these transactions, the Company became entitled to an estimated $35 million, of which approximately $30 million was received in 2020 with the remainder being received when metal	Our approach to addressing the matter included the following procedures, among others: • Read the relevant agreements giving rise to the royalty and stream deferral; and • Tested how management determined the stand-alone selling price of the individual components of the agreements, which included the following: − Tested the appropriateness of the discounted cash flow models used by management. − Tested underlying data used in the discounted cash flow models. − Evaluated the reasonableness of significant assumptions by (i) comparing future metal prices with external market and industry data; and (ii) assessing whether these assumptions were consistent with evidence obtained in other areas of the audit.

Key audit matter	How our audit addressed the key audit matter
deliveries are made in the future. The Company is entitled to an additional contingent payment of $5 million in the event of, and upon achieving, commercial production of the Tedeboy exploration property. The different components of the Triple Flag royalty and stream deferral agreements relate to the following: i) Pumpkin Hollow underground stream obligation (split between the mineral interest in concentrate and processing and refining obligations), ii) Pumpkin Hollow open pit royalty right, and iii) Tedeboy royalty right. In order to allocate the consideration received from Triple Flag amongst each of the components, management determined the relative stand-alone selling price of each component of the obligation and then applied the proportionate values against the consideration received. It is necessary to determine the portion that relates to each component of the Triple Flag royalty and stream deferral in order to measure the value related to the recognition of future deliveries of metal (and associated processing and refining obligations) to be made in relation to each project in future periods. To determine the stand-alone selling price of each component, management used discounted cash flow models, including the use of significant assumptions such as: quantity of recoverable reserves and resources, future metal prices, capital and operating costs and discount rates. Management's estimates of the quantity of recoverable reserves and resources are based on information compiled by qualified persons (management's experts).	− The work of management's experts was used in performing the procedures to evaluate the reasonableness of the estimates associated with the quantity of recoverable reserves and resources and capital and operating cost assumptions. As a basis for using this work, the management's experts' competence, capability and objectivity were evaluated, their work performed was understood and the appropriateness of their work as audit evidence was evaluated by considering the relevance and reasonableness of the assumptions and methods and findings. The procedures performed also included tests of relevant data used by management's experts. − Professionals with specialized skill and knowledge in the field of valuation assisted us in assessing the appropriateness of the methodology and discount rates used to determine the stand-alone selling prices.

Key audit matter	How our audit addressed the key audit matter
We considered this a key audit matter due to the significant audit effort and subjectivity in applying audit procedures to test significant assumptions used by management in determining the stand-alone selling price for the components, which involved significant judgment from management. In addition, the audit effort involved the use of professionals with specialized skill and knowledge in the field of valuations.	

Other information

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

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

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

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

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

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

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

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

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

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

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

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

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

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

/s/PricewaterhouseCoopers LLP

Chartered Professional Accountants

Vancouver, British Columbia
March 18, 2021

NEVADA COPPER CORP.

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

	December 31, 2020	December 31, 2019
Assets		
Current assets		
Cash and cash equivalents	**$21,839**	$1,041
Accounts receivable	**88**	73
Prepaid expenses	**88**	121
Total Current Assets	**22,015**	1,235
Restricted cash (note 2e)	**7,073**	2,055
Deferred financing fees	**-**	497
Mineral properties, plant, and equipment (note 3)	**738,761**	604,933
Total Assets	**$767,849**	$608,720
Liabilities and Shareholders' Equity		
Current liabilities		
Accounts payable and accrued liabilities	**$43,969**	$31,304
Related party payable (note 8)	**2,837**	-
Stock-based compensation liabilities – current portion (note 11)	**581**	209
Warrant derivative (note 12)	**12,477**	-
Current portion of stream and royalty deferral (note 6)	**15,487**	11,317
Working Capital Facility (note 4)	**32,880**	23,441
Current portion of long-term debt (note 5)	**31,035**	6,678
Total Current Liabilities	**139,266**	72,949
Settlement payable- long term (note 13 e and f)	**8,029**	-
Stock based compensation liabilities - long term portion (note 11)	**895**	807
Stream and royalty deferral (note 6)	**102,168**	69,661
Long term debt (note 5)	**140,479**	140,844
Asset retirement obligation (note 7)	**6,219**	5,898
	397,056	290,159
Shareholders' Equity		
Share capital	**505,370**	431,069
Other equity reserve	**31,582**	33,308
Accumulated other comprehensive loss	**(3,578)**	(3,578)
Deficit	**(162,581)**	(142,238)
Total Shareholders' Equity	**370,793**	318,561
Total Liabilities and Shareholders' Equity	**$767,849**	$608,720

General Information, Nature of Operations and Going Concern (note 1)
Commitments and Contractual Obligations (note 13)
Subsequent Events (note 18)

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

Approved on behalf of the Board on March 18, 2020:

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

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Consolidated Statements of Operations and Comprehensive Loss

(Expressed in thousands of United States dollars except per share amounts which are in United States dollars)

Years ended December 31, 2020 and December 31, 2019

	December 31, 2020	December 31, 2019
Expenses		
Consulting and remuneration	**$1,413**	$617
Public company expenses	**1,954**	1,981
Administration expenses	**380**	272
Professional fees	**4,195**	2,919
Depreciation expense	**42**	41
Stock-based compensation (note 11)	**1,002**	1,705
	(8,986)	(7,535)
Interest income	**9**	853
Interest and finance expenses (note 8a)	**(841)**	(26)
Derivative fair value (loss)/gain (note 5d)	**(7,872)**	127
Other income/(expense)	**8**	23
Debt extinguishment/ modification gain/(loss) (notes 5a 5c and 5h)	**(3,041)**	1,294
Convertible Loan derivative fair value change (note 5d)	**6,763**	-
Loss on extinguishment of Convertible Loan (note 5d)	**(6,383)**	-
Foreign exchange loss	**(1)**	(116)
	(11,358)	2,155
Net loss and comprehensive loss	**$(20,344)**	$(5,380)
Loss per common share		
Basic and diluted (note 10b)	**$(0.02)**	$(0.01)
Weighted average number of common shares outstanding	**1,090,993,522**	724,948,740

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

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Consolidated Statements of Changes in Equity
(Expressed in thousands of United States dollars)
Years ended December 31, 2020 and December 31, 2019

	Share Capital					
	Number of Shares	Amount	Other Equity Reserve	Accumulated Other Comprehensive Loss	Deficit	Total
Balances, December 31, 2018	**661,933,584**	**$402,802**	**$29,937**	**$(3,578)**	**$(136,858)**	**$292,303**
Shares issued (note 10a)	**100,002,313**	**29,765**	**-**	**-**	**-**	**29,765**
Shares issuance costs (note 10a)	**-**	**(1,498)**	**-**	**-**	**-**	**(1,498)**
Stock-based compensation (note 11)	**-**	**-**	**3,371**	**-**	**-**	**3,371**
Comprehensive loss	**-**	**-**	**-**	**-**	**(5,380)**	**(5,380)**
Balances, December 31, 2019	**761,935,897**	**$431,069**	**$33,308**	**$(3,578)**	**$(142,238)**	**$318,561**

	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 10a)	726,327,092	76,810	-	-	-	76,810
Shares issuance costs (note 10a)	-	(2,509)	-	-	-	(2,509)
Stock-based compensation (note 11)	-	-	(1,726)	-	-	(1,726)
Comprehensive loss	-	-	-	-	(20,344)	(20,344)
Balances, December 31, 2020	**1,488,262,989**	**$505,370**	**$31,581**	**$(3,578)**	**$(162,581)**	**$370,792**

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

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Consolidated Statements of Cash Flows
(Expressed in thousands of United States dollars)
Years ended December 31, 2019 and December 31, 2018

	December 31, 2020	December31, 2019
Cash flows used in operating activities		
Loss for the year	**$(20,344)**	$(5,380)
Adjustments for:		
Derivatives fair value change (note 5d)	**7,872**	(127)
Debt extinguishment/modification (gain)/loss (notes 5a, 5c and 5h)	**3,041**	(1,294)
Convertible Loan derivative fair value change (note 5d)	**(6,763)**	-
Gain on extinguishment of Convertible Loan (note 5d)	**6,383**	-
Interest and finance expenses	**843**	26
Stock-based compensation	**930**	2,058
Unrealized foreign exchange loss (gain)	**-**	17
Interest income	**(9)**	(853)
Depreciation and accretion expense	**42**	41
	(8,003)	(5,512)
Changes in non-cash working capital items:		
Amounts receivable	**(15)**	67
Prepaid expenses	**33**	2
Accounts payable and accrued liabilities	**2,337**	(301)
Net cash used in operating activities	**(5,648)**	(5,744)
Cash flows used in investing activities		
Proceeds from sale of royalties & stream amendment (note 6)	**29,741**	-
Interest received	**9**	853
Stream payments (note 6)	**(435)**	-
Cash moved (to)/from restricted cash, net	**(5,018)**	2,398
Proceeds from pre-production sales (note 3)	**7,211**	-
Development costs	**(97,892)**	(179,735)
Net cash used in investing activities	**(66,384)**	(176,484)
Cash flows from financing activities		
Common shares issued	**29,228**	29,765
Share issuance cost	**(2,270)**	(1,498)
Repayment of Promissory Notes (note 5d)	**(8,068)**	-
Proceeds from Promissory Notes (note 5b)	**40,860**	-
Net Proceeds from Amended KfW Facility, net (note 5a)	**13,071**	102,372
Proceeds from Payroll Protection Program (note 5g)	**2,348**	-
Proceeds from Convertible Loan (note 5d)	**450**	-
Proceeds from Working Capital Facility (note 4)	**61,307**	26,420
Repayment of Working Capital Facility (note 4)	**(50,277)**	(3,352)
Proceeds from 2019 Credit Facility (note 5c)	**14,550**	14,970
Repayment of Red Kite Facility (note 5h)	**-**	(92,468)
Interest paid	**(6,819)**	(931)
Repayment of Note Payable (note 5f)	**(1,550)**	
Deferred financing fees		(47)
Net cash provided by financing activities	**92,830**	75,231
Effect of exchange rate changes on cash and equivalents	**-**	(17)
Increase/(decrease) in cash and cash equivalents	**20,798**	(107,014)
Cash and cash equivalents, beginning of the year	**1,041**	108,055
Cash and cash equivalents, end of the year	**$21,839**	$1,041

Supplemental cash flow disclosures (note 15)
The accompanying notes are an integral part of these consolidated financial statements.

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

Nevada Copper Corp. is the parent company of its consolidated group (the "Company" or "Nevada Copper"). The Company was incorporated on June 16, 1999 under the *Business Corporations Act* (Yukon) and was continued into British Columbia under the *Business Corporations Act* (British Columbia) on November 16, 2006. Nevada Copper is incorporated and domiciled in Canada, and its registered office is at Suite 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 consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") 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 December 31, 2020, the Company had a working capital deficiency (current assets less current liabilities) of $117,251 (December 31, 2019 - $71,714). For the year ended December 31, 2020, the Company incurred a loss of $20,344 (2019 - $2,661) and the cash used in operating activities was $5,648 (2019 - $5,744). As at December 31, 2020, capital commitments due in the next twelve months are $4,133.

Subsequent to year end on January 29, 2021, the Company completed a bought deal public equity offering (the "January 2021 Offering"), which included the exercise in full of the underwriters' over-allotment option, of 230,000,000 units of the Company at a price of CAD$0.165 per unit for aggregate gross proceeds of approximately CAD$37,950 (USD$30,340) (note 18a). Concurrently with the closing of the January 2021 Offering, the Company completed a private placement of 79,696,970 units to Pala Investments Limited ("Pala"), the Company's largest shareholder, at CAD$0.165 per unit (the "Concurrent Private Placement") for aggregate gross proceeds of approximately CAD$13,150 (USD$10,515) to settle certain indebtedness owing to Pala (note 8).

The COVID-19 pandemic and the Suspension 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,, is not known at this time. COVID-19 may 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 potential for unforeseen delays 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, the ability to complete the ramp-up process in accordance with the current schedule and within the current cost expectations, favourable copper market conditions and the ability to obtain additional financing, if needed. There can be no assurance that these requirements will be achieved. In addition, there can be no assurance that the actual costs to complete the ramp-up will not be greater than expected by the Company or that further significant ramp-up delays will not occur. In the event of significant cost overruns or ramp-up delays, the Company will need to seek additional funding. If further funding is required, there can be no assurance that the Company will be able to obtain such financing, and in the absence of any required financing, the Company may not be able to continue operations.

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

2. Significant Accounting Policies:

a) Statement of compliance

These consolidated financial statements have been prepared in accordance and in compliance with IFRS as issued by the International Accounting Standards Board

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

These consolidated financial statements were approved for issue by the Board of Directors on March 18, 2021.

b) Basis of consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, Lion Iron Corp. (inactive), 607792 British Columbia Ltd. (inactive), 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.

c) Use of judgments and estimates

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

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

i) Mineral reserve estimates

The Company estimates its ore reserves and mineral resources based on information compiled by Qualified Persons as defined in accordance with National Instrument 43-101 -*Standards for Disclosure of Mineral*

Projects (NI 43-101). Reserves are used in the calculation and valuation of standalone selling prices for streaming agreements, depreciation, impairment assessment, and for forecasting the timing of payment of mine closure, reclamation, and rehabilitation costs. There are uncertainties inherent in estimating ore reserves, and assumptions that are valid at the time of estimation may change significantly when new information becomes available. Changes in the forecasted prices of commodities, exchange rates, production costs, or recovery rates could have a material impact in the future on the Company's financial position and results of operations.

ii) Provision for reclamation and remediation

The Company assesses its provision for reclamation and remediation on an annual basis or when new material information becomes available. Mining and exploration activities are subject to various laws and regulations governing the protection of the environment.
In general, these laws and regulations are continually changing, and the Company has made, and intends to make in the future, expenditures to comply with such laws and regulations. Accounting for reclamation and remediation obligations requires management to make estimates of the future costs the Company will incur to complete the reclamation and remediation work required to comply with existing laws and regulations. Actual costs incurred may differ from those amounts estimated. Also, future changes to environmental laws and regulations could increase the extent of reclamation and remediation work required to be performed by the Company. Increases in future costs could materially impact the amounts charged to operations for reclamation and remediation. The provision represents management's best estimate of the present value of the future reclamation and remediation obligation. The actual future expenditures may differ from the amounts currently provided.

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

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

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

ii) Recoverable amount of mineral properties, plant and equipment

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

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

iii) Taxation

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

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

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

iv) Going concern

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

v) Convertible debt

In accordance with the substance of the contractual arrangement, convertible debt are compound financial instruments which are accounted for separately by their components: a financial liability and an equity instrument.

The identification of convertible debt components is based on interpretations of the substance of the contractual arrangement and therefore requires judgment from management. The separation of the components affects the initial recognition of the convertible debt at issuance and the subsequent recognition of interest on the liability component. The determination of the fair value of the liability is also based on a number of assumptions, including contractual future cash flows, discount factors, and the presence of any derivative financial instruments.

vi) Achievement of Commercial Production

Once a mine reaches the operating levels intended by management, depreciation of capitalized costs begins. Significant judgment is required to determine when certain assets of the Company reach this level. Management considers several factors including, completion of a reasonable period of commissioning, and whether consistent operating results are being achieved at a predetermined level of design capacity. During the year ending December 31, 2020, commercial production was not achieved in relation to the Underground Project.

vii) Stream and Royalty Transaction

The royalty and stream deferrals entered into by the Company have been accounted for as a sale of mineral interest.

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

Significant judgment was required in conjunction with arriving at the Company's accounting policies related to the royalty and stream transactions described in note 6, including the characterization of the transactions, whether control has been transferred on the underlying mineral interests and whether related services are

distinct from the mineral interests. In addition, because these transactions were entered into concurrently, the Company's future statements of operations will also be affected by significant estimation related to the allocation of consideration to the various components of the transaction on the basis of stand-alone selling price.

d) Foreign currency translation

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

e) Cash and cash equivalents

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

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

f) Financial instruments

Financial assets and liabilities are initially recorded at fair value. Subsequent measurement of financial assets and liabilities depends on the classification of such assets and liabilities.

(i) Classification of Financial Assets

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

Amortized Cost:

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

a) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and
b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

Financial Assets measured subsequently at FVOCI:

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

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

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

Financial assets measured subsequently at FVTPL:

By default, all other financial assets are measured subsequently at FVTPL. Financial assets measured at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognized in profit or loss. At December 31, 2020 and 2019 the Company did not have any financial assets subsequently measured at FVTPL or FVOCI.

(ii) *Classification of Financial Liabilities*

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

The Company's financial liabilities classified as subsequently measured at amortized cost include accounts payable, accrued, and other liabilities and loans and borrowings, which includes the Company's credit facilities

The Company's financial liabilities classified as FVTPL include the derivative liabilities relating to the Company's credit facilities, as well as the Stream Agreement (note 6). Financial liabilities are classified as current or non-current based on their maturity date.

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

(iii) *Impairment*

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

(iv) *Derivative liabilities*

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

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

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy establishes three

levels to classify the inputs to valuation techniques used to measure fair value, by reference to the reliability of the inputs used to estimate the fair values.

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

g) Asset retirement obligations and reclamation costs

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

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

h) Exploration and evaluation assets

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

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

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

i) Mineral properties, plant and equipment

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

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

Building	20 years

Equipment	5 years
Mobile equipment	3 years
Computer equipment	2 years

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

j) Impairment of non-financial assets

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

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

k) Income taxes

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

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

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

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

l) Stock-based compensation

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

Deferred share units ("DSUs") may be granted to directors as part of their long-term compensation package entitling them to receive cash, common shares of the Company or a combination thereof at the relevant time. A liability for DSUs is measured at fair value on the grant date and is subsequently adjusted at each consolidated statement of financial position date for changes in fair value according to the estimation made by management of the number of DSUs that will eventually vest. The liability is recognised over the vesting period, with a corresponding charge to stock-based compensation.

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

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

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

m) Provisions

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

n) Loss per share

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

o) Interest income and finance costs

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

p) Segmented information

The Company conducts its business in a single segment, being the acquisition, exploration and development of mineral properties. All of its mineral properties are located in the United States. In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

q) Stream and royalty deferral agreements

The stream and royalty deferrals entered into by the Company have been accounted for as a sale of mineral interest. To determine the transaction price for stream and royalty deferral agreements and the revenue to be recognized as control transfers, the Company must make estimates with respect to interest rates implicit in the agreements and future production of the life of mine and Mineral Resources and Reserves quantities. These estimates are subject to variability and may have an impact on the timing and amount of revenue recognized. The Company also exercises judgment in the identification of performance obligations under the Stream Agreement (note 6) and the allocation of the transaction price thereto. Specifically, management considered the customer's rights in relation to future production and the interrelationship of the customer's ability to benefit from this right and related extraction activities performed by the Company, as well as the Company's role as an agent to deliver future refined metal following extraction activities it performs.

r) Leases

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

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

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

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. The lease liability is measured at amortized cost

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

s) Revenue from contracts with customers

Until commercial production is reached, revenue from contracts with customers is credited against mineral property development costs. Revenue from contracts with customers is recognized when control of the promised good or services is transferred. The Company satisfies its concentrate sales and its obligation to deliver metal contained in concentrate under the Stream Agreement at the time control is transferred to the offtaker, which generally occurs upon shipment.

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

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

t) Warrants

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

u) **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:					
As 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	135,579		6,961	(1,916)	140,624
As at Dec. 31, 2020	**$708,895**	**$2,917**	**$36,128**	**1,539**	**749,479**
Accumulated depreciation:					
As at Dec. 31, 2018	$-	$1,029	$-	$-	$1,029
Additions	-	239	2,654	-	2,893
As at Dec. 31, 2019	**$-**	**$1,268**	**$2,654**	**$-**	**$3,922**
Additions	-	146	6,649	-	6,796
As at Dec. 31, 2020	**$-**	**$1,414**	**$9,303**	**$-**	**10,718**
Net book value:					
As at Dec. 31, 2019	**$573,316**	**$1,649**	**$26,513**	**$3,455**	**$604,933**
As at Dec. 31, 2020	**$708,895**	**$1,503**	**$26,825**	**$1,539**	**$738,761**

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

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

The Company entered into the Lease Agreement (the "Lease") for the leased patented claims with RGGS Land & Minerals Ltd. ("RGGS") in May 2006. The Lease had an initial term of ten years, has been renewed for a further ten-year term, and is renewable for up to two more additional ten-year terms for a total of 40 years.

Under the terms of the Lease, the Company is required to pay advance royalty payments of $600 annually until the second expiry date of the Lease on May 2026. Following the completion of the second ten-year term the Lease can be extended for two further ten-year terms subject to performing continuous mining activities, and payment of production royalties and minimum royalty payments of $10,000 in each of these subsequent ten-year terms.

The Company must also pay RGGS a net production royalty on copper obtained from leased patented claims. The royalty rate is 4% on copper when the copper price is less than $1.00 per pound, 5% when the copper price is between $1.00 per pound and $2.00 per pound, and 6% when the price of copper is greater than $2.00 per pound. On all other minerals, such as gold and silver, except iron, the royalty rate is 5%. These royalties will be offset by earlier advance royalty payments subject to the annual minimums ("accrued minimum royalty balance"). There is also a smaller royalty payable to RGGS on copper, gold, silver and taconite (iron) on any production derived from a defined Area of Interest ("AOI") surrounding, and extending approximately 1 mile from the boundary of, the leased patented claims. The royalty rate on production from within the AOI is 2% for non-ferrous metals and the royalty rate for ferrous metals increased is $0.20 per ton.

During a future month within which the accrued minimum recoverable royalty balance is reduced to a value that is between 100-130% of the sum of the next three months of projected production royalty, the Company shall

provide RGGS with a standing irrevocable letter of credit in favour of RGGS in an amount generally equivalent to the sum of three months projected production royalty to be received by RGGS.

The Company is current with all required Lease payments and advance royalty payments. Cumulative advance royalty payments made total $5,596 to December 31, 2020.

Project costs capitalised for the year ended December 31, 2020 and 2019 on the Property consists of the following:

	December 31, 2020	2020 Additions	**December 31, 2019**	**2019 Additions**	**December 31, 2018**
Property payments	**$1,961**	-	**$1,961**	**$ -**	**$1,961**
Advance royalty payments	**5,826**	600	**5,226**	**600**	**4,626**
Water rights	**2,767**	188	**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**
East deposit underground project					
Underground access, hoist, head frame, power & related	**276,933**	77,683	**199,250**	**92,911**	**106,339**
Engineering procurement	**137,270**	10,172	**127,098**	**81,965**	**45,133**
Surface infrastructure	**29,717**	9,160	**20,557**	**14,761**	**5,796**
Site costs	**44,156**	13,772	**30,384**	**10,492**	**19,892**
	590,724	112,562	**478,162**	**203,404**	**274,758**
Depreciation	**10,401**	6,751	**3,650**	**2,900**	**750**
Asset retirement obligation	**5,305**	321	**4,984**	**4,075**	**909**
Capitalised interest	**83,238**	**16,072**	**67,166**	**9,713**	**57,453**
Stock-based compensation	**6,071**	(2,305)	**8,376**	**2,473**	**5,903**
Stream accretion	**20,189**	9,211	**10,978**	**8,365**	**2,613**
Pre production sales	**(7,033)**	(7,033)	**-**	**-**	**-**
Total	**$708,895**	135,579	**$573,316**	**$230,930**	**$342,386**

Asset impairments

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

During the year ended December 31, 2020, management identified impairment indicators due to the significant decline in the Company's market capitalization relative to its net assets at March 31, 2020 and the subsequent announcement of the Suspension. As a result, management performed an impairment assessment on the Pumpkin Hollow CGU as at March 31, 2020. The recoverable amount of the CGU was based on a fair value less cost of disposal method using discounted cash flow model. The determination of the recoverable amounts included the following significant assumptions: quantities of recoverable reserves and resources, future metal prices, capital and operating costs and discount rates. No impairment charge was required for the Pumpkin Hollow CGU because its recoverable amount exceeded the carrying amount.

The model is most sensitive to the estimated short and long term copper prices and the discount rate. Using the 9% discount rate, as disclosed below, a 6.5% decrease in estimated future copper prices would result in a break-even point. Using the copper prices disclosed below, an increase of 2.8% in the discount rate would result in a break-even point. The analysis performed did not result in the recognition of an impairment loss during the years ended December 31, 2020.

At December 31, 2019, the following indicators for impairment existed leading to a test of recoverable amount of the Pumpkin Hollow mine: the net assets of the Company exceeded the market capitalization of the Company as at December 31, 2019; the construction cost overruns incurred to December 31, 2019 and projected as at December 31, 2019; and the decrease in the estimated net cash flows of the Pumpkin Hollow mine driven by the decrease in estimated short and long term copper prices as well as increases in estimated shipping costs. The Company estimated the recoverable amount of the CGU based on its FVLCD. The cash flow model is based on detailed forecasts for the mine and is prepared using life-of-mine plans with expected future production. The model is most sensitive to the estimated short and long term copper prices. Using the 10% discount rate, as disclosed in this Note 3, an 8% decrease in the short and long term copper prices would result in a break-even point. No impairment charge was required for the Pumpkin Hollow CGU because its recoverable amount exceeded the carrying amount.

Management's estimates of the quantity of recoverable reserves and resources are based on information compiled by qualified persons .

Metal prices

The metal prices used to calculate recoverable amounts at March 31, 2020 are based on analysts' consensus price estimates 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)	$15.00	$16

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

Metal prices	2020 average	Long term
Copper price ($/lb)	$2.84	$3.20
Gold price ($/oz)	$1,500	$1,500
Silver price ($/oz)	$17.00	$20.01

Operating and capital costs

Underground Project operating costs and sustaining capital expenditures are based on life-of-mine plans and forecasts using management's best estimates as at 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.

At December 31, 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 December 31, 2020.

4. Working Capital Facility

Beginning Balance	$-
Advance	26,421
Interest accrual	372
Repayment	(3,352)
Balance at Dec. 31, 2019	$23,441
Advance	61,307
Interest accrual, net of accrual reversal	(92)
Repayment	(51,777)
Balance at December 31, 2020	**$32,879**

In 2019, NCI entered into a revolving working capital facility (the "Working Capital Facility") with Concord Resources Limited ("Concord") for up to $35,000 which provides for advances of up to 85% of the value of expected 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 10b). There is no penalty or charge for repayment in respect of the Working Capital Facility.

During the year ended December 31, 2020, the Company made a series of draws totalling $61,307 under the Working Capital Facility and accrued interest of $281. During the year ended December 31, 2020, the Company made a series of repayments totalling $51,777 under the Working Capital Facility during 2020 of which $7,211 was in product deliveries, $1,500 was paid through the issuance of 13,594,000 units to Concord under the July 2020 Offering (note 9a), $1,730 was through cash collateral posted by Pala (note 7c) and $41,336 was paid 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 (note 13c) 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 repaid $1,500 on July 28, 2020 through the issuance of 13,594,000 units to Concord under the July 2020 Offering at CAD$0.15, the offering price (note 9a), and the remaining $1,200 was addressed through cash collateral posted by Pala (note 7c). The cash collateral was posted on May 18, 2020 and Pala charged a fee of $34 which represents a 10% fee from May 18, 2020 to August 30, 2020.

Following the recommencement of pre-production activities, the Company resumed its performance under its Offtake Arrangements with Concord on September 12, 2020 when it resumed shipments to Concord. The Company notified Concord on October 1, 2020 of the cessation of the force majeure event under the offtake arrangements.

On December 8, 2020, in connection with the implementation of the Amended KfW Facility, the Company, through NCI, and Concord entered into an amendment to the Working Capital Facility (the "Working Capital Amendment"), whereby Concord agreed to increase the availability under the Working Capital Facility by $5,000, to a total of $40,000 through its maturity date in 2023. The increase is scheduled to take effect on April 1, 2021. Drawdowns under the Working Capital Amendment in excess of $35,000 prior to commencement of commercial production at the Underground Project will bear interest at LIBOR plus 8.5%. The other terms of the Working Capital Facility will remain substantially the same.

5. Long term debt:

	December 31, 2020	December 31, 2019
Current portion of debt:		
Promissory Notes payable (b)	**$23,790**	$-
Note payable – land purchase (f)	**-**	1,551
Current portion of 2019 Credit Facility (c)	**-**	106
Current portion of lease liabilities (e)	**7,245**	5,021
Total current portion of other debt	**$31,035**	$6,678
Amended KfW IPEX-Bank Facility (a)	**$117,968**	$105,485
2019 Credit Facility (c)	**-**	15,369
Lease liabilities (e)	**20,146**	19,990
Payroll Protection Program Loan (g)	**2,364**	-
Total long-term debt	**$140,478**	$140,844

a) **KFW IPEX-Bank Facility:**

KfW Tranche A Loan:

	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	3,293	-	3,293
Interest payment	(4,196)	-	(4,196)
Debt modification gain	(1,865)	-	(1,865)
Accretion expense	-	2,181	2,181
Balance at December 31, 2020	**$114,087**	**$(9,190)**	**$104,897**

KfW Tranche B Loan:

	Loan facility – amortised cost	Deferred financing fee	Total
Balance at December 31, 2019	**$-**	**$-**	**$-**
Advance	15,000	(1,929)	13,071
Accretion expense	-	-	-
Balance at December 31, 2020	**$15,000**	**$(1,929)**	**$13,071**

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 March 27, 2020 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 year ended December 31, 2020.

The Amended KfW Facility is carried at amortised cost on the consolidated statements of financial position. The Company has incurred $14,557 of transaction costs, on the total amount available under the Amended KfW 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.

On March 27, 2020, as a part of the Refinancing Transactions, 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.

On December 8, 2020, the Company and KfW amended and restated the KfW IPEX-Bank Facility (the "Amended KfW Facility"), whereby KfW agreed to provide an additional loan of $15,000 with a three-year term (the "KfW Tranche B Loan"). The KfW Tranche B Loan bears interest of LIBOR plus 4.9% and there is a 12-month grace period for principal payments and cash sweeps under the KfW Tranche B Loan. The funding of the full amount of the KfW Tranche B Loan occurred on December 30, 2020.

Under the Amended KfW Facility, KfW also agreed to defer $26,000 of planned debt service under the KfW IPEX-Bank Facility until 2023, including the deferral of the funding of the debt service reserve account from January 2022 to January 2023 and the deferral of the first and second amortization payments to be made in July 2022 and January 2023 which will now be made in pro rata installments over the remaining term of the facility starting at the end of July 2023.

The Company recorded a debt modification gain of $1,865 related to the above amendments during the year ended December 31, 2020.

The representations, warranties, covenants, including financial covenants, and events of default of the Amended KfW Facility remain substantially the same as the KfW IPEX-Bank Facility. The Company is in compliance with these covenants as at December 31, 2020.

b) **Promissory Notes**

During October and November 2020, Pala provided liquidity to the Company in the amount of $23,500 pursuant to the terms of unsecured promissory notes, bearing interest at 8% per annum and maturing on January 31, 2021. Pala advanced the full $23,500 to the Company under these promissory notes, which was used by the Company primarily for the continued operation and construction of the Underground Project.

The principal and accrued interest balance of $23,789 outstanding at December 31, 2020 was repaid in full with proceeds of the January 2021 Offering and through the issuance of units to Pala under the Concurrent Private Placement (note 18a).

From April 1 to July 27, 2020, Pala provided 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% per annum and maturing on September 15, 2020 (collectively, the "Short Term Loans").

After the completion of the July 2020 Offering, the Short Term Loans were repaid in full through $5,868 in cash and the issuance of 83,190,000 units under the July 2020 Offering at CAD$0.15 per unit the offering price (note 10).

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.

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)**	**$15,475**
Advance	14,987	(887)	14,100
Interest expense	545	-	545
Accretion expense	-	319	319
Extinguishment (note 5d)	(31,988)	1,549	(30,439)
Balance at December 31, 2020	**$-**	**$-**	**$-**

The Company entered into this $30,000 unsecured credit facility (the "2019 Credit Facility") with Pala on November 29, 2019. 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 $30,000 principal amount of the 2019 Credit Facility, together with accrued interest of $651 was extinguished from the proceeds of the Convertible Loan (note 5d). A $4,910 loss was recognized in the 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	**$-**	**$-**	**$-**	**$-**	**$-**
Issuance of Convertible Loan	28,037	12,806	(6,043)	(2,400)	32,400
Interest accrued	1,537	-	-	-	1,537
Accretion	-	-	-	393	393
Change in fair value	-	(12,806)	6,043	-	(6,763)
Settlement with shares	(29,574)			2,007	(27,567)
December 31, 2020	**$-**	**$-**	**$-**	**$-**	**$-**

On July 28, 2020, the Company repaid in full the Convertible Loan through the issuance of 180,262,677 units under the July 2020 Offering at CAD$0.15 the offering price (note 10). 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 units issued.

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 5c) on March 27, 2020. 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 10) in connection with the Refinancing Transactions. 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 was carried at amortised cost in the consolidated financial statements and the related convertible option and the prepayment option were recorded at their respective fair values as at March 27, 2020 and subsequently until repayment as they were classified as embedded derivatives. Changes in the fair values of these financial instruments was recognised in the consolidated statement of operations as a change in derivative fair value of $6,763 for the year ended December 31, 2020 (2019 - $nil).

e) **Lease Liabilities**

Right-of-use-Assets

The Company leases assets such as mining equipment and properties. These assets are classified as property, plant, and equipment in the statement of financial position.

Cost:	
As at Dec. 31, 2019	$29,167
Additions	6,961
As at December 31, 2020	**$36,128**
Accumulated depreciation:	
As at Dec. 31, 2019	$2,654
Additions	6,649
As at December 31, 2020	**9,303**
Net book value:	
As at December 31, 2020	**$26,825**

Lease Liabilities

The following table relates to all leases under IFRS 16:

Balance – December 31, 2019	**25,011**
Additions	**6,961**
Principal Payments	**(4,582)**
Balance – December 31, 2020	**27,391**
Less: Current Portion	**(7,245)**
Long term lease liability – December 31, 2020	**$20,146**

Minimum lease payments in respect of the above lease liabilities and the effects of discounting are expected to be $10,037 for 2021.

The undiscounted lease payments exclude leases that are classified as short-term and leases for low-value assets, which are not recognized as lease liabilities.

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. The Company paid the promissory note in full in December 2020.

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. 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.

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) Red Kite Loan Facility:

	Loan facility – amortised cost	Deferred financing fee	Derivative	Total
Balance at December 31, 2018	$88,704	$(135)	$1,190	$89,759
Interest and accretion expense	4,103	-	-	4,103
Change in fair value	-	-	(100)	(100)
Repayment	(92,807)	135	(1,090)	93,762
Balance at December 31, 2019	$-	$-	$-	$-

On May 31, 2019, the Company prepaid the $80,000 principal balance of its prior senior credit facility with Red Kite (the "Red Kite Facility"), plus accrued interest of $12,468 for a total of $92,468. A $1,294 extinguishment gain was recognized in the consolidated statement of operations for the difference between the carrying amount of the Red Kite Facility, the deferred financing fee and the fair value of the embedded derivative at the time of the prepayment.

6. Stream and Royalty Deferral

Balance at Dec. 31, 2018	**$72,613**
Accretion	8,365
Balance at Dec. 31, 2019	**$80,978**
Accretion	9,211
Amounts delivered under the stream	(435)
Proceeds allocated from royalty and stream transactions, net of transaction costs (see below)	27,901
Balance at December 31, 2020	**$117,655**

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

	December 31, 2020	**December 31, 2019**
Current portion	**$15,487**	$11,317
Long term portion	**102,168**	69,661
Total stream and royalty deferral	**$117,655**	$80,978

The Company and Triple Flag entered into the "Stream Agreement" on December 27,2017 whereby Triple Flag committed to deposit $70,000 (the "Stream Deposit") against the future delivery by Nevada Copper of 90% of the gold and silver production equivalent from the Underground Project. The gold and silver production is to be calculated based on a fixed ratio of 162.5 ounces of gold and 3,131 ounces of silver for each 1 million pounds of copper in concentrate produced. Under the original terms, the Company was to receive an ongoing payment of 10% of the spot price for each ounce of gold and silver delivered to Triple Flag. Certain of these terms were amended by the March 27, 2020 amendments to the Stream Agreement discussed below.

The Company originally had a one-time option on March 31, 2020, which was not exercised, to reduce the amount of gold and silver to be delivered under the Stream Agreement to 55% of the gold and silver production from the Underground Project (based on the fixed ratios noted above) by making a payment of $36,000 to Triple Flag, subject to certain adjustments. The Company and its subsidiaries have provided subordinated security for the performance of the obligations under the Stream Agreement over all of their respective assets.
The Company received the full amount of the $70,000 Stream Deposit on September 6, 2018 following the announcement of the decision to proceed with the construction of the Underground Project.

On March 27, 2020 the Company entered into a series of agreements with 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, are referred to as the "Royalty Agreements"); iii) an increase in the amount of gold and silver deliverable to Triple Flag under the Stream Agreement from 90% to 97.5% and a reduction in the ongoing payment by Triple Flag from 10% to 5% of the then current spot price at the time of future deliveries; and iv) the issuance of an aggregate of 15 million common share purchase warrants of the Company to Triple Flag at an exercise price of CAD$0.225, exercisable for a period of five years (note 12).

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.

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

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

7. Asset retirement obligation:

The asset retirement obligation has been recorded as a liability, assuming a risk-free discount rate of 0.93% (2019 – 1.92%) and an inflation factor of 1.79% (2019 – 1.79%). The liability for retirement and remediation on an undiscounted basis before an inflation factor of 1.23% (2019- 1.5%) is estimated to be approximately $5,900 (2019 - $5,890) and as of December 31, 2020 settlement is expected to be by December 31, 2034.

	Asset retirement obligation
Balance at Dec. 31, 2018	**$1,822**
Change in timing and increase in estimated closure costs	**3,964**
Accretion	**112**
Balance at Dec. 31, 2019	**$5,898**
Change in timing and increase in estimated closure costs	**264**
Accretion	**57**
Balance at Dec. 31, 2020	**$6,218**

8. Related Party Transactions:

Pala is a related party to the Company as a result of its approximately 40.0% (2019 – 40%) shareholding in the Company as at December 31, 2020. Subsequent to year end, Pala's shareholding dropped to approximately 38% after the completion of the January 2021 Offering and the Concurrent Private Placement (note 18a). Additionally, three Pala executives form part of the Company's Board of Directors.

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

- $358 (2019 - $233) was incurred for technical and other services
- The 2019 Credit Facility (replaced with the Convertible Loan) (note 5c)
- The Convertible Loan (subsequently repaid with proceeds of the July 2020 Offering) (notes 5d and 18a)
- The Backstop (subsequently terminated in connection with the July 2020 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 under an agreement with the Company (the "Collateral Agreement") (note 5b)
- Issuance of 57,800,000 common shares in connection with the Refinancing Transactions (note 10)

- The March Promissory Note (subsequently repaid with proceeds of the Refinancing Transactions) and the Short Term Loans (subsequently repaid in connection with the July 2020 Offering) (notes 5b and 18a)
- Short-term loans provided through unsecured promissory notes in October and November 2020 in the aggregate amount of $25,300, which were subsequently repaid in connection with the January 2021 Offering and the Concurrent Private Placement (note 10b).

As at December 31, 2020, the Company owed Pala $2,837 (2019 - $nil) relating to fees in connection with the Indemnity Agreements (described below), the payment to Concord (described below) on behalf of the Company and accrued technical and other services.

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 10a).

Upon completion of the July 2020 Offering (note 10a), 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 year ended December 31, 2020, 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 charged 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 10a).

During the year ended December 31, 2020, the Company also 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 amounting to $2,937 at December 31, 2020 were capitalized to mineral properties as it relates to the Underground Project. Concurrently with the closing of the January 2021 Offering the Company issued 7,024,615 common shares to Pala on a private placement basis in satisfaction of approximately $911 owing to Pala in respect of fees relating to the Indemnity Agreements.

c) Cash Collateral

During the year ended December 31, 2020, Pala paid Concord in connection with the Working Capital Facility (note 4) on behalf of the Company through posting cash collateral in the amount of $1,730. Amounts owing to Pala by the Company in connection with this cash collateral was repaid through issuance of units under the Concurrent Private Placement (note 18a)

9. Key Management Personnel Compensation:

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

	2020	2019
Short-term employee benefits	**$2,475**	$1,736
Stock-based compensation	**543**	2,585
Total	**$3,018**	$4,321

During the period ended December 31, 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 year ended December 31, 2020, $822 (2019 - $611) was incurred in director fees. As of December 31, 2020, accounts payable and accrued liabilities include director fees and expenses payable of $628 (2019 - $228).

10. Share Capital:

a) Authorised and issued:

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

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

	Number of Common Shares	**Amount**
Outstanding December 31, 2019	**661,933,584**	**$402,802**
Issued in relation to the 2019 Offerings, net	100,002,313	$28,267
Outstanding December 31, 2019	**761,935,897**	**$431,069**
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 5c and d)	31,400,000	$3,400
Settlement of fees related to Indemnity Agreements (note 8b)	18,900,000	2,100
Settlement of Backstop fees (note 8a)	7,500,000	800
Issued in relation to the July 2020 Offering, net	667,503,553	67,900
Warrants exercised	1,000	1
Share issuance costs	1,022,539	100
Issued during the year ended December 31, 2020	726,327,092	$74,301
Outstanding December 31, 2020	**1,488,262,989**	**$505,370**

During the year, the Company completed a bought deal offering whereby 667,503,553 units were issued)the "July 2020 Offering"). Each unit consisted of one common share and one- half of one common share purchase 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 July 2020 Offering (note 12)

The table below shows the breakdown of the use of proceeds received from the July 2020 offering, which is consistent with how the Company expected to use proceeds.

Description	Number of Units	Amount
Net cash proceeds received	262,328,000	$27,034
Extinguishment of the Convertible Loan (note 5d)	308,391,553	33,952
Extinguishment of the Short Term Loans (note 5b)	83,190,000	9,328
Settlement under the Working Capital Facility (note 4)	13,594,000	1,500
Total	667,503,553	$71,814

In May 2019, the Company completed a public offering and concurrent private placement raising gross proceeds of approximately $29,765 (CAD$40,001) through the issuance of 100,002,313 common shares at a price of CAD$0.40 per share (the "2019 Offering"). Share issuance costs of $2,509 were incurred in relation to the 2019 Offering.

b) Earnings per share

Basic earnings per share is computed by dividing net income (loss) attributable to owners of the Company by the weighted average number of common shares outstanding during the period. As of December 31, 2020, and 2019, the Company has issued equity instruments that are potentially dilutive to earnings per share. However, due to the loss for the year ended December 31, 2020, these instruments are anti-dilutive and therefore not included in the earnings per share calculation. Refer to the table below:

	Total Shares Issued	Weighted Average of Shares Issued
Shares outstanding at December 31, 2019	761,936	761,936
Shares issued	726,327	726,327
Total as of December 31, 2020	**1,488,263**	**1,099,994**
Net Loss – December 31, 2020		$(20,802)
Loss per share – December 31, 2020		**$(0.02)**

11. 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
Cancelled	(15,809,627)	0.50
Outstanding December 31, 2020	**41,512,173**	**0.43**
Exercisable December 31, 2020	**30,142,426**	**$0.50**

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 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 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.

As at December 31, 2020, there were 89,102,618 stock options available for issuance under the Plan.

During the year ended December 31 2020, $1,381 (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.

Due to the cancellation of 15,809,627 options during the year, a total of $3,108 previously recognized stock based compensation was reversed of which $2,650 was recognized as a reduction to mineral property plant and equipment.

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

	December 31, 2020	December 31, 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	10%	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 December 31, 2020:

Exercise price (in CAD)	Outstanding		Exercisable	
	Number outstanding	Weighted average remaining life (years)	Number outstanding	Weighted average remaining life (years)
$0.16 - $0.74	40,392,173	3.20	29,022,426	2.87
$0.75 - $1.00	1,120,000	0.12	1,120,000	0.12
	41,512,173	3.11	30,142,426	2.77

b) Deferred share units (“DSUs”):

	Number of DSUs
Outstanding December 31, 2018	**875,340**
Exercised	(5,946)
Outstanding December 31, 2019	**869,394**
Granted	4,977,047
Outstanding December 31, 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.

Periodically, since 2013, directors have been granted DSUs, which replaced stock option grants and cash payments as a component of their compensation. The Company has appropriately disclosed these as Liabilities in the Statement of Financial Position.

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 $581 (2019 - $209). The Company recognised a $384 loss for the period ended December 31, 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:

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 PSUs and 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, the following grants and cancellations occurred during the year:

	Number of PSUs
Outstanding December 31, 2018	**-**
Granted	**4,359,466**
Cancelled	**(118,145)**
Outstanding December 31, 2019	**4,241,321**
Granted	**5,865,488**
Cancelled	**(6,272,328)**
Outstanding December 31, 2020	**3,834,481**

	Number of RSUs
Outstanding December 31, 2018	**-**
Granted	**5,368,258**
Cancelled	**-**
Outstanding December 31, 2019	**5,368,258**
Granted	**23,237,523**
Cancelled	**(2,739,256)**
Outstanding December 31, 2020	**26,003,525**

During the year ended December 31, 2020,$692 (2019 - $807) in stock-based compensation was recorded in relation to these units, of which $447 (2019 - $123) was charged to operations and $245 (2019 - $684) was capitalised to development costs. The RSU/PSU payable amount is $895 (2019 - $807) which was classified as long term.

12. Warrants:

Details of warrants issued, exercised, expired and outstanding as at and during the year ended December 31, 2020, and December 31, 2019 are as follows:

	Number of Warrants	Weighted Average Exercise Price (CAD)
Outstanding Balance – December 31, 2018	5,000,000	
Exercised	-	
Expired	(2,500,000)	
Outstanding Balance – December 31, 2019	2,500,000	$0.97
Exercised	(1,000)	$0.20
Expired	(2,500,000)	$0.97
Issued	348,751,776	$0.20
Outstanding Balance – December 31, 2020	**348,750,776**	**$0.20**

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 year, the 2,500,000 warrants held by Pala expired unexercised.

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 the Black-Scholes pricing model and was recorded as a liability. The corresponding entry was recorded to the stream and royalty deferral (note 6). At December 31, 2020, the change in value of the warrants was determined to be $184 resulting in a warrant derivative liability of $681 as at December 31, 2020 with the corresponding entry recorded as a derivative fair value loss. The fair value of the warrants derivative at December 31, 2020 and December 31, 2019 was measured using the Black-Scholes option pricing model with the following assumptions:

	December 31, 2020	December 31, 2019
Risk-free interest rate	0.42%	1.67%
Expected dividend yield	0	0
Expected stock price volatility	69.0%	79.32%
Expected life in years	4.2	0.2

In July 2020, 333,751,776 warrants were issued in relation to the July 2020 Offering (note 10) 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 $11,796 at December 31, 2020 based on a closing price of CAD$0.045 at December 31, 2020. The change in the fair value of the warrants of $8,060 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 year ending December 31, 2020.

13. Commitments and Contractual Obligations:

a) Capital expenditure commitments

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

	December 31, 2020	**December 31, 2019**
Property, plant, and equipment	$4,133	$9,118

b) 2020 Cost Overrun Facility

In connection with the Amended KfW Facility (note 5a), the Company provided a cost overrun facility (the “COF”) to NCI of $5,000 on substantially the same terms as the cost overrun facility that was provided by the Company to NCI in May 2019 when the KfW IPEX-Bank Facility was entered into. The COF was funded from proceeds of the January 2021 Offering. The COF may be drawn only once all other existing sources of funding have been utilized and if ramp-up costs at the Underground Project exceed the current estimate.

Pala provided a corporate guarantee to KfW (the “Pala Guarantee”) in respect of both the $15,000 additional KfW Tranche B Loan and the $5,000 COF funding amount (collectively, the “Guaranteed Amount”) and a pledge of certain of Pala’s assets. The COF was funded from the proceeds of the January 2021 Offering such that the Pala Guarantee no longer applies to the $5,000 COF funding amount. The Company will compensate Pala for its commitments under the Pala Guarantee and related pledge arrangements at a rate of 8% per annum of any outstanding Guaranteed Amount, which shall be paid on a quarterly basis in arrears (the “Guarantee Fee”). The Guarantee Fee shall be paid in cash by the Company to Pala unless otherwise prohibited under the Amended KfW Facility or related documents. Notwithstanding the foregoing, if the Company has insufficient cash to pay the Guarantee Fee on a quarterly payment date or is prohibited from paying cash under the Amended KfW Facility or related documents, Pala shall be entitled (at its sole discretion) to elect

to either (a) accrue the Guarantee Fee such that it shall be payable at the next payment date on a rolling basis or (b) require the Guarantee Fee to be paid in common shares of the Company. The number of common shares to be issued shall be calculated based on the market price of the common shares at the time of the applicable payment date.

If the Pala Guarantee relating to the KfW Tranche B Loan is reduced or discharged as a result of any prepayments and/or early repayments (that are not due to scheduled amortization repayments and cash sweep repayments for the KfW Tranche B Loan) as a result of a change of control of the Company or for any other reason whatsoever, other than with respect to any refinancing in full of the KfW Tranche B Loan using proceeds of a debt financing with a third party commercial bank or financial institution acceptable to KfW, a prepayment premium will apply on similar terms as described below with respect to the 2021 Credit Facility.

c) Offtake Arrangements

As a condition to the KfW IPEX-Bank Facility, NCI entered into a copper concentrate sales agreement with Aurubis AG and Aurubis Bulgaria AD (collectively, "Aurubis") under which NCI will deliver not less than 40,000 dry metric tonnes ("dmt") (+/- 5% at NCI's option) of copper concentrate per annum to Aurubis for a term linked to the KfW IPEX-Bank Facility (the "Aurubis Offtake Agreement") for a period of eight contractual years from the commencement of commercial production at the Underground Project, unless terminated earlier in accordance with its terms.. 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 for a period of eight contractual years from the commencement of commercial production at the Underground Project, unless the agreement is terminated earlier in accordance with its terms. Both the Swap Volumes Offtake Agreement and the Additional Volumes Offtake Agreement provide for NCI to deliver monthly shipments to Concord.

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).

On October 1, 2020, the Company notified Concord of the cessation of the force majeure event under the offtake arrangements.

d) 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 allowed NCI to continue to use Cementation's hoist software through completion of sinking operations on the vent shaft. The litigation related to the progress and costs of construction development for the Underground Project.

In February, 2021, NCI entered into a settlement agreement with Cementation, to resolve the litigation. As part of the settlement, NCI paid Cementation $1,000 upon release of the related bond and will pay Cementation $9,000 in instalments beginning September 2021, which $9,000 is guaranteed by Pala. Under a fee agreement between Pala and the Company, a 50% fee of this guaranteed amount, being $450, was payable by the Company to Pala, which was satisfied by the Company through the issuance of 3,506,024 common shares to Pala in February 2021, representing a price per common share of CAD$0.1621, being the current market price of the common shares when the free agreement was entered into. This has been accounted for as an adjusting subsequent event in accordance with IAS 10 as the litigation claim existed on the reporting period date.

The court has dismissed all claims and the $3,382 bond issued in connection with the dispute has been released. The Company's consolidated financial statements at December 31, 2020 reflects the terms of the settlement agreement. Based on the settlement, a reduction to the accrued amounts of $3,478 has been recorded as the settlement amount of $10,000 is less than the $13,478 that had been accrued by the Company. This is an adjustment event for accounting purposes as it is the settlement of a lawsuit.

e) Sedgman Claim

On April 6, 2020, Sedgman USA Inc. ("Sedgman"), the primary contractor for construction and commissioning of the processing plant at the Underground Project, filed a complaint against NCI in the Second Judicial Court for the State of Nevada . The dispute related to Sedgman's delay in the ramp-up of commissioning of the plant and the parties' contractual obligations.

In February, 2021 , NCI entered into a settlement agreement with Sedgman in order to resolve the litigation. As part of the settlement, the Company issued 15,992,514 common shares to Sedgman at CAD$.1603 per common share, the market price of the common shares at the time that the settlement agreement was entered into, totalling $2,000, and has agreed to pay $5,000 in instalments beginning December 31, 2021, with a potential additional $2,000 in shares issuable upon Sedgman meeting certain performance thresholds. The court has dismissed all claims. The Company's consolidated financial statements at December 31, 2020 reflects the terms of the settlement agreement.

Based on the settlement, a reduction to the accrued amounts of $1,183 million has been recorded to accrued liabilities and mineral properties, plant and equipment as the settlement amount of $7,529 is less than the $8,712 that had been previously accrued by the Company. This has been accounted for as an adjusting subsequent event in accordance with IAS 10 as the litigation claim existed on the reporting period date.

f) Hedging Arrangement

Under the Working Capital Facility (note 4), 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.

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

14. Income taxes:

(a) Effective tax rate:

The provision for income taxes differs from the amount calculated using the Canadian federal and provincial statutory income tax rates of 27.0% (2019 - 27.0%) as follows:

	Dec 31, 2020	Dec. 31, 2019
Loss Before Taxes	**$(20,343)**	**$(5,380)**
Expected income tax expense (recovery)	**(5,493)**	**(1,453)**
Stock based compensation and other permanent items	**4,191**	**8,955**
Difference in foreign tax rates	**414**	**861**
Deferred tax assets not recognized	**888**	**(8,365)**
Total income tax expense	**$-**	**$-**

(b) Deferred income tax assets and liabilities:

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

	Dec. 31, 2020	Dec. 31, 2019
Mineral properties	**$(50,028)**	$(31,253)
Tax losses	**20,741**	11,991
Deferred interest	**27.981**	18,019
Other	**1,306**	1,243
Net deferred income tax liabilities	**$-**	$-

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

	Dec. 31, 2020	Dec. 31, 2019
Unrecognised deductible temporary differences and unused tax losses:		
Non-capital losses	**$93,951**	$88,467
Capital losses	**-**	-
Plant and equipment	**213**	168
Financing costs	**9,929**	9,327
Other	**252**	211
	$104,345	$98,173

The Company has Canadian tax losses of approximately $85,454 and the losses can offset future taxable income in Canada and expire between 2025 and 2040. The Company has a total US tax loss of approximately $107,265. Losses in 2017 and earlier tax years can be used to offset future taxable income and expire between 2026 and 2037, and losses in 2018 of approximately $99,639 carry forward indefinitely and can be used to offset 80% of future taxable income.

15. Supplemental Cash flow information

	Dec. 31, 2020	Dec. 31, 2019
Non-cash investing and financing activities:		
Depreciation capitalized in mineral properties, plant, and equipment	**$6,751**	$2,900
2019 Credit Facility repayment (note 5c)	**$31,950**	$-
Units issued to settle accrued liabilities (note 10)	**$6,300**	-
Units issued to settle amounts owing under the Working Capital Facility (note 4)	**$1,500**	$-
Units issued to settle Convertible Loan (note 5d)	**$40,252**	$-
Units issued to settle Short Term Loans (note 5b)	**$9,328**	$-
Stock-based compensation included in mineral properties	**$(2,305)**	$2,473
Mineral properties, plant, and equipment in accounts payable and accrued liabilities change	**19,461**	$11,801
Rights of use assets acquired under finance lease (note 2r)	**$6,961**	$29,167
Asset retirement obligation change	**$321**	$3,964
Accretion on stream deferral (note 6)	**$9,211**	$8,365
Interest capitalised in mineral properties, plant and equipment	**$16,072**	$9,713

16. Financial Instruments:

(a) Fair value measurements:

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

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

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

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

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

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

	Dec 31, 2020		Dec. 31, 2019	
	Carrying value	Fair value	Carrying value	Fair value
Working Capital Facility (note 4)	$32,880	$32,880	$23,441	$23,441
Amended KfW Facility (note 5a)	117,968	130,953	105,484	117,031
2019 Credit Facility (note 5c)	-	-	15,475	15,475
Payroll protection program loan (note 5g)	2,364	2,364	-	-
	$153,212	$163,833	$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 Amended KfW Facility (note 5a) and the Working Capital Facility (note 4) 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 December 31, 2020, the Company held CAD$21,839 (2019 - CAD$1,041) in cash and cash equivalents. At December 31, 2020, the Company had CAD$43,969 (2019 - CAD$31,304) 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 December 31, 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 $29,000 as at December 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 (see note 1). The Underground Project is in the ramp-up 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 cash inflows its financing transactions 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 December 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 related party payables	$46,806	$46,806	-	-	-
Construction contractual obligations	$4,133	$4,133	-	-	-
Working Capital Facility	$32,880	$32,880	-	-	-
Settlement payable	$8,029	-	$8,029	-	-
Amended KfW Facility	$143,787	$2,681	$34,036	$51,166	$55,904
Equipment leases	$32,031	$8,808	$15,338	$7,885	$-
Asset Retirement obligation	$6,219	-	-	-	$6,219
Office lease	$49	$49	-	-	-
Total USD obligations	$273,933	$95,356	$57,403	$59,050	$62,123
	CAD	CAD	CAD	CAD	CAD
Office lease	$125	$125	$-	$-	$-
Total CAD obligations	$125	$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 will increase in the short-term. In addition, the Company's costs have increased as a result of the cumulative impact of a series of unplanned stoppages in early 2021 due to mechanical issues and other incidents in the Main Shaft. In the event of further cost overruns, the Company will need to seek additional funding. The Company continues to advance its medium and longer-term mine planning analysis, including related costs and timing implications. If further funding is required to complete the ramp-up, there can be no assurance that the Company will be able to obtain such financing, and in the absence of any required financing, the Company may not be able to continue operations.

17. Management of capital:

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

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

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

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

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

18. Subsequent Events

a) January 2021 Offering

Subsequent to year end on January 29, 2021, the Company completed a public offering of units, on a bought deal basis (the "January 2021 Offering"), whereby 200,000,000 units were issued at a price of CAD$0.165 per Unit (the "January Offering Price"). Each unit consisted of one common share and one- half of one common share purchase warrant of the Company. Each full warrant entitles the holder thereof to purchase one common share at a price of CAD$0.22 per common share, for a period of 18 months following the closing of the January 2021 Offering (until July 29, 2022). The underwriters of the January 2021 Offering exercised their over-allotment option in full, which resulted in 30,000,000 additional units being issued at the January Offering Price. Including over-allotment option, an aggregate of 230,000,000 units were issued in the January 2021 Offering for total aggregate gross proceeds of approximately CAD$37,950 ($27,717).

The table below shows the breakdown of the use of proceeds received from the January 2021 Offering, which is consistent with how the company expected to use such proceeds.

Description	Amount
Net cash proceeds received	$27,717
Payment of the Pala Promissory Notes (note 5b)	(15,808)
Funding of Cost Overrun Facility (note 13b)	(5,000)
Net Proceeds Available to the Company	$6,909

Concurrently with the closing of the January 2021 Offering, the Company completed a private placement of 79,696.970 units to Pala at the January Offering Price for total aggregate gross proceeds of approximately CAD$13,150 ($10,273).

In addition the Company issued 7,024,615 shares to Pala at price of CAD$0.165 per share for the settlement of indemnity fees (note 8b) for total aggregate gross proceeds of approximately CAD$1,160 ($911).

The table below shows the use of proceeds of the Concurrent Private Placement, which is consistent with how the Company expected to use such proceeds.

Description	Amount
Extinguishment of the Pala Promissory Notes (note 5b)	$8,143
Repayments relating to the Collateral Agreement (note 4)	1,788
Settlement of expenses	342
Repayment of indemnity fees (note 8b)	911
Private placement	$11,184

b) 2021 Credit Facility

Subsequent to year end, the Company entered into a new $15,000 credit facility with Pala on February 3, 2021 (the "2021 Credit Facility"). The 2021 Credit Facility is a direct obligation of the Company and is not guaranteed or secured by any of the Company's subsidiaries. The 2021 Credit Facility bears interest at LIBOR plus 9% per annum on outstanding amounts and is subject to a 3% arrangement fee on the total amount of the facility and a 4% disbursement fee on amounts drawn. There are no common shares, warrants or other convertible securities of the Company issuable in connection with the 2021 Credit Facility, other than the potential for interest and the Commitment Fee (as defined below) to be paid in Common Shares rather than paid in cash or capitalized. Any common shares issued under the 2020 Credit Facility will be issued at the market price of the common shares at the time of the issuance. Pala will be entitled to syndicate all or a portion of the 2021 Credit Facility, which may result in higher interest and fees with respect to the syndicated portion of the 2021 Credit Facility. The Company is subject to certain restrictions on the issuance of additional debt during the syndication period.

The funds can be drawn prior to June 30, 2021 (the "Availability Period"), subject to certain conditions, including that, in Pala's opinion, the Company's financial resources plus any amounts drawable under the 2021 Credit Facility will be sufficient to complete the ramp-up and achieve commercial production and positive cash flows before the end of 2021 and Pala's acceptance of the proposed use of proceeds of each drawdown with reference to the Company's budgeted and projected cash flow forecast. During the Availability Period, Pala will be paid a 4% per annum commitment fee on amounts available to be drawn (the "Commitment Fee"). The 2021 Credit Facility also includes an accordion feature whereby, subject to the agreement of the parties and the satisfaction of other applicable conditions, additional drawings of up to $15,000 are permitted at any time prior to the maturity date. Pala has confirmed its intention to make the accordion feature available to the Company as needed.

Voluntary prepayments by the Company under the 2021 Credit Facility are subject to a prepayment premium, which will also apply in the case of a change of control in respect of the Company. This prepayment fee is equal to (i) 25% for any prepayment made during the first 12 months following the closing of the 2021 Credit Facility; (ii) 17.5% for any prepayment made during the next 12-24 months following the closing of the 2021 Credit Facility; and (iii) 10% for any prepayment made thereafter. If the Company completes any equity or loan financings during the term of the 2021 Credit Facility, unless otherwise agreed with the Company, Pala shall be entitled, at its sole discretion, to elect for any portion of the net proceeds from such financings (subject to certain restrictions under the Amended KfW Facility) to be utilized and applied to prepay the outstanding amounts owing to Pala under the 2021 Credit Facility, on a dollar for dollar basis. If Pala makes such an election, any prepayment shall not be subject to the voluntary prepayment premium described above.

Funds advanced under the 2021 Credit Facility are expected to be used to fund the construction and ramp-up of the Underground Project, as well as for the general working capital needs of the Company.