NEVADA COPPER

TEAMWORK. INNOVATION. EXECUTION.

Condensed Consolidated Interim Financial Statements
For the three months ended March 31, 2021 and 2020

NEVADA COPPER CORP.

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

	March 31, 2021	December 31, 2020
Assets		
Current assets		
Cash and cash equivalents	$9,643	$21,839
Accounts receivable	162	88
Prepaid expenses	86	88
Total Current Assets	9,891	22,015
Restricted cash (note 10a and b)	8,691	7,073
Mineral properties, plant, and equipment (note 3)	777,593	738,761
	$796,175	**$767,849**
Liabilities and Shareholders' Equity		
Current liabilities		
Accounts payable and accrued liabilities	$44,918	$43,969
Related party payable (note 7)	947	2,837
Stock-based compensation liabilities – current portion	709	581
Warrant derivative (note 9)	19,081	12,477
Stream and royalty deferral – current portion (note 6)	13,360	15,487
Working Capital Facility (note 4)	32,969	32,880
Long-term debt – current portion (note 5)	7,306	31,035
Total Current Liabilities	**$119,290**	**139,266**
Settlement payable – long term portion (note 10b and c)	4,750	8,029
Stock based compensation liabilities - long term portion	1,326	895
Stream and royalty deferral (note 6)	106,777	102,168
Long term debt (note 5)	155,305	140,478
Asset retirement obligation	6,245	6,219
Total Liabilities	**$393,693**	**397,056**
Shareholders' Equity		
Share capital	540,956	505,370
Other equity reserve	31,581	31,582
Accumulated other comprehensive loss	(3,578)	(3,578)
Deficit	(166,477)	(162,581)
Total Shareholders' Equity	**402,482**	**370,793**
Total Liabilities and Shareholders' Equity	**$796,175**	**$767,849**

General Information, Nature of Operations and Going Concern (note 1)
Commitments and Contractual Obligations (note 10)
Subsequent Events (notes 4, 5b and 10a)

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

Approved on behalf of the Audit Committee on May 17, 2021:

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

NEVADA COPPER CORP.

Condensed Consolidated Interim Statements of Operations and Comprehensive Loss
(Expressed in thousands of United States dollars except per share amounts which are in United States dollars)
Three months ended March 31, 2021 and 2020
(Unaudited – Prepared by Management)

	March 31 2021	March 31, 2020
Expenses		
Consulting and remuneration	$215	$197
Public company expenses	369	689
Administration expenses	73	73
Professional fees	536	1,195
Depreciation expense	-	10
Stock-based compensation	1,405	(132)
	(2,598)	(2,032)
Interest income	11	3
Interest and finance expenses	(5)	(5)
Derivative fair value loss	(1,145)	(5,930)
Gain on debt modification	-	794
Loss on debt extinguishment, net	-	(4,906)
Foreign exchange gain (loss)	(159)	87
	(1,298)	(9,957)
Net loss and comprehensive loss	**$(3,896)**	$(11,989)
Loss per common share		
Basic and diluted	**$(0.00)**	$(0.02)
Weighted average number of common shares outstanding	**1,749,940,770**	761,935,897

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

NEVADA COPPER CORP.

Condensed Consolidated Interim Statements of Changes in Equity
(Expressed in thousands of United States dollars)
Three months ended March 31, 2021 and March 31, 2020
(Unaudited – Prepared by Management)

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

	Share Capital					
	Number of Shares	Amount	Other Equity Reserve	Accumulated Other Comprehensive Loss	Deficit	Total
Balances, December 31, 2020	1,488,262,989	$505,370	$31,581	$(3,578)	$(162,581)	$370,792
Shares issued (note 8b	336,722,992	37,852	-	-	-	37,852
Shares issuance costs (note 8b(i))	-	(2,266)	-	-	-	(2,266)
Stock-based compensation	-	-	-	-	-	-
Comprehensive loss	-	-	-	-	(3,896)	(3,896)
Balances, March 31, 2021	1,824,985,981	**$540,956**	**$31,581**	**($3,578)**	**($166,477)**	**$402,482**

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

NEVADA COPPER CORP.

Condensed Consolidated Interim Statements of Cash Flows
(Expressed in thousands of United States dollars)
Three months ended March 31, 2021 and March 31, 2020
(Unaudited – Prepared by Management)

	March 31, 2021	March 31, 2020
Cash flows used in operating activities		
Loss for the period	$(3,896)	$(11,989)
Adjustments for:		
Derivatives fair value change	1,145	5,930
Debt modification gain	-	(794)
Debt extinguishment loss	-	4,906
Stock-based compensation	1,405	(132)
Unrealized foreign exchange loss (gain)	-	8
Interest and finance charges	-	6
Interest income	(11)	(3)
Depreciation and accretion expense	-	10
	(1,357)	**(2,058)**
Changes in non-cash working capital items:		
Amounts receivable	(74)	(6)
Prepaid expenses	2	(104)
Accounts payable and accrued liabilities	(338)	(114)
Net cash used in operating activities	**(1,767)**	**(2,282)**
Cash flows used in investing activities		
Proceeds from sale royalties & stream amendment (note 6)	-	20,000
Interest received	11	3
Stream payments (note 6)	(206)	(47)
Transferred to restricted cash, net	(1,618)	-
Proceeds from pre-production sales (note 3)	3,071	1,576
Deposits for development costs	(1,244)	(258)
Development costs	(34,247)	(19,532)
Net cash provided by (used in) investing activities	**(34,233)**	**1,742**
Cash flows from financing activities		
Proceeds from January 2021 Offering (note 8b)	29,554	-
Share issuance cost (note 8b(i))	(2,266)	-
Repayment of Pala promissory note (note 5d)	(15,747)	-
Proceeds from Working Capital Facility (note 4)	23,123	21,969
Working Capital Facility repayment (note 4)	(23,060)	(23,068)
Proceeds from 2019 Credit Facility	-	14,550
Proceeds from Convertible Loan	-	450
Proceeds from 2021 Credit Facility (note 5b)	15,000	-
Equipment lease payments	(1,686)	(1,116)
Interest paid	(1,114)	(2,956)
Net cash provided by (used in) financing activities	**23,804**	**9,829**
Effect of exchange rate changes on cash and equivalents	**-**	(8)
Increase (decrease) in cash and cash equivalents	(12,196)	9,282
Cash and cash equivalents, beginning of the period	21,839	1,041
Cash and cash equivalents, end of the period	**9,643**	**$10,323**

Supplemental cash flow disclosures (note 11)

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

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

Nevada Copper Corp. is the parent company of its consolidated group (the "Company" or "Nevada Copper"). The Company was incorporated on June 16, 1999 under the Business Corporations Act (Yukon) and was continued into British Columbia under the Business Corporations Act (British Columbia) on November 16, 2006. Nevada Copper is incorporated and domiciled in Canada, and its registered office is at Suite 910-800 West Pender Street, Vancouver, British Columbia, V6C 2V6. The Company is a mining company engaged in the exploration, development and operation of its copper project (the "Project") at its Pumpkin Hollow Property (the "Property") in Western Nevada, USA, and in particular, the construction and commissioning ("ramp-up") of its underground mine at the Property (the "Underground Mine").

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

At March 31, 2021, the Company had a working capital deficiency (current assets less current liabilities) of $109,399 (December 31, 2020 - $117,251). For the period ended March 31, 2021 the Company incurred a loss of $3,896 (2020 - $11,989) and the cash used in operating activities was $1,767 (2020 – $2,282). As at March 31, 2021, capital commitments due in the next twelve months are $4,987.

During the quarter, the Company had the following significant transactions:

- The Company completed a bought deal public equity offering (the "January 2021 Offering") see note 8 below. The net proceeds from the January 2021 Offering were $27,348. From the total net proceeds, the Company used $15,809 to repay a promissory note issued by the Company to Pala Investments Limited ("Pala"), the Company's largest shareholder, in November 2020 which was due in January 2021 (the "November Promissory Note") and $5,000 was used to fund the COF (defined below).
- The Company entered a $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 also includes a $15,000 accordion feature. As of the date hereof, the Company has drawn $15,000 under the original 2021 Credit Facility and $7,500 under the accordion feature.
- Development cash expenditures of $39,741 to progress the advancement of the Underground Mine and proceeds from pre-production sales of $3,829 were incurred and received during the quarter, respectively.
- The Company continued to repay amounts under its revolving working capital facility (the "Working Capital Facility") with Concord Resources Limited ("Concord") during the quarter and received new advances. Repayments were made through cash and concentrate deliveries in accordance with the Working Capital Facility. Subsequent to quarter end, additional amounts were advanced (note 4).

Increased costs during the ramp-up period in light of geotechnical changes, as well as unexpected issues and delays encountered at the Underground Mine during the quarter and the potential for additional unforeseen issues and 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 at the Underground Mine in accordance with the current schedule and within the current cost expectations, favourable copper market conditions and the ability to obtain additional required financing. There can be no assurance that these requirements will be achieved. In addition, there can be no assurance that the actual costs to complete the ramp-up will not be greater than expected by the Company or that further significant ramp-up delays will not occur. The Company may not be able to obtain the additional financing it requires or further funding that may be required in the future to address cost overruns and/or ramp-up delays. In the absence of obtaining required financing, the Company may not be able to continue operations.

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

2. Significant Accounting Policies:

a) Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance and in compliance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS") applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting and do not include all the information required for full financial statements. Accordingly, these condensed interim consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ending December 31, 2020.

These consolidated financial statements were approved for issue by the Audit Committee on May 17, 2021.

b) Use of judgments and estimates

The preparation of the consolidated condensed interim 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 significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated audited financial statements for the year ended December 31, 2020.

c) New accounting standards not yet adopted

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

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

3. Mineral Properties, Plant and Equipment:

	Mineral Properties Development Costs	Plant & Equipment	Rights of Use Assets	Deposits	Total
Cost:					
Balance at Dec. 31, 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**
Additions	38,125	-	1,137	1,244	40,506
As at Mar. 31, 2021	**$747,020**	**$2,917**	**$37,265**	**$2,783**	**$789,985**
Accumulated depreciation:					
Balance at Dec. 31, 2020	$-	$1,414	$9,303	$-	$10,717
Additions	-	-	1,675	-	1,675
As at Mar. 31, 2021	**$-**	**$1,414**	**$10,978**	**$-**	**$12,392**
Net Book Value					
As at Dec. 31, 2020	**$708,895**	**$1,503**	**$26,825**	**$1,539**	**$738,761**
As at Mar. 31, 2021	**$747,020**	**$1,503**	**$26,287**	**$2,783**	**$777,593**

Project costs capitalised for the three months ended March 31, 2021 on the Property consists of the following:

	March 31, 2021	Q1 2021 Additions	December 31, 2020	2020 Additions	December 31, 2019
Property payments	$1,961	$-	$1,961	-	$1,961
Advance royalty payments	5,976	150	5,826	600	5,226
Water rights	2,814	47	2,767	188	2,579
Drilling	42,302	-	42,302	-	42,302
Geological consulting, exploration & related	8,459	-	8,459	-	8,459
Feasibility, engineering & related studies	27,605	-	27,605	368	27,237
Permits/environmental	13,743	14	13,729	620	13,109
Underground access, hoist, head frame, power & related	297,285	20,352	276,933	77,683	199,250
Processing plant - engineering procurement	141,816	4,547	137,269	10,172	127,098
Surface infrastructure	30,231	514	29,717	9,160	20,557
Site costs	51,208	7,052	44,156	13,772	30,384
	$623,400	**32,676**	**590,724**	**112,563**	**478,162**
Depreciation	12,084	1,683	10,401	6,751	3,650
Asset retirement obligation	5,331	26	5,305	321	4,984
Capitalised interest	86,807	3,569	83,238	16,072	67,166
Stock-based compensation	6,626	555	6,071	(2,305)	8,376
Stream accretion	22,819	2,630	20,189	9,211	10,978
Pre-production sales	(10,047)	(3,014)	(7,033)	(7,033)	-
Total	**$747,020**	**$38,125**	**$708,895**	**135,580**	**$573,316**

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

Asset impairments

When an impairment indicator of mineral properties, plant and equipment exists, an impairment assessment is conducted at the level of the Cash Generating Unit ("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. At March 31, 2021 management did not identify any indicators for impairment, and therefore no impairment test was required.

4. Working Capital Facility:

Balance at Dec. 31, 2020	$32,879
Advance	23,123
Interest accrual, net of accrual reversal	27
Repayment	(23,060)
Balance at Mar. 31, 2021	**$32,969**

During the quarter ended March 31, 2021, the Company drew $23,123 under the Working Capital Facility and accrued interest of $27. It repaid the $23,060 balance that was outstanding at the end of 2020 of which $4,386 was in concentrate deliveries and $18,674 was in cash.

Subsequent to March 31, 2021, the Company drew an additional $9,782 under the Working Capital Facility. In addition, the availability of funds under the Working Capital Facility was increased from $35,000 to $40,000 on April 1, 2021

5. Long term debt:

	March 31, 2021	December31,2020
Current portion of debt:		
Pala Promissory Notes payable (d)	**$-**	$23,790
Current portion of lease liabilities (c)	**7,306**	7,245
Total current portion of other debt	**$7,306**	$31,035
Amended KfW Facility (a)	**$118,310**	$117,968
Lease liabilities (c)	**19,536**	20,146
2021 Credit Facility(b)	**15,089**	-
Payroll Protection Program Loan	**2,370**	2,364
Total long-term debt	**$155,305**	$140,478

a) KFW IPEX-Bank Facility:

KfW Tranche A Loan:

	Loan facility – amortised cost	Deferred financing fee	Total
Balance at December 31, 2019	$116,855	$(11,371)	$105,484
Advance	3,293	-	3,293
Interest expense	(4,196)	-	(4,196)
Interest payment	(1,865)	-	(1,865)
Accretion expense	-	2,181	2,181
Balance at December 31, 2020	**$114,087**	**$(9,190)**	**$104,897**
Interest expense	**534**	**-**	**534**
Interest payment	**(1,114)**	**-**	**(1,114)**
Accretion expense	**-**	**518**	**518**
Balance at March 31, 2021	**$113,507**	**$(8,672)**	**$104,835**

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

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**
Interest expense	**193**	**-**	**193**
Accretion expense	**-**	**211**	**211**
Balance at March 31, 2021	**$15,193**	**$(1,718)**	**$13,475**

In May 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 Mine. In 2019, the Company drew down the KfW IPEX-Bank Facility's total amount of $115,000. This advance is referred to as the KfW Tranche A Loan in the above chart. 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 $1,114 was paid during the quarter ended March 31, 2021.

The KfW IPEX-Bank Facility contains certain financial and non-financial affirmative and restrictive covenants similar to those found in a traditional bank financing. The Company is in compliance with these covenants as at March 31, 2021.

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. This advance is referred to as the KfW Tranche B Loan in the above chart.

b) 2021 Credit Facility

The Company entered into the 2021 Credit Facility with Pala on February 3, 2021 providing for $15,000 to be drawn by the Company. The 2021 Credit Facility is a direct obligation of the Company and is not guaranteed or secured by any of the Company's subsidiaries.

	Credit facility – amortised cost	Deferred financing fees	Total
Balance at December 31, 2020	**$-**	**$-**	**$-**
Advances	**16,110**	**(1,110)**	**15,000**
Interest expenses	**85**	**4**	**89**
Balance at March 31, 2021	**$16,195**	**$(1,106)**	**$15,089**

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.

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

The funds were available to be drawn prior to June 30, 2021 (the "Availability Period"). During the Availability Period, Pala was entitled to a 4% per annum commitment fee on amounts available to be drawn but not yet advanced (the "Commitment Fee").

The 2021 Credit Facility 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. Subsequent to quarter-end the Company drew $7,500 under the accordion feature.

c) 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**
Additions	**1,127**
Principal Payments	**(1,676)**
Less: Current Portion	**(7,306)**
Balance – March 31, 2021	**$19,536**

Minimum lease payments in respect of the above lease liabilities and the effects of discounting are expected to be $7,306 for the remainder of 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.

d) Promissory Notes

The principal and accrued interest balance of $23,790 outstanding at December 31, 2020 was repaid in full with proceeds of the January 2021 Offering in the amount of $15,747 and the issuance of units to Pala under the Concurrent Private Placement (note 8b).

6. Stream and royalty deferral

Balance at December 31, 2019	$80,978
Accretion	9,211
Amounts delivered under the stream	(435)
Proceeds allocated from royalty and stream transactions, net of transactions costs	27,901
Balance at December 31, 2020	**$117,655**
Accretion	**2,688**
Amounts recognized under the stream	**(206)**
Balance at March 31, 2021	**$120,137**

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

	March 31, 2021	**December 31, 2020**
Current portion	**$13,360**	$15,487
Long term portion	**106,777**	102,168
Total stream and royalty deferral	**$120,137**	$117,655

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

7. Related Party Transactions:

Pala is a related party to the Company because of its 38% (2020 – 40%) shareholding in Nevada Copper as of March 31, 2021. Additionally, three Pala executives form part of the Company's Board of Directors in which there are currently eight individuals.

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

- The 2021 Credit Facility (note 5b)
- $36 (2020 - $233) was incurred for technical and other services
- Issuance of 79,696,970 units in the Concurrent Private Placement. The consideration for these units was the repayment of certain outstanding indebtedness owing to Pala by the Company (note 5d and 8b).
- Repayment with the proceeds of the January 2021 Offering of all amounts owing under the November Promissory Note (note 5d).
- Issuance of the Fee Shares (note 8b).
- Issuance of the Guarantee Shares (note 8b(iv) and 10b).

As at March 31, 2021, the Company owed Pala $947 (2020 - $2,837) relating to fees accrued in connection with the Indemnity Agreements, the guarantee provided by Pala in connection with the Amended KfW Facility 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.

8. Share Capital:

a) Authorised and issued:

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

b) During the quarter, the Company issued the following common shares:

	Number of Common Shares	Amount
Outstanding December 31, 2020	**1,488,262,989**	**$505,370**
January 2021 Offering (i)	230,000,000	25,560
Concurrent Private Placement (ii)	79,696,970	8,869
Pala indemnity fee payment(iii)	7,024,615	910
Pala guarantee payment (iv)	3,560,024	450
Sedgman settlement (v)	15,992,514	2,000
Deferred share units exercised	438,969	62
Warrants exercised	9,900	2
Issued during the quarter ended March 31, 2021	336,722,992	$37,853
Outstanding March 31, 2021	**1,824,985,981**	**$543,223**

i) January 2021 Offering

On January 29, 2021, the Company completed a public offering of units, on a bought deal basis (the "January 2021 Offering"), whereby 230,000,000 units were issued at a price of CAD$0.165 per unit (the "January

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

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 the over-allotment option, a total of 230,000,000 units were issued in the January 2021 Offering for aggregate gross proceeds of $29,614 of which $25,560 was allocated to share capital and $4,054 allocated to the warrants issued as part of the January 2021 Offering.

From the proceeds of the January 2021 Offering, the Company used $15,809 to repay the November Promissory Note which was due in January 2021 and $5,000 was used to fund the COF (note 10a)

ii) Concurrently with the closing of the January 2021 Offering, the Company completed a private placement of 79,696,970 units to Pala (the "Concurrent Private Placement") at the January Offering Price for aggregate gross proceeds of approximately CAD$13,150 ($10,273). Each unit consisted of one common share and one- half of one common share purchase warrant of the Company. Each full warrant entitles Pala 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).

iii) Concurrently with the closing of the January 2021 Offering and the Concurrent Private Placement, the Company issued 7,024,615 shares to Pala at a price of CAD$0.165 per share (the "Fee Shares"), the January Offering Price, in the aggregate amount of approximately CAD$1,159 ($910) as repayment of fees owing to Pala in connection with certain indemnity agreements entered into by Pala and the Company relating to the Company's bonding arrangements (the "Indemnity Agreements").

iv) In February 2021, the Company issued 3,560,024 shares to Pala for the settlement of guarantee fees relating to the Cementation settlement (the "Guarantee Shares") (note 10b).

The table below shows the breakdown of the liabilities owing to Pala that were settled in shares and warrants:

Description	**Amount**
Extinguishment of the Pala Promissory Note	$8,194
Repayments relating to the Collateral Agreement re: Working Capital Facility	1,801
Settlement of expenses	278
	10,273
Payment of fees under the Guarantee Agreement	450
Payment of fees in connection with the Indemnity Agreements	910
Total Pala liabilities settlement	$11,633

v) As part of the Sedgman settlement (note 10c), the Company issued 15,992,514 common shares to Sedgman at a price of 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.

vi) On April 29, 2021, Nevada Copper issued 3,471,714 common shares to Summit Partners Credit Advisors, L.P. ("Summit") for services provided by Summit in connection with financing arrangements in 2020.

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

9. Warrants:

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

Balance at December 31, 2019	**$ -**
Triple flag warrants initial valuation	865
July 2020 Offering warrants initial valuation	3,736
Fair value adjustment	7,876
Balance at December 31, 2020	**$12,477**
January 2021 Offering warrants initial valuation	**5,459**
Warrants exercised	**(1)**
Fair value adjustment	**1,146**
Balance at March 31, 2021	**$19,081**

Details of warrants issued, exercised, expired and outstanding as at and during the period ended March 31, 2021, and December 31, 2020 are as follows:

	Number of Warrants	**Weighted Average Exercise Price (CAD)**
Outstanding Balance – December 31, 2020	**348,750,776**	**$0.20**
Exercised	(9,900)	$0.20
Issued	154,848,485	0.22
Outstanding Balance – March 31, 2021	**503,589,361**	**$0.20**

In January 2021, the Company issued 115,000,000 warrants as part of the January 2021 Offering and 39,848,485 warrants under the Concurrent Private Placement. Each purchase 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). At issuance, the value of the warrants was determined to be $5,459 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 $6,134 at March 31, 2021 based on a closing price of CAD$0.04. The change in the fair value of the warrants of $675 was recorded as a derivative fair value loss in the Statement of Operations and Comprehensive Loss.

10. Commitments and Contractual Obligations:

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

	March 31, 2021	**December 31, 2020**
Property, plant, and equipment	$4,987	$4,133

a) 2020 Cost Overrun Facility

In connection with the amendments made to the KfW IPEX-Bank Facility in December 2020 (note 5a), the Company provided a cost overrun facility (the "COF") to Nevada Copper, Inc. ("NCI"), a wholly-owned subsidiary of the Company, 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 originally entered into. The COF was funded from proceeds of the January 2021 Offering. Subsequent to the end of the quarter, NCI utilized the full $5,000 available under the COF.

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

b) Cementation Claim

In February 2021, the Company entered into a settlement agreement with its former contractor, Cementation USA Inc. ("Cementation"), to resolve litigation relating to the mining development contract for the Underground Mine. As part of the settlement, NCI paid Cementation $1,000 upon release of the related bond and 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 (the "Guarantee Agreement"), a 5% fee of this guaranteed amount, being $450, was payable by the Company to Pala. This fee was satisfied by the Company through the issuance of 3,560,024 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 Guarantee Agreement was entered into.

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 March 31, 2021 reflects the terms of the settlement agreement.

c) Sedgman Claim

In February 2021, the Company entered into a settlement agreement with Sedgman USA Inc. ("Sedgman"), the primary contractor for construction and commissioning of the processing plant at the Underground Mine, in order to resolve the litigation. The dispute related to Sedgman's delay in the ramp-up of commissioning of the plant and the parties' contractual obligations. As part of the settlement, the Company issued 15,992,514 common shares to Sedgman at CAD$0.1603 per common share, the market price of the common shares at the time that the settlement agreement was entered into, totalling $2,000. In addition, the Company 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 March 31, 2021 reflects the terms of the settlement agreement.

d) Hedging Arrangements

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 with prices ranging between $6,394 and $6,402 per metric tonne of payable copper.

11. Supplemental Cash flow information

Non-cash investing and financing activities:	**March 31, 2021**	March 31, 2020
Depreciation capitalized in mineral properties	**$1,675**	$1,420
2019 Credit Facility refinancing	**-**	$31,950
Stock-based compensation included in mineral properties	**$349**	$14
Mineral properties, plant, and equipment in accounts payable and accrued liabilities change	**$3,121**	$16,631
Rights of use assets acquired under finance lease	**$1,115**	$-
Accretion on stream deferral	**$2,688**	$1,737
Interest capitalised in mineral properties, plant and equipment	**$2,692**	$6,609
Extinguishment of the Pala Promissory Note	**$8,194**	$-
Units issued to settle accrued liabilities (note 8)	**$3,439**	
Shares issued in Sedgman settlement (note 10c)	**$2,000**	

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

12. Financial Instruments:

(a) Fair value measurements:

The carrying amounts for cash and cash equivalents, restricted cash, accounts payable and accrued liabilities, approximate fair values due to the immediate or short-term maturities of these financial instruments. The following is a classification of fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

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

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

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

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

	March 31, 2021		Dec. 31, 2020	
	Carrying value	Fair value	Carrying value	Fair value
Working Capital Facility (note 4)	$32,969	$32,969	$32,880	$32,880
Amended KfW Facility (note 5a)	118,310	129,877	117,968	130,953
Pala 2021 Credit Facility (note 5b)	15,088	15,904	-	-
Payroll protection program loan	2,370	2,370	2,364	2,364
	$168,737	**$181,120**	**$153,212**	**$166,197**

(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) provide for interest at a market rate plus a fixed margin. Due to the capitalisation of borrowing, the Company's sensitivity to a 1% decrease or increase in market rates of interest would have an immaterial effect on the Company's interest expense.

ii) Foreign currency risk:

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

At March 31, 2021, the Company held CAD$68 (2020 -CAD$48) in cash and cash equivalents in a company with a functional currency of U.S. dollars. At March 31, 2021, the Company had CAD$591 (2020 - CAD$1,168) in accounts payable in a company with a functional currency of U.S. dollars.

A +/- 10% change in the Canadian exchange rate would have had an immaterial impact for the quarter ended March 31, 2021.

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. A 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 Mine, then the Company may need to obtain additional financing 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 $18,496 as at March 31, 2021 (2020 - $29,000), being the carrying value of cash and cash equivalents, restricted cash and amounts receivable.

(e) Liquidity risk:

Liquidity risk is the risk that the Company will not be able to meet the obligations associated with its financial liabilities. The Underground Mine is in the ramp-up stage and as a result has not yet generated sufficient revenue to support the Company's obligations. The Company is reliant on its current cash balance, cash flow from pre-commercial production revenue and cash inflows from its financing transactions to:

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

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

As at March 31, 2021, 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	$45,865	$45,865	-	-	-
Settlement payable	$4,750	-	$4,750		
Construction contractual obligations	$4,987	$4,987	-	-	-
Working Capital Facility	$32,969	$32,969	-	-	-
Amended KfW Facility	$142,231	$1,522	$33,861	$51,017	$55,831
Equipment leases	$33,353	$9,140	$15,779	$8,326	108
Asset Retirement obligation	$6,245	-	-	-	$6,245
Office lease	$34	$34	-	-	-
Total obligations	**$270,434**	**$94,517**	**$54,390**	**$59,343**	**$62,184**

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