NEVADA COPPER

TEAMWORK. INNOVATION. EXECUTION.

Condensed Consolidated Interim Financial Statements
For the three and six months ended June 30, 2021 and 2020

# NEVADA COPPER CORP.

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

| | **June 30, 2021** | December 31, 2020 |
|---|---|---|
| **Assets** | | |
| **Current assets** | | |
| Cash and cash equivalents | $9,273 | $21,839 |
| Accounts receivable | 82 | 88 |
| Prepaid expenses | 311 | 88 |
| **Total Current Assets** | **9,666** | **22,015** |
| Restricted cash (note 10a and 13c) | 3,691 | 7,073 |
| Mineral properties, plant, and equipment (note 3) | 818,036 | 738,761 |
| | **$831,393** | **$767,849** |
| **Liabilities and Shareholders' Equity** | | |
| **Current liabilities** | | |
| Accounts payable and accrued liabilities | $54,799 | $43,969 |
| Related party payable (note 7) | 700 | 2,837 |
| Stock-based compensation liabilities – current portion | 1,508 | 581 |
| Warrant derivative (note 9) | 28,059 | 12,477 |
| Stream and royalty deferral – current portion (note 6) | 5,200 | 15,487 |
| Working Capital Facility (note 4) | 31,701 | 32,880 |
| Debt – current portion (note 5) | 143,405 | 31,035 |
| **Total Current Liabilities** | **$265,372** | **139,266** |
| Settlement payable – long term portion (note 10b and c) | 1,000 | 8,029 |
| Stock based compensation liabilities - long term portion | 1,418 | 895 |
| Stream and royalty deferral (note 6) | 117,664 | 102,168 |
| Long term debt (note 5) | 48,460 | 140,479 |
| Asset retirement obligation | 6,367 | 6,219 |
| **Total Liabilities** | **$440,281** | **397,056** |
| **Shareholders' Equity** | | |
| Share capital | 543,481 | 505,370 |
| Other equity reserve | 31,740 | 31,581 |
| Accumulated other comprehensive loss | (3,578) | (3,578) |
| **Deficit** | (180,531) | (162,581) |
| **Total Shareholders' Equity** | **391,112** | **370,793** |
| **Total Liabilities and Shareholders' Equity** | **$831,393** | **$767,849** |

**General Information, Nature of Operations and Going Concern** (note 1)
**Commitments and Contractual Obligations** (note 10)
**Subsequent Events** (note 5e and 13)

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

Approved on behalf of the Audit Committee on August 13, 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 and six months ended June 30, 2021 and 2020.
(Unaudited – Prepared by Management)

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | **2021** | 2020 | **2021** | 2020 |
| **Expenses** | | | | |
| Consulting and remuneration | $105 | $972 | $320 | $1,169 |
| Public company expenses | 319 | 559 | 688 | 1,248 |
| Office expenses | 59 | 125 | 132 | 198 |
| Professional fees | 821 | 1,947 | 1,357 | 3,142 |
| Depreciation expense | - | 30 | - | 20 |
| Stock-based compensation | 278 | 1,267 | 1,683 | 1,135 |
| Loss on hedged positions (note 10d) | 3,075 | - | 3,075 | - |
| | **(4,657)** | (4,900) | **(7,255)** | (6,912) |
| Interest income | 4 | - | 15 | 3 |
| Interest and finance expenses | (5) | (30) | 14 | (36) |
| Derivative fair value (loss) gain | (9,515) | 2,507 | (10,660) | (3,423) |
| Other income | - | 11 | - | 11 |
| Gain on debt modification | - | - | - | 794 |
| Loss on debt extinguishment, net | - | - | - | (4,906) |
| Foreign exchange gain (loss) | 119 | (45) | (64) | 42 |
| | **(9,397)** | 2,443 | **(10,695)** | (7,515) |
| **Net loss and comprehensive loss** | **$(14,054)** | $(2,457) | **$(17,950)** | $(14,447) |
| **Loss per common share** | | | | |
| Basic and diluted | **$(0.01)** | $(0.00) | **$(0.01)** | $(0.00) |
| **Weighted average number of common shares outstanding** | **1,756,997,245** | 816,560,073 | **1,791,241,036** | 789,247,985 |

# NEVADA COPPER CORP.

Condensed Consolidated Interim Statements of Changes in Equity
(Expressed in thousands of United States dollars)
Six months ended June 30, 2021 and 2020.
(Unaudited – Prepared by Management)

| | Share Capital | | Other Equity Reserve | Accumulated Other Comprehensive Loss | Deficit | Total |
|---|---|---|---|---|---|---|
| | Number of Shares | Amount | | | | |
| Balances, December 31, 2019 | 761,935,897 | $431,069 | $33,308 | $(3,578) | $(142,238) | $318,561 |
| Shares issued | 57,800,000 | 6,300 | - | - | - | 6,300 |
| Shares issuance costs | - | (121) | - | - | - | (121) |
| Stock-based compensation (note 8b) | - | - | 1,113 | - | - | 1,113 |
| Comprehensive loss | - | - | - | - | (14,447) | (14,447) |
| **Balances, June 30, 2020** | **819,735,897** | **$437,248** | **$34,421** | **$(3,578)** | **$(156,685)** | **$311,406** |

| | Share Capital | | Other Equity Reserve | Accumulated Other Comprehensive Loss | Deficit | Total |
|---|---|---|---|---|---|---|
| | Number of Shares | Amount | | | | |
| Balances, December 31, 2020 | 1,488,262,989 | $505,370 | $31,581 | $(3,578) | $(162,581) | $370,792 |
| Shares issued (note 8b) | 351,233,194 | 40,377 | - | - | - | 40,377 |
| Shares issuance costs (note 8b(i)) | - | (2,266) | - | - | - | (2,266) |
| Stock-based compensation | - | - | 159 | - | - | 159 |
| Comprehensive loss | - | - | - | - | (17,950) | (17,950) |
| **Balances, June 30, 2021** | **1,839,496,183** | **$543,481** | **$31,740** | **($3,578)** | **($180,531)** | **$391,112** |

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)
Six months ended June 30, 2021 and 2020
(Unaudited – Prepared by Management)

| | **June 30, 2021** | June 30, 2020 |
|---|---|---|
| **Cash flows used in operating activities** | | |
| Loss for the period | $(17,950) | $(14,447) |
| Adjustments for: | | |
| Derivatives fair value change | 10,416 | 3,423 |
| Debt modification gain | - | (794) |
| Debt extinguishment loss | - | 4,910 |
| Stock-based compensation | 1,683 | 1,142 |
| Interest and finance charges | - | 44 |
| Interest income | (15) | (3) |
| Depreciation and accretion expense | - | 21 |
| | (5,866) | (5,704) |
| Changes in non-cash working capital items: | | |
| Amounts receivable | 6 | (12) |
| Prepaid expenses | (223) | (1,243) |
| Accounts payable and accrued liabilities | 2,217 | (9) |
| **Net cash used in operating activities** | **(3,866)** | **(6,968)** |
| **Cash flows used in investing activities** | | |
| Proceeds received upon sale of royalties and stream amendment (note 6) | - | 29,741 |
| Interest received | 15 | 3 |
| Cash moved from/(to) restricted cash, net (note 10b) | 3,382 | (3,812) |
| Stream payments (note 6) | (361) | (345) |
| Proceeds from pre-production sales (note 3) | 6,451 | 2,101 |
| Development costs for mineral properties and purchase of plant and equipment | (69,115) | (44,887) |
| **Net cash used in investing activities** | **(59,628)** | **(17,199)** |
| **Cash flows from financing activities** | | |
| Issuance of common shares | 31,876 | - |
| Share issuance costs incurred | (2,266) | (121) |
| Proceeds from promissory notes (note 5d) | 15,000 | 8,000 |
| Repayment of promissory notes (note 5d) | (15,747) | - |
| Proceeds from Payroll Protection Program loan | - | 2,348 |
| Proceeds from Working Capital Facility (note 4) | 45,271 | 28,707 |
| Working Capital Facility repayment (note 4) | (46,508) | (23,068) |
| Proceeds from 2019 Credit Facility | - | 14,550 |
| Proceeds from 2021 Credit Facility (note 5b) | 30,000 | - |
| Proceeds from Convertible Loan | - | 450 |
| Lease payments | (4,402) | (3,121) |
| Interest paid | (2,295) | (2,994) |
| **Net cash provided by financing activities** | **50,929** | **24,751** |
| **Increase (decrease) in cash and cash equivalents** | $(12,566) | 584 |
| **Cash and cash equivalents, beginning of the period** | 21,839 | 1,041 |
| **Cash and cash equivalents, end of the period** | **$9,273** | **$1,625** |

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 ("IFRS") applicable to a going concern.

At June 30, 2021, the Company had a working capital deficiency (current assets less current liabilities) of $255,706 (December 31, 2020 - $117,251). For the six-months ended June 30, 2021 the Company incurred a loss of $17,950 (2020 - $14,447) and the cash used in operating activities was $3,866 (2020 – $6,968). As at June 30, 2021, capital commitments due in the next twelve months are $3,933. The primary reason for the increase in the Company's working capital deficiency is the classification of the Amended KfW Facility (as defined below) as a current liability, pending the extension of the Project Completion Longstop Date (as defined below).

On June 30, 2021, the Company received a waiver from KfW IPEX-Bank ("KfW"), the lender under its amended and restated senior credit agreement (the "Amended KfW Facility"), which provided for a 60-day extension to the project completion longstop date (the final date to meet the requirements of the project completion test under the Amended KfW Facility) (the "Project Completion Longstop Date") from June 30, 2021 to August 31, 2021. The Company has requested a further short-term extension of the Project Completion Longstop Date from KfW. The Company is also in discussions with KfW to achieve a longer-term extension of the Project Completion Longstop Date to a date in 2023, the deferral of debt servicing by twelve months and the temporary deferral of compliance with certain financial covenants under the Amended KfW Facility as the underground mine continues to ramp-up.

Until the proposed amendments are finalized, the Company is required under IFRS to disclose the Amended KfW Facility as a current liability.
During the first half of 2021, 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 $15,747 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).
- On February 3, 2021, the Company entered a credit facility with Pala for $15,000 to be drawn by the Company (the "2021 Credit Facility"). The 2021 Credit Facility also provided $15,000 under an accordion feature. The full $30,000 has been drawn by the Company.
- Development cash expenditures of $70,645 to progress the advancement of the Underground Mine and proceeds from pre-production sales of $5,450 were incurred and received during the six months ended June 30, 2021, respectively.
- The Company continued to repay amounts under its revolving working capital facility (the "Working Capital Facility") with Concord Resources Limited ("Concord") during the period and received new advances. Repayments were made through cash and concentrate deliveries in accordance with the Working Capital Facility. Due to the revolving nature of the facility, additional amounts were advanced subsequent to June 30, 2021 (note 4).

- The Company received a loan of $15,000 under a promissory note with Pala in June 2021 (the "2021 Promissory Note"). The 2021 Promissory Note has a maturity date of June 30, 2022 and bears interest at 8% per annum on amounts drawn. Subsequent to quarter-end, Pala agreed to provide to the Company with additional loans of up to $27,000 (of which $19,000 has been received) subsequent to period end, pursuant to a series of amendments and restatements of the 2021 Promissory Note on the same terms and conditions as the original 2021 Promissory Note (the "Amended and Restated Promissory Note"). Further draws by the Company are subject to agreed use of proceeds and regulatory approval of the Amended and Restated Promissory Note.

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 first half of the year, the Company's working capital deficiency, the need to re-negotiate and enter into new financing agreements and/or amendments of existing agreements with the Company's primary lenders, revised timing estimates in the Company's revised mine plan 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 extension and amendments discussed above and 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 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 August 13, 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.

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

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.

d) **Accounting standards adopted during the period**

Interest Rate Benchmark Reform: The Company adopted Interest Rate Benchmark Reform - Phase 2: Amendments to IFRS 9, IAS 39, IFRS 4 and IFRS 16 (the "Phase 2 Amendments") effective on January 1, 2021. Interest rate benchmark reform (the "Reform") refers to a global reform of interest rate benchmarks, which includes the replacement of some interbank offered rates with alternative benchmark rates.

The Phase 2 Amendments provide a practical expedient requiring the effective interest rate to be adjusted when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities that relate directly to the Reform rather than applying modification accounting which might have resulted in a gain or loss. In addition, the Phase 2 Amendments require disclosures to assist users in understanding the effect of the Reform on the Company's financial instruments and risk management strategy. The 2021 Credit Facility and Amended KFW Facility are indexed to London interbank offered rates that have not yet transitioned to alternative benchmark rates at the end of the current reporting period.

## 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 | 80,949 | 80 | 2,472 | (500) | 83,001 |
| **As at June 30, 2021** | **$789,844** | **$2,997** | **$38,600** | **$1,039** | **$832,480** |
| | | | | | |
| **Accumulated depreciation:** | | | | | |
| **Balance at Dec. 31, 2020** | **$-** | **$1,414** | **$9,303** | **$-** | **$10,717** |
| Additions | - | - | 3,727 | - | 3,727 |
| **As at June 30, 2021** | **$-** | **$1,414** | **$13,030** | **$-** | **$14,444** |

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

| **Net Book Value** | | | | | |
|---|---|---|---|---|---|
| As at Dec. 31, 2020 | **$708,895** | **$1,503** | **$26,825** | **$1,539** | **$738,762** |
| **As at June 30, 2021** | **$789,844** | **$1,583** | **$25,570** | **$1,039** | **$818,036** |

Project costs capitalised for the six months ended June 30, 2021 on the Property consists of the following:

| | **June 30, 2021** | 2021 Additions | December 31, 2020 | 2020 Additions | December 31, 2019 |
|---|---|---|---|---|---|
| Property payments | $1,961 | $- | $1,961 | - | $1,961 |
| Advance royalty payments | 6,126 | 300 | 5,826 | 600 | 5,226 |
| Water rights | 2,861 | 94 | 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 | 14,235 | 506 | 13,729 | 620 | 13,109 |
| Underground access, hoist, head frame, power & related | 323,699 | 46,766 | 276,933 | 77,683 | 199,250 |
| Processing plant - engineering procurement | 145,322 | 8,053 | 137,269 | 10,172 | 127,098 |
| Surface infrastructure | 30,639 | 922 | 29,717 | 9,160 | 20,557 |
| Site costs | 55,813 | 11,657 | 44,156 | 13,772 | 30,384 |
| | **$659,022** | **68,298** | **590,724** | **112,563** | **478,162** |
| Depreciation | 14,258 | 3,857 | 10,401 | 6,751 | 3,650 |
| Asset retirement obligation | 5,453 | 148 | 5,305 | 321 | 4,984 |
| Capitalised interest | 91,011 | 7,773 | 83,238 | 16,072 | 67,166 |
| Stock-based compensation | 7,048 | 977 | 6,071 | (2,305) | 8,376 |
| Stream accretion | 25,536 | 5,347 | 20,189 | 9,211 | 10,978 |
| Pre-production sales | (12,483) | (5,450) | (7,033) | (7,033) | - |
| Total | **$789,844** | **$80,949** | **$708,895** | **135,580** | **$573,316** |

## 4. Working Capital Facility:

| | |
|---|---|
| **Balance at Dec. 31, 2020** | **$32,879** |
| Advance | 45,271 |
| Interest accrual, net of accrual reversal | 59 |
| Repayment | (46,508) |
| **Balance at June 30, 2021** | **$31,701** |

During the six months ended June 30, 2021, the Company drew $45,271 under the Working Capital Facility and accrued interest of $59. It repaid the $46,508 balance that was outstanding at the end of 2020 of which $6,449 was in concentrate deliveries and $40,059 was in cash.

Subsequent to June 30, 2021, the Company drew an additional $7,525 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, which will become available upon attaining certain defined production rates.

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

## 5. Long Term Debt:

| | **June 30, 2021** | December 31,2020 |
|---|---|---|
| Current portion of debt: | | |
| Amended KfW Facility (a) | **$119,843** | $- |
| Promissory notes (d) | **15,040** | $23,790 |
| Current portion of lease liabilities (c) | **8,522** | 7,245 |
| Total current portion of other debt | **$143,405** | $31,035 |
| | | |
| Amended KfW Facility (a) | **$-** | $117,968 |
| Lease liabilities (c) | **17,768** | 20,146 |
| 2021 Credit Facility (b) | **30,692** | - |
| Payroll Protection Program Loan (e) | **-** | 2,364 |
| Total long-term debt | **$48,460** | $140,478 |

### a) Amended KFW 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 | 1,065 | - | 1,065 |
| Interest payment | (1,114) | - | (1,114) |
| Accretion expense | - | 1,103 | 1,103 |
| **Balance at June 30, 2021** | **$114,038** | **$(8,087)** | **$105,951** |

**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 | 388 | - | 388 |
| Accretion expense | - | 433 | 433 |
| **Balance at June 30, 2021** | **$15,388** | **$(1,496)** | **$13,892** |

In May 2019, the Company, through its wholly owned subsidiary Nevada Copper Inc. ("NCI"), entered into a credit agreement (the "KfW IPEX-Bank Facility") with 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 six-months ended June 30, 2021.

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

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 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.

On June 30, 2021, the Company received a waiver from KfW, which provided for a 60-day extension to the Project Completion Longstop Date from June 30, 2021 to August 31, 2021. The Company has requested a further short-term extension of the Project Completion Longstop Date from KfW. The Company is also in discussions with KfW to achieve a longer-term extension of the Project Completion Longstop Date to a date in 2023, the deferral of debt servicing by twelve months and the temporary deferral of compliance with certain financial covenants under the Amended KfW Facility as the Underground Mine continues to ramp-up.

Until the proposed amendments (note 1) are finalized, the Company is required under IFRS to disclose the Amended KfW Facility as a current liability.

**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 also provided $15,000 under an accordion feature. 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 | 32,160 | (2,160) | 30,000 |
| Interest expenses | 672 | 20 | 692 |
| **Balance at June 30, 2021** | **$32,832** | **$(2,140)** | **$30,692** |

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.

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 advanced (the "Commitment Fee").

The 2021 Credit Facility included 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 were permitted at any time prior to the maturity date. The Company drew $15,000 under the 2021 Credit Facility in the first quarter of 2021 and the full $15,000 under the accordion feature in the second quarter of 2021. As a result, the full $30,000 has been drawn by the Company.

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

**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 | 2,488 |
| Principal Payments | (3,589) |
| Less: Current Portion | (8,522) |
| **Balance – June 30, 2021** | **$17,768** |

Minimum lease payments in respect of the above lease liabilities and the effects of discounting are expected to be $5,800 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 owing under certain promissory notes to Pala 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).

The Company entered into the 2021 Promissory Note with Pala in June 2021, which provided the Company with an additional $15,000. The 2021 Promissory Note bears interest at 8% per annum. If the principal amount of the 2021 Promissory Note plus any accrued interest is not paid by June 30, 2022, the maturity date, the interest rate applicable thereunder increases to 10% per annum. The total balance outstanding under the 2021 Promissory Note at June 30, 2021 was $15,040, including the $15,000 principal amount and $40 of accrued interest.

Subsequent to period end, Pala agreed to provide the Company with additional loans of up to $27,000 (of which $19,000 was received subsequent to period end) pursuant to the Amended and Restated Promissory Note with Pala on the same terms and conditions as the original 2021 Promissory Note. Further draws by the Company are subject to agreed use of proceeds and regulatory approval of the Amended and Restated Promissory Note

**e) 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. Subsequent to period end on August 6, 2021, the Company received confirmation for the approval of the forgiveness of the PPP Loan. The loan was received in 2020 as part of the United States government COVID-19 pandemic program to assist companies to retain their employees.

The Company’s interim consolidated financial statements at June 30, 2021 reflects this loan forgiveness.

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

## 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 | 5,347 |
| Amounts delivered under the stream | (138) |
| **Balance at June 30, 2021** | **$122,864** |

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

| | **June 30, 2021** | **December 31, 2020** |
|---|---|---|
| Current portion | **$5,200** | $15,487 |
| Long term portion | **117,664** | 102,168 |
| Total stream and royalty deferral | **$122,864** | $117,655 |

## 7. Related Party Transactions:

Pala is a related party to the Company because of its 37% (2020 – 40%) shareholding in Nevada Copper as of June 30, 2021. Additionally, three Pala executives form part of the Company's Board of Directors on which there are currently eight individuals.

During the six-months ended June 30, 2021, the Company entered into the following transactions with Pala:

- The 2021 Credit Facility (note 5b)
- $70 (2020 - $229) 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 (iii)).
- Issuance of the Guarantee Shares (note 8b(iv) and 10b).
- Issuance of the May Fee Shares (note 8b(vii)).
- The 2021 Promissory Note (note 5d).

As at June 30, 2021, the Company owed Pala $700 (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 (the "KfW Guarantee"), interest owing under the 2021 Credit Facility and accrued fees for technical and other services. Subsequent to the period end, the Company issued 6,764,607 common shares to Pala in satisfaction of approximately $1,300 in fees owing to Pala in connection with the Indemnity Agreements and the KfW Guarantee and interest owing under the 2021 Credit Facility. These common shares were issued to Pala at a price of CAD$0.2303, the market price of the common shares at June 30, 2021. Subsequent to period end, the Indemnity Agreements were replaced by the Company with alternative surety arrangements.

Related party transactions are recorded at the amount paid or received as established by contract or as agreed upon by the Company and the related party.

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

**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 six months ended June 30, 2021, 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 (note 9) | 6,704,400 | 1,057 |
| Stock options exercised | 477,067 | 93 |
| Summit share issuance (vi) | 3,471,714 | 500 |
| Pala indemnity fee payment/guarantee payment (vii) | 3,866,921 | 877 |
| Issued during the six months ended June 30, 2021 | 351,233,194 | $40,377 |
| **Outstanding June 30, 2021** | **1,839,496,183** | **$545,747** |

i) January 2021 Offering

On January 29, 2021, the Company completed the January 2021 Offering, whereby 230,000,000 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 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. The residual method was used to value the warrants.

From the proceeds of the January 2021 Offering, the Company used $15,747 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).

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

iii) Concurrently with the closing of the January 2021 Offering and the Concurrent Private Placement, the Company issued 7,024,615 common 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"). The residual method was used to value the warrants.

iv) In February 2021, the Company issued 3,560,024 common 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 a 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$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.

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.

vii) In May 2021, the Company issued 3,866,921 common shares to Pala. at a price of CAD$0.2735, the market price at the time of issuance (the "May Fee Shares"), for payment of fees owing in connection with the Indemnity Agreements and the KfW Guarantee.

## 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 | **(293)** |
| Fair value adjustment | **10,416** |
| **Balance at June 30, 2021** | **$28,059** |

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

Details of warrants issued, exercised, expired and outstanding as at and during the period ended June 30, 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 | (6,704,400) | $0.20 |
| Issued | 154,848,485 | $0.22 |
| **Outstanding Balance – June 30, 2021** | **496,894,861** | **$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 $11,191 at June 30, 2021 based on a closing price of CAD$0.09. The change in the fair value of the warrants for the six months ended June 30, 2021 of $5,732 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:

| | June 30, 2021 | December 31, 2020 |
|---|---|---|
| Property, plant, and equipment | $3,933 | $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 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 originally entered into. The COF was funded from proceeds of the January 2021 Offering. In April 2021, NCI utilized the full $5,000 available under the COF.

*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 June 30, 2021 reflect the terms of the settlement agreement. All required instalments are up to date as of the date of the Financial Statements.

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

*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 agreed to pay $5,000 in instalments beginning December 31, 2021.

Subsequent to the end of the second quarter, the Company issued 4,374,812 common shares to Sedgman totalling $800 upon certain performance thresholds being met under the settlement agreement with Sedgman at a price of CAD$0.2271 per common share, the market price of the common shares at the time the performance thresholds were met. Another $1,200 in common shares may be issued to Sedgman upon it meeting additional performance thresholds in the second half of 2021. This amount has been accrued for as at June 30, 2021.

*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 six months ending June 30, 2021, the Company fixed the pricing of 325 metric tonnes of payable copper delivered per month totalling 1,950 metric tonnes for the first six months of 2021 with prices ranging between $6,394 and $6,402 per metric tonne of payable copper. During the six months ending June 30, 2021, the Company delivered 945 metric tonnes of copper under this hedging arrangement and recognized a loss of $3,075 due to the delivery shortfall. As at June 30, 2021, the Company has no outstanding hedge positions.

## 11. Supplemental Cash flow information

| Non-cash investing and financing activities: | **June 30, 2021** | June 30, 2020 |
|---|---|---|
| Depreciation capitalized in mineral properties | **$3,727** | $2,839 |
| 2019 Credit Facility refinancing | **-** | $31,950 |
| Stock-based compensation included in mineral properties | **$977** | $429 |
| Mineral properties, plant, and equipment in accounts payable and accrued liabilities change | **$8,166** | $14,248 |
| Rights of use assets acquired under finance lease | **$2,471** | $789 |
| Accretion on stream deferral | **$5,347** | $4,028 |
| Interest capitalised in mineral properties, plant and equipment | **$6,564** | $9,570 |
| Extinguishment of a Pala promissory note | **$8,194** | $- |
| Units issued to settle accrued liabilities (note 8) | **$3,337** | $6,300 |
| Forgiveness of PPP Loan (note 5e) | **$2,376** | $- |
| 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:

| | June 30, 2021 | | Dec. 31, 2020 | |
|---|---|---|---|---|
| | Carrying value | Fair value | Carrying value | Fair value |
| Working Capital Facility (note 4) | $31,701 | 31,701 | $32,880 | $32,880 |
| Amended KfW Facility (note 5a) | 119,843 | 131,278 | 117,968 | 130,953 |
| 2021 Credit Facility (note 5b) | 30,692 | 30,692 | - | - |
| PPP loan (note 5e) | - | - | 2,364 | 2,364 |
| 2021 Promissory Note (note 5d) | 15,040 | 15,040 | - | - |
| | **$197,276** | **$208,711** | **$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 June 30, 2021, the Company held CAD$671 (2020 -CAD$8) in cash and cash equivalents in a company with a functional currency of U.S. dollars. At June 30, 2021, the Company had CAD$1,296 (2020 - CAD$419) 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 June 30, 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 $13,047 as at June 30, 2021 (2020 - $7,577), being the carrying value of cash and cash equivalents, restricted cash and amounts receivable.

(e) Liquidity risk (note 1):

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 June 30, 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 | $55,499 | $55,499 | - | - | - |
| Settlement payable | $1,000 | - | $1,000 | - | - |
| Construction contractual obligations | $3,933 | $3,933 | - | - | - |
| Working Capital Facility | $31,701 | $31,701 | - | - | - |
| Amended KfW Facility | $142,231 | $142,231 | - | - | - |
| Equipment leases | $28,784 | $8,701 | $14,939 | $5,090 | $54 |
| Asset Retirement obligation | $6,367 | - | - | - | $6,367 |
| Office lease | $23 | $23 | - | - | - |
| **Total obligations** | **$269,538** | **$242,088** | **$15,939** | **$5,090** | **$6,421** |

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

## 13. Subsequent Events

a) Subsequent to period end, Pala agreed to provide the Company with additional loans up to $27,000, (of which $19,000 have been received), pursuant to the Amended and Restated Promissory Note with Pala on the same terms and conditions as the original 2021 Promissory Note. Further draws by the Company are subject to agreed use of proceeds and regulatory approval of the Amended and Restated Promissory Note.

b) On July 6, 2021, the Company issued 4,374,812 common shares to Sedgman totalling $800 upon certain performance thresholds being met under the settlement agreement with Sedgman at a price of CAD$0.2271 per common share, the market price of the common shares at the time the performance thresholds were met. Another $1,200 in common shares will be issued to Sedgman upon it meeting additional performance thresholds. The Company's consolidated financial statements at June 30, 2021 reflect the terms of the settlement agreement.

c) On July 19, 2021, the Company redeemed $3,311 in bonds that were classified as restricted cash.

d) On August 3, 2021, the Company issued 6,764,607 common shares to Pala in satisfaction of approximately $1,300 in fees owing to Pala in connection with the Indemnity Agreements and the KfW Guarantee and interest owing under the 2021 Credit Facility. These common shares were issued to Pala at a price of CAD$0.2303, the market price of the common shares at the end of the second quarter.