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Consolidated Financial Statements
For the years ended December 31, 2021, and December 31, 2020

Independent auditor’ s report

To the Shareholders of Nevada Copper Corp.

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Nevada Copper Corp. and its subsidiaries (together, the Company) as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

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

- the consolidated statements of financial position as at December 31, 2021 and 2020;
- the consolidated statements of operations and comprehensive income (loss) for the years then ended;
- the consolidated statements of changes in equity for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

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

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

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

Material uncertainty related to going concern

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

PricewaterhouseCoopers LLP
PricewaterhouseCoopers Place, 250 Howe Street, Suite 1400, Vancouver, British Columbia, Canada V6C 3S7
T: +1 604 806 7000, F: +1 604 806 7806

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of mineral properties, plant and equipment (PP&E) for the Pumpkin Hollow cash generating unit (CGU) *Refer to note 2 – Significant accounting policies and note 3 – PP&E to the consolidated financial statements.* As at December 31, 2021, the total net book value of PP&E amounted to $893 million, which relates to the Pumpkin Hollow CGU. When an impairment indicator of PP&E exists, an impairment assessment is conducted at the level of the CGU (a group of assets that generate independent cash inflows). An impairment loss is recognized if the carrying amount of a CGU exceeds its recoverable amount. During the year, management identified impairment indicators due to the significant decline in the Company' s market capitalization relative to its net assets at September 30, 2021 in addition to expected increased capital costs and delays expected in the construction and commissioning of its underground mine. As a result, management performed an impairment assessment of the Pumpkin Hollow CGU as at September 30, 2021. The recoverable amount of the CGU was based on a fair value less cost of disposal method using a discounted cash flow model. The determination of the recoverable amounts included the following significant assumptions: production based on	Our approach to addressing the matter included the following procedures, among others: • Tested how management determined the recoverable amount of PP&E related to the Pumpkin Hollow CGU, which included the following: – Tested the appropriateness of the fair value less cost of disposal method used by management. – Tested underlying data used in the discounted cash flow model. – Evaluated the reasonableness of significant assumptions such as future metal prices and capital costs by (i) comparing future metal prices with external market and industry data; (ii) comparing future capital against historical costs; and (iii) assessing whether these assumptions were consistent with evidence obtained in other areas of the audit. – The work of management' s experts was used in performing the procedures to evaluate the reasonableness of the estimates associated with the production based on quantities of recoverable reserves and resources and future capital and operating costs assumptions. As a basis for using this work, the competence, capabilities and objectivity of

Key audit matter	How our audit addressed the key audit matter
quantities of recoverable reserves and resources, future metal prices, capital and operating costs and discount rate. Management' s estimates of the production based on quantities of recoverable reserves and resources are based on information compiled by qualified persons (management' s experts). No impairment charge was required for the Pumpkin Hollow CGU because its recoverable amount exceeded the carrying amount. We considered this a key audit matter due to the significant audit effort and subjectivity in performing procedures to test significant assumptions used by management in determining the recoverable amount, which involved significant judgment from management. In addition, the audit effort involved the use of professionals with specialized skill and knowledge in the field of valuation.	management's experts was evaluated, the work performed was understood and the appropriateness of the work as audit evidence was evaluated. The procedures performed also included evaluation of the methods and assumptions used by management' s experts, tests of the data used by management' s experts and an evaluation of their findings. – Professionals with specialized skill and knowledge in the field of valuation assisted us in assessing the appropriateness of the discounted cash flow model, and the reasonableness of the discount rate used within the discounted cash flow model. – Tested the disclosures, including the sensitivity analysis, made in the consolidated financial statements with regard to the impairment assessment.

Other information

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

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

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

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

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’ s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management’ s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’ s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’ s report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’ s report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

The engagement partner on the audit resulting in this independent auditor’ s report is Dean Larocque.

/s/PricewaterhouseCoopers LLP

Chartered Professional Accountants

Vancouver, British Columbia
March 31, 2022

NEVADA COPPER CORP.

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

	December 31, 2021	December 31, 2020 (note 2bi)
Assets		
Current assets		
Cash and cash equivalents	**$51,616**	$21,839
Accounts receivable	**72**	88
Prepaid expenses	**58**	88
Materials and supplies inventory	**3,713**	-
Total Current Assets	**55,459**	22,015
Restricted cash (note 2f)	**379**	7,073
Mineral properties, plant, and equipment (note 3)	**892,500**	738,761
Total Assets	**$948,338**	$767,849
Liabilities and Shareholders' Equity		
Current liabilities		
Accounts payable and accrued liabilities	**$45,650**	$45,211
Related party payable (note 8)	**38**	2,837
Share-based compensation liabilities – current portion (note 11)	**1,817**	581
Warrant derivative (note 12)	**23,374**	12,477
Current portion of stream and royalty deferral (note 6)	**6,138**	15,487
Working Capital Facility (note 4)	**20,095**	32,880
Current portion of long-term debt (note 5)	**8,307**	30,745
Total Current Liabilities	**105,419**	140,218
Long term payable (note 5a)	**975**	-
Settlement payable- long term (note 13b and c)	**-**	8,029
Share based compensation liabilities - long term portion (note 11)	**191**	895
Stream and royalty deferral (note 6)	**122,243**	102,168
Long term debt (note 5)	**165,269**	139,527
Asset retirement obligation (note 7)	**5,971**	6,219
Total Liabilities	**400,068**	397,056
Shareholders' Equity		
Share capital	**681,690**	505,370
Other equity reserve	**31,900**	31,582
Accumulated other comprehensive loss	**(3,578)**	(3,578)
Deficit	**(161,742)**	(162,581)
Total Shareholders' Equity	**548,270**	370,793
Total Liabilities and Shareholders' Equity	**$948,338**	$767,849

General Information, Nature of Operations and Going Concern (note 1)
Commitments and Contractual Obligations (note 13)
Subsequent Events (note 4 and 5b)

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

Approved on behalf of the Board on March 31, 2022:

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

NEVADA COPPER CORP.

Consolidated Statements of Operations and Comprehensive Income (Loss)
(Expressed in thousands of United States dollars except per share amounts which are in United States dollars)
Years ended December 31, 2021 and December 31, 2020

	December 31, 2021	**December 31, 2020**
Expenses		
Consulting and remuneration	**$579**	$1,413
Public company expenses	**1,336**	1,954
Administration expenses	**435**	380
Professional fees	**2,904**	4,195
Depreciation expense	**-**	42
Stock-based compensation (note 11)	**(341)**	1,002
Loss on forward sales contract (note 13d)	**3,075**	-
	7,988	(8,986)
Interest income	**56**	9
Interest and finance expenses	**-**	(841)
Other income (expense)	**-**	8
Derivative fair value gain (loss) (note 12)	**11,573**	(7,872)
Debt extinguishment loss (notes 5d)	**(2,764)**	-
Debt modification gain (loss) (notes 5a and 5b)	**3**	(3,041)
Convertible Loan Derivative fair value change (note 5f)	**-**	6,763
Loss on extinguishment of Convertible Loan (note 5f)	**-**	(6,383)
Foreign exchange loss	**(41)**	(1)
	8,827	(11,358)
Income (loss) and comprehensive income (loss)	**$839**	$(20,344)
Income (loss) per common share		
Basic and diluted (note 10b)	**$0.00**	$(0.19)
Weighted average number of common shares outstanding (note 2b(i), 10a, and 15)		
Basic	**205,077,229**	**109,099,352**
Diluted	**280,648,477**	**109,099,352**

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

NEVADA COPPER CORP.

Consolidated Statements of Changes in Equity
(Expressed in thousands of United States dollars)
Years ended December 31, 2021 and December 31, 2020

	Share Capital					
	Number of Shares	**Amount**	**Other Equity Reserve**	**Accumulated Other Comprehensive Loss**	**Deficit**	**Total**
Balances, December 31, 2019	**76,193,590**	**$431,069**	**$33,308**	**$(3,578)**	**$(142,238)**	**$318,561**
Shares issued (note 10b)	72,632,709	76,810	-	-	-	76,810
Shares issuance costs	-	(2,509)	-	-	-	(2,509)
Stock-based compensation (note 11)	-	-	(1,726)	-	-	(1,726)
Comprehensive loss	-	-	-	-	(20,344)	(20,344)
Balances, December 31, 2020	**148,826,299**	**$505,370**	**$31,582**	**$(3,578)**	**$(162,581)**	**$370,793**

	Share Capital					
	Number of Shares	**Amount**	**Other Equity Reserve**	**Accumulated Other Comprehensive Loss**	**Deficit**	**Total**
Balances, December 31, 2020	**148,826,299**	**$505,370**	**$31,582**	**$(3,578)**	**$(162,581)**	**$370,793**
Shares issued (note 10b)	299,611,260	184,261	-	-	-	184,261
Shares issuance costs	-	(7,941)		-	-	(7,941)
Stock-based compensation (note 11)	-	-	318	-	-	318
Comprehensive income	-	-	-	-	839	839
Balances, December 31, 2021	**448,437,559**	**$681,690**	**$31,900**	**$(3,578)**	**$(161,742)**	**$548,270**

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

NEVADA COPPER CORP.

Consolidated Statements of Cash Flows
(Expressed in thousands of United States dollars)
Years ended December 31, 2021 and December 31, 2020

	December 31, 2021	December 31, 2020
Cash flows used in operating activities		
Income(loss) for the year	**$839**	$(20,344)
Adjustments for:		
Derivatives fair value change (note 12)	**(11,573)**	7,872
Debt modification loss (gain) (notes 5a and 5b)	**(3)**	3,041
Convertible loan derivative fair value change (note 5f)	**-**	(6,763)
Loss on extinguishment of Convertible Loan (note 5f)	**-**	6,383
Loss on extinguishment of debt (note 5d)	**2,764**	-
Interest and finance expenses	**-**	843
Stock-based compensation	**(342)**	930
Unrealized foreign exchange loss (gain)	**(76)**	-
Interest income	**(41)**	(9)
Depreciation and accretion expense	**-**	42
	(8,432)	(8,005)
Changes in non-cash working capital items:		
Amounts receivable	**16**	(15)
Prepaid expenses	**30**	33
Accounts payable and accrued liabilities	**524**	2,337
Net cash used in operating activities	**(7,862)**	(5,648)
Cash flows used in investing activities		
Proceeds from sale of royalties & stream amendment (note 6)	**-**	29,741
Interest received	**41**	9
Stream payments (note 6)	**(802)**	(435)
Cash moved (to)/from restricted cash, net (note 2f)	**6,694**	(5,018)
Proceeds from pre-production sales (note 3)	**11,139**	7,211
Development costs	**(144,343)**	(91,655)
Net cash used in investing activities	**(127,271)**	(60,147)
Cash flows from financing activities		
Common shares issued	**131,144**	29,228
Share issuance cost	**(7,941)**	(2,270)
Repayment of Promissory Notes (note 5d)	**(42,029)**	(8,068)
Proceeds from Promissory Notes (note 5d)	**80,500**	40,860
Net Proceeds from KfW IPEX-Bank Facility, net (note 5a)	**-**	13,071
Proceeds from Payroll Protection Program (note 5e)	**-**	2,348
Proceeds from Convertible Loan (note 5f)	-	450
Proceeds from Working Capital Facility (note 4)	**80,442**	61,307
Repayment of Working Capital Facility (note 4)	**(93,142)**	(50,277)
Proceeds from 2021 Credit Facility (note 5b)	**30,000**	14,550
Lease payments	**(8,676)**	(6,236)
Interest paid	**(5,139)**	(6,819)
Repayment of Note Payable	**-**	(1,550)
Financing fees paid	**(325)**	-
Net cash provided by financing activities	**164,834**	86,594
Effect of exchange rate changes on cash and equivalents	**76**	-
Increase in cash and cash equivalents	**29,777**	20,798
Cash and cash equivalents, beginning of the year	**21,839**	1,041
Cash and cash equivalents, end of the year	**$51,616**	$21,839

Supplemental cash flow disclosures (Note 16)
The accompanying Notes are an integral part of these consolidated financial statements.

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

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

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to a going concern.

At December 31, 2021, the Company had a working capital deficiency (current assets less current liabilities) of $49,960 (December 31, 2020 - $117,203). For the year ended December 31, 2021, the Company recorded a net income of $839 (2020 loss - $20,344) and the cash used in operating activities was $7,862 (2020 – $5,648). As at December 31, 2021, capital commitments due in the next twelve months are $1,960.

The timetable and costs for the development of the Underground Mine have been significantly adversely impacted by a series of geotechnical and operational issues. During 2021, the Company experienced reduced productivity as result of lower than planned productivity from its mining contractor, lower than expected equipment availability, further unexpected challenges with the second dike crossing, and additional COVID-19 related labour constraints and supplier delivery issues. In addition to the loss of productivity, there was also a greater cash repayment on the Working Capital Facility (as defined below) than expected. Due to the cumulative impact of these factors, management is assessing the financing alternatives that may be available to the Company in order to complete the ramp up of the Underground Mine, with an emphasis on alternatives that do not include the issuance of new equity, such as utilizing the $15,000 accordion under the 2021 Credit Facility (as defined below) (subject to the lender's consent) and potential concentrate sale prepay arrangements. The Company is currently working to complete further mine planning analysis, taking into account the factors referred to above, which is expected to provide an indication of the amount and timing of the required funding

The above factors, together with the Company's working capital deficiency 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, among other things, results from operations, the ability to complete the ramp-up process in accordance with the Company's timing and cost expectations, an increase in concentrate production and sales, 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. If the above requirements are not achieved or other material adverse events or delays occur then, in the absence of sufficient financing being arranged, the Company may not be able to continue operations. This may result in, among other things, its secured lenders becoming able to enforce on their security over the Company's assets.

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

2. Significant Accounting Policies:

a) Statement of compliance

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

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

These consolidated financial statements were approved for issue by the Board of Directors on March 31, 2022.

b) Prior period comparatives

i) Share consolidation

On September 17, 2021, the Company completed a share consolidation of its issued and outstanding common shares on the basis of one (1) post-consolidation common share for every ten (10) pre-consolidation common shares (the "Share Consolidation"). The Company's common shares began trading on the Toronto Stock Exchange (the "TSX") on a post-consolidation basis on September 21, 2021. Except as otherwise indicated, common shares, units, per share and per unit amounts in the comparative periods have been restated in these financial statements and the Notes hereto to reflect the Share Consolidation for comparative purposes.

The number of warrants outstanding from the July 2020 Offering and the January 2021 Offering and the Triple Flag warrants did not change post Share Consolidation. Post Share Consolidation, the exercise price of the warrants that were outstanding prior to the Share Consolidation increased by a factor of ten (10), and ten (10) of such warrants are now required to be exercised to purchase one (1) common share (rather than the 1 for 1 exchange before the Share Consolidation).

ii) Interest accrual reclassifications

Certain balances in the consolidated statement of financial position as at December 31, 2020 have been reclassified to reflect the appropriate classification of interest accrued on the Company's long term debt as current liabilities. The effect of these reclassifications is to decrease long term debt by $1,242 and increase accounts payable and accrued liabilities by $1,242 as at December 31, 2020. The reclassifications had no impact to the consolidated statement of operations and comprehensive loss, consolidated cashflows and consolidated statement of changes in equity for the year ended December 31, 2020.

c) Basis of consolidation

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

d) Use of judgments and estimates

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

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

i) Mineral reserve and resource estimates

The Company estimates its mineral reserves and resources based on information compiled by Qualified Persons as defined in accordance with National Instrument 43-101 – *Standards for Disclosure of Mineral Projects* (NI 43-101). Reserves are used in the calculation and valuation of standalone selling prices for streaming agreements, depreciation, impairment assessment, and for forecasting the timing of payment of mine closure, reclamation, and rehabilitation costs. There are uncertainties inherent in estimating ore reserves, and assumptions that are valid at the time of estimation may change significantly when new information becomes available. Changes in the forecasted prices of commodities, production costs, or recovery rates could have a material impact in the future on the Company's financial position and results of operations.

ii) Recoverable amount of mineral properties, plant and equipment

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

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

iii) Provision for reclamation and remediation

The Company assesses its provision for reclamation and remediation on an annual basis or when new material information becomes available. Mining and exploration activities are subject to various laws and regulations governing the protection of the environment.

In general, these laws and regulations are continually changing, and the Company has made, and intends to make in the future, expenditures to comply with such laws and regulations. Accounting for reclamation and remediation obligations requires management to make estimates of the future costs the Company will incur to complete the reclamation and remediation work required to comply with existing laws and regulations. Actual costs incurred may differ from those amounts estimated. Also, future changes to environmental laws and regulations could increase the extent of reclamation and remediation work required to be performed by the Company. Increases in future costs could materially impact the amounts charged to operations for reclamation and remediation. The provision represents management's best estimate of the present value of the future reclamation and remediation obligation. The actual future expenditures may differ from the amounts currently provided.

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

i) Going concern

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

ii) Achievement of commercial production

Once a mine reaches the operating levels intended by management, depreciation of capitalized costs begins. Significant judgment is required to determine when certain assets of the Company reach this level. Management considers several factors including, completion of a reasonable period of commissioning, and whether consistent operating results are being achieved at a predetermined level of design capacity. During the year ending December 31, 2021, commercial production was not achieved in relation to the Underground Mine.

iii) Stream and royalty transaction

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

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

Significant judgment was required in conjunction with arriving at the Company's accounting policies related to the royalty and stream transactions described in note 6, including the characterization of the transactions, whether control has been transferred on the underlying mineral interests and whether related services are distinct from the mineral interests. In addition, because these transactions were entered into concurrently, the Company's future statements of operations will also be affected by significant estimation related to the allocation of consideration to the various components of the transaction on the basis of stand-alone selling price.

e) Foreign currency translation

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

f) Cash and cash equivalents

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

Restricted cash is cash held in trust as collateral for surety bonds related to performance bonds for engineering, procurement and construction contracts and reclamation bonds. These amounts are not currently available for general corporate use. During the year ended 2021, $6,694 was released from restricted cash (2020 - $5,018 moved to restricted cash).

g) Financial instruments

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

(i) Classification of financial assets

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

Amortized Cost:

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

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

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

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

Financial Assets measured subsequently at FVOCI:

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

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

Financial assets measured subsequently at FVTPL:

By default, all other financial assets are measured subsequently at FVTPL. Financial assets measured at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognized in profit or loss. At December 31, 2021 and 2020 the Company did not have any financial assets subsequently measured at FVTPL or FVOCI.

(ii) *Classification of Financial Liabilities*

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

The Company's financial liabilities measured at amortized cost include accounts payable and accrued liabilities, related party payables, the Working Capital Facility, the Company's current and long-term debt disclosed in Note 5 (other than lease liabilities), and other long term payables. .
The Company's financial liabilities classified as FVTPL include the warrant derivatives. Financial liabilities are classified as current or non-current based on their maturity date.

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

(iii) *Impairment*

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

(iv) *Derivative liabilities*

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

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

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value, by reference to the reliability of the inputs used to estimate the fair values. The various fair value levels are described in note 17.

h) Asset retirement obligations and reclamation costs

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

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

i) Exploration and evaluation assets

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

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

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

j) Mineral properties, plant and equipment

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

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

Building	20 years
Equipment	5 years
Mobile equipment	3 years
Computer equipment	2 years

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

k) Impairment of non-financial assets

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

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

l) Income taxes

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

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

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

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

m) Stock-based compensation

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

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

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

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

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

n) Provisions

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

o) Income (loss) per share

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

p) Interest income and finance costs

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

q) Segmented information

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

r) Stream and royalty deferral agreements

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

s) Leases

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

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

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

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

t) Revenue from contracts with customers

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

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

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

u) Warrants

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

v) Debt modification and extinguishments

Modifications to debt can occur when the borrower and lender negotiate changes to the terms of the debt such as increasing the interest rate or extending the maturity date. Currently, under IFRS 9, a change that is considered “substantial” (substantial is when the net present value of the cash flows under the new terms, discounted at the original effective interest rate is at least 10% different from the carrying amount of the original debt) would be accounted for as an extinguishment, which means that the original debt is derecognized, with a gain or loss is recorded in profit and loss, and a new financial liability recorded based on the new terms. If the change is not considered to be substantial, the original debt remains on the books and a gain or loss at the date of the modification is recognized regardless of whether the changes in the terms are considered substantial. In addition, if there were any costs or fees incurred to change the terms, they would be adjusted to the carrying amount of the modified debt and amortized over the remaining term of the modified debt.

w) Materials and supplies inventory

Materials and supplies inventories are valued at the lower of weighted average cost and net realizable value, less any allowances for obsolescence. Replacement costs of materials and spare parts are generally used as the best estimate of net realizable value.

A periodic review is undertaken of material and supplies inventory to determine the extent of any provision for obsolescence. Major spare parts and standby equipment are included in plant and equipment when they are expected to be used during more than one period and if they can only be used in connection with an item of plant and equipment.

x) 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, the Working Capital Facility and the KfW IPEX-Bank Facility (all as defined below) are indexed to London interbank offered rates that have not yet transitioned to alternative benchmark rates at the end of the current reporting period.

y) 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. The Company is in the process of assessing the impact of the adoption of this amendment.

(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:					
As at December 31, 2019	**$573,316**	**$2,917**	**$29,167**	**$3,455**	**$608,855**
Additions	135,579		6,961	(1,916)	140,624
As at December 31, 2020	**$708,895**	**$2,917**	**$36,128**	**1,539**	**749,479**
Additions	159,888	488	2,471	(1,472)	161,375
As at December 31, 2021	**$868,783**	**$3,405**	**$38,599**	**$67**	**$910,854**
Accumulated depreciation:					
As at December 31, 2019	**$-**	**$1,268**	**$2,654**	**$-**	**$3,922**
Additions	**-**	**146**	**6,649**		**6,795**
As at December 31, 2020	**$-**	**$1,414**	**$9,303**	**$-**	**$10,717**
Additions	**-**	**-**	**7,637**		**7,637**
As at December 31, 2021	**$-**	**$1,414**	**$16,940**	**$-**	**$18,354**
Net Book Value					
As at December 31, 2020	$708,895	$1,503	$26,825	$1,539	$738,762
As at December 31, 2021	**$868,783**	**$1,991**	**$21,659**	**$67**	**$892,500**

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

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

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

Under the terms of the Lease, the Company is required to pay advance royalty payments of $600 annually until the second expiry date of the Lease in May 2026. Following the completion of the second ten-year term the Lease can be extended for two further ten-year terms if it has made $10,000 in production royalties and minimum royalty payments to RGGS in the previous term or if it pays to RGGS the difference between $10,000 and what was actually paid during the previous ten-year term.

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

During a future month within which the accrued minimum recoverable royalty balance is reduced to a value that is between 100-130% of the sum of the next three months of projected production royalty, the Company shall provide RGGS with a standing irrevocable letter of credit in favour of RGGS in an amount generally equivalent to the sum of three months projected production royalty to be received by RGGS.

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

The Company is current with all required Lease payments and advance royalty payments. Cumulative advance royalty payments made total $6,426 to December 31, 2021.

Project costs capitalised for the year ended December 31, 2021 and 2020 on the Property consist of the following:

	December 31, 2021	2021 Additions	December 31, 2020	2020 Additions	December 31, 2019
Property payments	$1,961	$-	$1,961	-	$1,961
Advance royalty payments	6,426	600	5,826	600	5,226
Water rights	2,955	188	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	14,245	516	13,729	620	13,109
Underground access, hoist, head frame, power & related	367,302	90,369	276,933	77,683	199,250
Processing plant – engineering procurement	151,566	14,297	137,269	10,172	127,098
Surface infrastructure	31,844	2,127	29,717	9,160	20,557
Site costs	71,223	27,067	44,156	13,772	30,384
	725,888	**135,164**	**590,725**	**112,563**	**478,162**
Depreciation	18,169	7,768	10,401	6,751	3,650
Asset retirement obligation	5,057	(248)	5,305	321	4,984
Capitalised interest	99,339	16,101	83,238	16,072	67,166
Stock-based compensation	5,762	(309)	6,071	(2,305)	8,376
Stream accretion	31,274	11,085	20,189	9,211	10,978
Pre-production sales	(16,706)	(9,673)	(7,033)	(7,033)	-
Total	**$868,783**	**$159,888**	**$708,896**	**135,580**	**$573,316**

Asset impairments

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

During the year ended December 31, 2021, management identified impairment indicators due to the significant decline in the Company's market capitalization relative to net assets as at September 30, 2021 in addition to other factors described in Note 1, including the expected increased capital costs and delays expected in the construction and commissioning of the Underground Mine. As a result, management performed an impairment assessment on the Pumpkin Hollow CGU as at September 30, 2021. The recoverable amount of the CGU was based on a fair value less cost of disposal method using a discounted cash flow model. The determination of the recoverable amounts included the following significant assumptions: production based on quantities of recoverable reserves and resources, future metal prices, capital and operating costs and the discount rate.

The model is most sensitive to the estimated long-term copper prices, the discount rate, estimated operating costs and the timing of the ramp up of the production of the Project. Based on the Company's sensitivity analysis, an approximate 4% decrease in the long-term copper prices, an increase in the discount rate to 11%, a 7% increase to estimated operating costs, or a delay of the ramp-up of the Project by approximately 11 months to the third quarter of 2023 (based on current consensus copper prices) would result in the recoverable amount of the CGU equalling the net asset value of the CGU.

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

No impairment charge was required for the Pumpkin Hollow CGU because its recoverable amount exceeded the carrying amount.

Management's estimates of the quantity of recoverable reserves and resources are based on information compiled by qualified persons. The estimate of the recoverable amount at September 30, 2021 was based upon an estimated completion of ramp up by the third quarter of 2022.

Metal prices

The metal prices used to calculate recoverable amounts at September 30, 2021 were based on analysts' consensus price estimates and are summarised in the following table:

Metal prices	2021 average	Long term
Copper price ($/lb)	$4.15	$3.45
Gold price ($/oz)	$1,750	$1,600
Silver price ($/oz)	$24	$20

Operating and capital costs

Underground Mine operating costs and capital expenditures are based on life-of-mine plans and forecasts using management's best estimates as at September 30, 2021 considering that the Underground Mine is still in the ramp up phase, and the asset has not yet reached commercial production. Such estimates include a comparison to historical costs, where applicable. Operating costs and capital expenditures at the open pit mining project at the Property (the "Open Pit Project") were based on life-of-mine plans and forecasts using management's best estimates from the Company's most recently filed technical report.

Reserves and resources
Future estimated production was based on recoverable reserves and resources estimates by qualified persons when preparing the most recently filed technical report, or management's latest life of mine model as at September 30, 2021.

Discount rate
Discount rates used for the present value of the life of mine cash flow were based on the weighted average cost of capital for similar companies and adjusted for risk and current market information. The Company used a 10% nominal after-tax discount rate in the calculation of the recoverable value of the CGU as at September 30, 2021.

At December 31, 2021, based on its impairment indicator assessment, management determined that there were no new indicators of impairment that would require the Company to perform an impairment test. The assessment included an evaluation of any changes to significant assumptions that would be used to test the recoverable amount as disclosed above. Accordingly, no impairment was recorded as at December 31, 2021.

4. Working Capital Facility

Balance at December 31,2019	**$23,441**
Advance	61,307
Interest accrual, net of accrual reversal	(92)
Repayments	(51,777)
Balance at December 31, 2020	**$32,879**
Advances	80,442
Interest accrual, net of accrual reversal	(85)
Repayments	(93,142)
Balance at December 31, 2021	**$20,095**

In 2019, NCI entered into a revolving working capital facility (the "Working Capital Facility") with Concord Resources Limited ("Concord") for up to $35,000 which provides for advances of up to 85% of the value of expected deliveries up to four months in advance of deliveries prior to commercial production at the Underground

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

Mine, and three months thereafter, on a revolving basis. Interest on advance payments will be payable at LIBOR plus 7.5% prior to commercial production at the Underground Mine and LIBOR plus 5% thereafter, maturing in 2023, unless terminated in accordance with the terms of any Offtake Agreement (as defined in note 13e). There is no penalty or charge for early repayment in respect of the Working Capital Facility. The availability of funds under the Working Capital Facility increased from $35,000 to $40,000 on April 1, 2021, subject to attaining certain defined production rates. Drawdowns under the Working Capital Facility in excess of $35,000 prior to commencement of commercial production at the Underground Mine will bear interest at LIBOR plus 8.5%

During the year ended December 31, 2021, the Company made repayments of $93,142, of which $11,139 was in concentrate deliveries and $82,003 was settled in cash.

Subsequent to December 31, 2021, the Company drew an additional $13,449 under the Working Capital Facility and repaid $14,817 of which $4,134 was in concentrate deliveries and $10,683 was settled in cash.

5. Long Term Debt:

	December 31, 2021	December 31, 2020
Current portion of debt:		
Promissory Notes (d)	**$-**	$23,500
Current portion of lease liabilities (c)	**8,307**	7,245
Total current portion of debt	**$8,307**	$30,745
KfW IPEX-Bank Facility (a)	**$117,521**	$117,016
Lease liabilities (c)	**14,455**	20,146
2021 Credit Facility (b)	**33,293**	-
Payroll Protection Program Loan (e)	**-**	2,365
Total long-term debt	**$165,269**	$139,527

a) **KfW IPEX Bank Facility:**

KfW Tranche A Loan:

	Loan facility – amortised cost	Deferred financing fee	Total
Balance at December 31, 2019	**$115,000**	**$(11,371)**	**$103,629**
Debt modification gain	(1,865)	-	(1,865)
Accretion expense	-	2,181	2,181
Balance at December 31, 2020	**$113,135**	**$(9,190)**	**$103,945**
Accretion expense	-	2,577	2,577
Extension fee	-	(1,150)	(1,150)
Loss (Gain) on Modification	(1,061)	-	(1,061)
Balance at December 31, 2021	**$112,074**	**$(7,763)**	**$104,311**

KfW Tranche B Loan:

	Loan facility – amortised cost	Deferred financing fee	Total
Balance at December 31, 2019	**$-**	**$-**	**$-**
Advance	15,000	(1,929)	13,071
Balance at December 31, 2020	**15,000**	**(1,929)**	**$13,071**
Accretion expense	-	755	755
Extension fee	-	(150)	(150)
Loss (Gain) on Modification	(466)	-	(466)
Balance at December 31, 2021	**$14,534**	**$(1,324)**	**$13,210**

In May 2019, the Company, through its wholly owned subsidiary NCI, entered into a credit agreement (as amended, 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 were originally scheduled to start in July 2022 with a back-weighted repayment profile, as the majority of payments were due near the end of the loan’s term, with the final payment due in July 2028.

On December 8, 2020, the Company, NCI and KfW amended and restated the KfW IPEX-Bank 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 originally bore interest of LIBOR plus 4.9% and provided for a 12-month grace period for principal payments and cash sweeps under the KfW Tranche B Loan (the interest rate was subsequently amended pursuant to the KfW Amendment Agreement, as described below). 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 November 30, 2021, the Company, NCI and KfW entered into an amendment agreement (the “KfW Amendment Agreement”) in respect of the KfW IPEX-Bank Facility providing for a long-term extension of the project longstop date (the final date to meet the requirements of the project completion test under the KfW IPEX-Bank Facility) (the “Project Completion Longstop Date”) until June 2023 and significant payment deferrals. The Project Completion Longstop Date requires the Underground Mine to be operating at five thousand tonnes per day (tpd) for ninety consecutive days by June 2023. Failure to meet this operational requirement is considered an event of default per the KfW Amendment Agreement. The other amendments include:

Tranche A Loan:

- The first debt repayment has been deferred for two years to July 31, 2025, with the debt service reserve account to be funded six months prior;
- The final amortization has been deferred to July 31, 2029;
- The commencement of the project cash sweep has been deferred by two years to January 31, 2024, and a one-time extraordinary cash sweep of excess cash has been deferred by two years to July 31, 2025. The project cash sweep is comprised of a certain percentage of excess cash in a calculation period, as calculated pursuant to the Credit Agreement, which shall be applied towards mandatory prepayment of loans under the Credit Agreement. Until repayment of the Tranche B Loans and the deferral true up have occurred, 100% of excess cash (as calculated pursuant to the Credit Agreement) shall be applied to mandatory repayment. After such time, generally, 30% of excess cash shall be applied towards mandatory prepayment, unless certain trigger events occur and at which time, 80% of excess cash shall be applied; and
- The interest margin on the loan has increased by 0.5% to 2.1%, reflective of the extended loan term.

Tranche B Loan:

- The first debt repayment has been deferred by two years to July 31, 2024;
- The final amortization has been deferred by two years to July 31, 2025; and
- The interest margin on the loan has increased by 0.5% to 5.4%, reflective of the extended loan term.

A condition precedent to the effectiveness of the KfW Amendment Agreement was the receipt by NCI of at least $40,000 in net proceeds from debt or equity financings prior to March 31, 2022 (the “KfW Condition”). The KfW Condition was satisfied with the proceeds of the November 2021 Offering (as defined below).

In connection with the KfW Amendment Agreement, the Company incurred $1,300 in re-financing fees of which $325 has been paid in cash and $975 is to be paid within thirty (30) days after the occurrence of the project completion date. Accordingly, the KfW IPEX-Bank Facility has been classified as a long-term liability.

Interest accrued is payable every six months at July 31 and January 31 until the final principal payment on July 31, 2029. Interest of $2,630 was paid during the year ended December 31, 2021.

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

All of the debt amendments noted above were determined to be modifications in accordance with IFRS. A modification gain of $1,528 was recognized in the Statement of Operations and Comprehensive Loss. Additionally, $929 and $331 of interest that was accrued in relation to Tranche A and Tranche B, respectively, was classified as current liabilities.

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 December 31, 2021.

b) 2021 Credit Facility

The Company entered into a credit facility (as amended, the "2021 Credit Facility") with Pala Investments Limited ("Pala") on February 3, 2021 providing for $30,000 (inclusive of a $15,000 accordion feature thereunder) to be drawn by the Company in advances prior to June 30, 2021 (the "Availability Period"). The Company drew the full $30,000 under the 2021 Credit Facility in the first half of 2021. 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	**$-**	**$-**	**$-**
Advance	30,000	-	30,000
Accretion expense	-	77	77
Interest capitalized	1,692		1,692
Disbursement fees	3,485	(3,485)	-
Loss on Modification	1,524	-	1,524
Balance at December 31, 2021	**$36,701**	**$(3,408)**	**$33,293**

The 2021 Credit Facility bears interest at LIBOR plus 9% per annum on outstanding amounts and included a 3% arrangement fee on the total amount of the 2021 Credit Facility and a 4% disbursement fee on amounts drawn. During the Availability Period, Pala was entitled to a 4% per annum commitment fee on amounts available to be drawn (the "Commitment Fee"). In connection with the entry into the 2021 Credit Facility, Pala was granted the right to syndicate all or a portion of its commitment, which could result in higher interest and fees with respect to the syndicated portion Also, the Company agreed to certain restrictions on the issuance of additional debt during the syndication period. 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 to be paid in common shares rather than paid in cash.

On November 29, 2021, in connection with the November 2021 Offering (note 10vi), the Company and Pala amended and restated the 2021 Credit Facility, on substantially the same terms as the original 2021 Credit Facility, other than as described below. The amended and restated 2021 Credit Facility has a principal amount of $35,000 (which includes the outstanding principal and accrued interest balance under the 2021 Credit Facility and the remaining amount of the Amended June Promissory Note (as defined below)), has an extended maturity date from January 31, 2024 (the original maturity date under the 2021 Credit Facility) to January 31, 2026, and contains an accordion feature allowing the Company to draw up to an additional $15,000 (the "Additional Commitment") under the amended and restated 2021 Credit Facility, subject to the agreement of Pala and the prior acceptance by the Toronto Stock Exchange. In connection with the amendment and restatement of the 2021 Credit Facility, the Company paid Pala an extension fee of $1,325 (4% of the principal amount under the amended and restated 2021 Credit Facility), which fee was capitalized and added to the principal amount under the amended and restated 2021 Credit Facility on the date that it was entered into. Further, pursuant to the terms of the amended and restated 2021 Credit Facility, on the date of making any advance to the Company under the Additional Commitment, the Company must pay to Pala a disbursement fee equal to 4% of the principal amount of such advance, which fee will be added to the principal amount under the amended and restated 2021 Credit Facility on the date of such advance.

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

The amendment and restatement of the 2021 Credit Facility did not result in any change to the interest rate under the 2021 Credit Facility or, except as described above, other material terms and conditions of the original 2021 Credit Facility. Any common shares issued under the 2021 Credit Facility in order to satisfy interest payments will be issued at the market price of the common shares at the time of the issuance. Voluntary prepayments by the Company under the 2021 Credit Facility are subject to a prepayment premium, which also applies in the case of a change of control in respect of the Company~~.~~ This prepayment fee is equal to (i) 17.5% for any prepayment made between February 4, 2022 and February 3, 2023; and (ii) 10% for any prepayment made thereafter. Further, if the Company completes any equity or loan financings during the term of the amended and restated 2021 Credit Facility, unless otherwise agreed with the Company, Pala will be entitled, at its sole discretion, to elect for any portion of the net proceeds from such financings (subject to the restriction in the KfW IPEX-Bank Facility regarding using funds received from any capital raise to repay loans to any related party shareholder) to be utilized and applied to prepay the outstanding amounts owing to Pala under the 2021 Credit Facility. If Pala makes such election, any prepayment will not be subject to the voluntary prepayment premium described above.

In connection with entering into the amended and restated 2021 Credit Facility, the Company also issued 15,000,000 common share purchase warrants to Pala (the “Credit Facility Warrants”) (see note 12(b) for more details). The ability to exercise the Credit Facility Warrants was contingent upon disinterested shareholder approval as required by the TSX. This approval was obtained in January 2022.

All of the debt amendments noted above were determined to be modification in accordance with IFRS. A modification loss of $1,524 was recognized in the Statement of Operations and Comprehensive Loss.

c) Lease Liabilities

The following table relates to all leases under IFRS 16:

Balance at December 31, 2019	$25,011
Additions	6,961
Principal payments	(4,581)
Balance at December 31, 2020	**$27,391**
Additions	2,471
Principal payments	(7,100)
Less: Current Portion	(8,307)
Balance at December 31, 2021	**$14,455**

Minimum lease payments in respect of the above lease liabilities and the effects of discounting are expected to be $8,262 for 2022.

The interest expense related to lease liabilities for the year was $1,666. Further, the average term of the Company’s lease liabilities ranges from 24 months to 60 months.

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.

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

d) Promissory Notes

	Amortized Cost	Deferred Financing	Carrying Value
Balance at December 31, 2019	**$-**	**$ -**	**$-**
Advances	40,860	-	40,860
Repayments	(17,360)	-	(17,360)
Balance at December 31, 2020	**$23,500**	**$ -**	**$23,500**
Settlement January 2021 Offering and January 2021 Private Placement	(23,500)	-	(23,500)
Amended June Promissory Note advances	57,800	(3,300)	54,500
Amended October Promissory Note advances	26,000	-	26,000
Accretion	-	536	536
Settlement November 2021 Private Placement	(57,800)	-	(57,800)
Cash settlement	(26,000)	-	(26,000)
Loss on debt extinguishment	-	2,764	2,764
Balance at December 31, 2021	**$ -**	**$ -**	**$ -**

2021 Promissory Notes

The Company received a loan of $15,000 under a promissory note with Pala in June 2021 (the "June Promissory Note") providing additional liquidity for the ramp-up of the Underground Mine. The June Promissory Note had a maturity date of June 30, 2022 and bore interest at 8% per annum on amounts drawn. From July through September, 2021, Pala provided the Company with additional loans of $40,000 in the aggregate pursuant to a series of amendments and restatements of the June Promissory Note (the "Amended June Promissory Note") on the same terms and conditions as the original June Promissory Note, except that the Amended June Promissory Note provided for an arrangement fee of 6% on the full commitment amount of $55,000, which was capitalized.

On October 1, 2021, Pala provided the Company with a loan of up to $12,000 pursuant to a new promissory note entered into between Pala and the Company, which was subsequently amended and restated on November 1, 2021 to provide the Company with an additional loan of $15,000 (the "Amended October Promissory Note", and together with the Amended June Promissory Note, the "Promissory Notes"). The purpose of the Amended October Promissory Note was to allow the Company to progress the ramp-up of the Underground Mine. The Amended October Promissory Note had substantially the same terms as the Amended June Promissory Note, however, no arrangement fee was payable to Pala under the Amended October Promissory Note.

The principal and accrued interest balance of approximately $27,000 outstanding under the Amended October Promissory Note was fully repaid with the proceeds of the November 2021 Offering and the principal and accrued interest balance of approximately $59,000 under the Amended June Promissory Note was almost entirely repaid through the issuance of units to Pala pursuant to the November 2021 Private Placement (as defined below). The remaining balance of $114 owing under the Amended June Promissory Note after the completion of the November 2021 Private Placement was added to the principal amount under the amended and restated 2021 Credit Facility. As such, the Company did not have an outstanding balance on the Promissory Notes at December 31, 2021. This settlement resulted in a $2,764 loss on extinguishment of debt which was recognized in the Statement of Operations and Comprehensive Loss as a result of the unamortized deferred financing fees.

2020 Promissory Notes

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

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

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

From April 1 to July 27, 2020, Pala provided advances to the Company of $15,100, which were used primarily for the continued operation and construction of the Underground Mine, pursuant to the terms of unsecured promissory notes, bearing interest at 8% per annum and maturing on September 15, 2020 (collectively, the "Short Term Loans").

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

On March 18, 2020, Pala provided an advance of $2,200 as pre-funding prior to the closing of the Company's March 2020 refinancing transactions (the "Refinancing Transactions"), pursuant to the terms of an unsecured promissory note (the "March Promissory Note"). The proceeds from the March Promissory Note were used by the Company for the continued operation and construction of the Underground Mine prior to the funding under the Refinancing Transactions.

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

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. The PPP Loan was received in 2020 as part of the United States government COVID-19 pandemic program to assist companies to retain their employees.

During the year, the Company received the approval of the forgiveness of the full amount of the PPP Loan and recorded the forgiveness as a credit against the Project.

f) Pala Convertible Loan

	Convertible Loan	Conversion Option	Prepayment Option	Deferred financing fees	Total
December 31, 2019	**$-**	**$-**	**$-**	**$-**	**$-**
Issuance of Convertible Loan	28,037	12,806	(6,043)	(2,400)	32,400
Interest accrued	1,537	-	-	-	1,537
Accretion	-	-	-	393	393
Change in fair value	-	(12,806)	6,043	-	(6,763)
Settlement with shares	(29,574)			2,007	(27,567)
December 31, 2020	**$-**	**$-**	**$-**	**$-**	**$-**

On July 28, 2020, the Company repaid in full the Convertible Loan through the issuance of 180,262,677 units (on a pre-consolidation basis) pursuant to its public offering (the "July 2020 Offering") at the CAD$0.15 (on a pre-consolidation basis) offering price. A $6,383 loss was recognized in the consolidated statement of operations for the difference between the carrying amount of the Convertible Loan, the deferred financing fee, and the fair value of the units issued.

The Company entered into a Convertible Loan Facility (the "Convertible Loan") with Pala on March 27, 2020 in the principal amount of $30,000, which extended and replaced the unsecured credit facility entered into with Pala in 2019 (the "2019 Credit Facility"). All fees, interest and other expenses that accrued or became due under the 2019 Credit Facility on March 27, 2020 in the aggregate amount of $3,400 was satisfied through the issuance of 31,400,000 common shares (on a pre-consolidation basis) of the Company to Pala on April 6, 2020 in connection with the Refinancing Transactions. Subsequent to March 27, 2020, Pala syndicated an aggregate principal amount of $13,400 of the Convertible Loan to Castlelake L.P., and another $500 aggregate principal amount of the Convertible Loan to a third party.

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

The Convertible Loan had a maturity date of March 27, 2024 and bore interest at the rate of 14% per annum, payable quarterly in arrears. The lenders under the Convertible Loan could have, at any time, and from time to time, converted all or a portion of the Convertible Loan into common shares at a price of CAD$0.1575 (on a pre-consolidation basis). The Convertible Loan could have been prepaid by the Company in full at any time, subject to payment of a premium of 15% in year 1, 10% in year 2, 8% in year 3 and 5% in year 4.

The debt component of the Convertible Loan was carried at amortised cost in the consolidated financial statements and the related convertible option and the prepayment option were recorded at their respective fair values as at March 27, 2020 and subsequently until repayment as they were classified as embedded derivatives. Changes in the fair values of these financial instruments was recognised in the consolidated statement of operations as a change in derivative fair value of $6,763 for the year ended December 31, 2020.

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	11,085
Amounts delivered under the stream	(359)
Balance at December 31, 2021	**$128,381**

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

	December 31, 2021	**December 31, 2020**
Current portion	**$6,138**	$15,487
Long term portion	**122,243**	102,168
Total stream and royalty deferral	**$128,381**	$117,655

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

The Company and its subsidiaries have provided subordinated security for the performance of the obligations under the Stream Agreement over all of their respective assets.

The Company received the full amount of the $70,000 Stream Deposit on September 6, 2018 following the announcement of the decision to proceed with the construction of the Underground Mine.

On March 27, 2020 the Company entered into a series of agreements with Triple Flag (or its affiliates). These agreements provided for (i) the issuance of a 0.70% net smelter return royalty in respect of the Open Pit Project (the "Open Pit Royalty"); (ii) the issuance of a 2.00% net smelter return royalty in respect of the Tedeboy area exploration property (the "Tedeboy Royalty" and collectively with the Open Pit Royalty, are referred to as the "Royalty Agreements"); (iii) an increase in the amount of gold and silver deliverable to Triple Flag under the Stream Agreement from 90% to 97.5% and a reduction in the ongoing payment by Triple Flag from 10% to 5% of the then current spot price at the time of future deliveries; and (iv) the issuance of an aggregate of 15 million common share purchase warrants of the Company to Triple Flag Precious Metals Corp (“TFPM”) at an exercise price of CAD$0.225 (on a pre-consolidation basis) exercisable for a period of five years, the terms of which (including the exercise price) were subsequently adjusted as a result of the Share Consolidation (see note 12e).

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

The Company was entitled to receive $35,000 as consideration for these transactions, including $20,000 received on March 27, 2020 pursuant to the Royalty Agreements, $10,000 received on May 1, 2020 pursuant to the amendment to the Stream Agreement and an additional $5,000 to be paid to the Company pursuant to the amendment to the Stream Agreement through the reinvestment of 50% of the value of metal deliveries received by Triple Flag under the Stream Agreement. The Company is also entitled to an additional contingent payment of $5,000 upon achieving commercial production of the Tedeboy Area exploration property pursuant to the Tedeboy Royalty.

The consideration received from Triple Flag was accounted for as a sale of mineral interests. As concentrate is sold, deliveries are settled to Triple Flag once control of the concentrate has passed to the end customer. Deliveries settled to Triple Flag in relation to pre-production sales are credited against mineral properties, plant and equipment for the year ending December 31, 2021. The different components of the Triple Flag royalty and stream agreements relate to the following: (i) the Stream Agreement (split between the mineral interest in concentrate and processing and refining obligations), (ii) the Open Pit Royalty, and (iii) the Tedeboy Royalty. In order to allocate the consideration received from Triple Flag amongst each of the components, management determined the relative stand-alone selling price of each component of the obligation and then applied the proportionate values against the consideration received. It was necessary to determine the portion that related to each component of the Triple Flag royalty and stream agreements in order to measure the value related to the recognition of future deliveries of metal (and associated processing and refining obligations) to be made in relation to each project in future periods.

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

In accordance with IFRS 15 Revenue from Contracts with Customers, the Company identified a significant financing component related to the stream and royalty deferral resulting from a difference in the timing of the up-front consideration received and the expected future deliveries of metal and/or payments thereunder. Interest expense on the stream deferral is recognized as a finance cost. The interest rate is determined based on the rate implicit in the stream and royalty agreements with Triple Flag.

7. Asset Retirement Obligation

The asset retirement obligation has been recorded as a liability, assuming a risk-free discount rate of 1.52% (2020 – 0.93%) and an inflation factor of 1.98% (2020 –1.79%). The liability for retirement and remediation on an undiscounted basis before an inflation factor of 1.98% (2020 – 1.23%) is estimated to be approximately $5,523 (2019 - $5,900). As of December 31, 2021, settlement is expected by December 31, 2034.

	Asset retirement obligation
Balance at December 31, 2019	**$5,898**
Change in timing and increase in estimated closure costs	264
Accretion	57
Balance at December 31, 2020	**$6,219**
Change in timing and decrease in estimated closure costs	(334)
Accretion	86
Balance at December 31, 2021	**$5,971**

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

8. Related Party Transactions:

Pala is a related party to the Company because of its approximately 37% (2020 – 40%) shareholding in the Company as of December 31, 2021. Additionally, three of the seven directors of the Company are Pala executives.

During the year ended December 31, 2021, the Company entered into the following transactions with Pala:

- The 2021 Credit Facility (note 5b).
- The amendment and restatement of the 2021 Credit Facility (note 5b).
- The issuance of 15,000,000 Credit Facility Warrants in connection with entering into the amended and restated 2021 Credit Facility (note 12b).
- Issuance of 98,104,584 units to Pala pursuant to the November 2021 Private Placement in consideration for the settlement of the outstanding balance of the Amended June Promissory Note (note 10b(vi)).
- Repayment of the outstanding balance of the Amended October Promissory Note with the proceeds of the November 2021 Offering (note 5d).
- The Amended June Promissory Note (note 5d).
- The Amended October Promissory Note (note 5d).
- Issuance of 7,969,697 units to Pala pursuant to the January 2021 Private Placement in consideration for the settlement of certain outstanding indebtedness owing to Pala by the Company (including all amounts under a promissory note issued in October 2020) (note 10b(ii))
- Repayment of amounts owing to Pala under a promissory note issued in November 2020 with the proceeds of the January 2021 Offering (note 5d).
- Technical and other services fees of $108 (2020 - $358).

As of December 31, 2021, the Company owed Pala $38 for accrued fees for technical and other services, (2020 - $2,837 relating to fees accrued in connection with the Indemnity Agreements, the guarantee provided by Pala in connection with the KfW IPEX-Bank Facility (the "KfW Guarantee"), and accrued fees for 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.

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.

9. Key Management Personnel Compensation

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

	2021	**2020**
Short-term employee benefits	**$2,462**	$2,475
Stock-based compensation	**64**	543
Total	**$2,526**	$3,018

During the year ended December 31, 2021, $159 (2020 - $237) was paid to former key management personnel as a result of termination payments and $nil (2020 -$408) became payable to certain former key management personnel under the Company's termination without cause benefits.

During the year ended December 31, 2021, $1,810 (2020 - $822) was incurred in director fees and director equity awards which were all settled with DSUs.. As of December 31, 2021, accounts payable and accrued liabilities include director fees and expenses payable of $Nil (2020 - $628).

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

10. Share Capital:

a) Authorised and issued:

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

As previously noted, on September 17, 2021, the Company completed the Share Consolidation on the basis of one (1) post-consolidation common share for every ten (10) pre-consolidation common shares. The Company's common shares began trading on the Toronto Stock Exchange on a post consolidation basis on September 21, 2021. Except as otherwise indicated, common share, unit, per share amounts and per unit amounts in the comparative periods have been restated in these financial statements to reflect the Share Consolidation.

During the year ended December 31, 2021 and 2020, the Company issued the following common shares:

b)

	Number of Common Shares	Amount
Outstanding December 31, 2019	**76,193,590**	**$431,069**
Settlement of fees, interest and other expenses due to Pala accrued and due upon the replacement of the 2019 Credit Facility with the Convertible Loan	3,140,000	$3,400
Settlement of fees related to Indemnity Agreements	1,890,000	2,100
Settlement of Backstop fees	750,000	800
Issued in relation to the July 2020 Offering, net	66,750,355	67,900
Warrants exercised	100	1
Share issuance costs	102,254	100
Issued during the year ended December 31, 2020	72,632,709	$74,301
Outstanding December 31, 2020	**148,826,299**	**$505,370**
January 2021 Offering (i)	23,000,000	27,333
January 2021 Private Placement (ii)	7,969,697	10,273
Sedgman settlement (iii)	4,275,551	4,000
Pala interest, indemnity and guarantee fees (iv)	2,121,617	3,495
Warrants exercised (note 12)	758,559	1,110
Summit share issuance (v)	347,171	500
Stock options exercised	47,707	93
DSUs exercised	342,074	198
November 2021 Offering (vi)	162,644,300	78,594
November 2021 Private Placement (vii)	98,104,584	50,723
Issued during the year ended December 31, 2021	299,611,260	$176,320
Outstanding December 31, 2021	**448,437,559**	**$681,690**

i) January 2021 Offering

On January 29, 2021, the Company completed a public offering (the "January 2021 Offering") of 23,000,000 units issued at a price of CAD$1.65 per unit (the "January Offering Price"). Each unit consisted of one common share and five common share purchase warrants of the Company. 10 warrants entitle the holder thereof to purchase one common share at a price of CAD$2.20 per common share until July 29, 2022. The underwriters of the January 2021 Offering exercised their over-allotment option in full, which resulted in 3,000,000 additional units being issued at the January Offering Price. Including the over-allotment option, a total of 23,000,000 units were issued in the January 2021 Offering for aggregate gross proceeds of $29,599, of which $29,599 was allocated to share capital and nil was allocated to the warrants. The residual method was used to value the warrants. Share issuance costs totalled $2,266 for the January 2021 Offering resulting in net proceeds of $27,333.

From the proceeds of the January 2021 Offering, the Company used $15,747 to repay the Pala promissory note entered into in November 2020, which was due in January 2021, and $5,000 to fund the COF (note 13a).

ii) Concurrently with the closing of the January 2021 Offering, the Company completed a private placement of 7,969,697 units to Pala (the “January 2021 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 five common share purchase warrants of the Company. 10 warrants entitle Pala to purchase one common share at a price of CAD$2.20 per common share until July 29, 2022.

iii) As part of the Sedgman USA Inc. (“Sedgman”) settlement (Note 13c), in February 2021, the Company issued 1,599,251 common shares to Sedgman at a price of CAD$1.603 per common share, the market price of the common shares at the time that the settlement agreement was entered into, totalling $2,000.

Further, as part of the Sedgman settlement, in July 2021, the Company issued 437,481 common shares to Sedgman totalling $800 upon certain performance thresholds being met under the settlement agreement at a price of CAD$2.271 per common share, the market price of the common shares at the time the performance thresholds were met. An additional 2,238,819 common shares were subsequently issued to Sedgman upon certain performance thresholds being met, at a price of CAD$0.68 per common share, the market price of the common shares at the time the performance thresholds were met, totalling $1,200.

iv) Concurrently with the closing of the January 2021 Offering and the Concurrent Private Placement, the Company issued 702,462 common shares (the “Fee Shares”) to Pala at a price of CAD$1.65 per share, 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”).

In February 2021, the Company issued 356,002 common shares to Pala, at a price of CAD$1.62 per common share, being the current market price of the common shares when the fee agreement was entered into, for the settlement of guarantee fees relating to the Cementation USA Inc. (“Cementation”) settlement (Note 13b).

In May 2021, the Company issued 386,692 common shares to Pala at a price of CAD$2.74 per common share, the market price at the time of issuance, for payment of fees owing in connection with the Indemnity Agreements and the KfW Guarantee.

In August 2021, the Company issued 676,461 common shares to Pala at a price of CAD$2.30 per common share, the market price of the common shares at the end of the second quarter, for payment of fees owing as of the end of the second quarter in connection with the Indemnity Agreements and the KfW Guarantee and interest owing under the 2021 Credit Facility.

v) On April 29, 2021, the Company issued 347,171 common shares to Summit Partners Credit Advisors, L.P. (“Summit”) for services provided by Summit in connection with financing arrangements in 2020.

vi) November 2021 Offering

On November 29, 2021, the Company completed its public offering (the “November 2021 Offering”) of an aggregate of 162,644,300 units and 2,000,000 warrants, including 14,544,300 units and 2,000,000 warrants pursuant to the partial exercise of the over-allotment option by the underwriters, at a price of CAD$0.77 per unit (the “November Offering Price”) and CAD$0.08 per warrant, for aggregate gross proceeds of approximately CAD$125,396 ($98,285), of which $14,016 was allocated to warrants using the Residual Method (note 12), and share issuance costs totalled $5,675.

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

Each unit consisted of one common share and one-half of one common share purchase warrant. Each warrant is exercisable for one common share at a price of CAD$1.00 per common share until May 29, 2023.

vii) Concurrent with closing of the November 2021 Offering, the Company completed a private placement of 98,104,584 units to Pala (the "November 2021 Private Placement"), at the November Offering Price in the aggregate amount of approximately CAD $75,500 ($59,293), of which $8,454 was allocated to warrants based on the residual method (note 12).

The consideration for the November 2021 Private Placement was the repayment of substantially all principal and accrued and unpaid interest outstanding under the Amended June Promissory Note, the balance of which was added to the principal amount under the amended and restated 2021 Credit Facility.

11. Share-Based Compensation:

a) Share Purchase Options:

	Number of Options	**Weighted average exercise price (CAD)**
Outstanding December 31, 2019	**3,732,383**	**$5.90**
Granted	1,999,797	1.60
Forfeited	(1,580,963)	5.00
Outstanding December 31, 2020	**4,151,217**	**$5.00**
Granted	2,458,857	0.95
Forfeited	(1,948,193)	1.64
Outstanding December 31, 2021	**4,661,881**	**4.27**
Exercisable December 31, 2021	**1,061,400**	**$6.70**

On August 24, 2021, 2,458,857 options were granted at a weighted-average exercise price of CAD$0.95 to officers and employees exercisable for a period of five years with a three-year vesting period. The weighted-average fair value attributable to options granted was CAD$0.90.

As at December 31, 2021, there were 47,684,486 stock options available for issuance under the Plan.

During the year ended December 31, 2021, $385 (2020 - $1,381) in stock-based compensation was recorded upon options vesting to officers and employees, of which $209 (2020 - $658) was charged to operations.

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

	December 31, 2021	**December 31, 2020**
Risk free interest rate	1.38%	0.48%
Expected dividend yield	0%	0%
Expected stock price volatility	82.2%	62%
Expected life in years	5.0	5.0
Expected forfeitures	10%	10%

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

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

The following table summarises the stock options outstanding and exercisable as at December 31, 2021:

	Outstanding		Exercisable	
Exercise price (in CAD)	Number outstanding	Weighted average remaining life (years)	Number outstanding	Weighted average remaining life (years)
$0.95-$2.10	2,974,674	3.9	-	-
$4.40-$6.90	1,687,207	2.7	1,061,400	2.4
	4,661,881	3.5	1,061,400	2.4

b) Deferred share units ("DSUs"):

	Number of DSUs
Outstanding December 31, 2019	**86,939**
Granted	497,705
Outstanding December 31, 2020	**584,644**
Granted	3,140,525
Exercised	(342,074)
Forfeited	(112,764)
Outstanding December 31, 2021	**3,270,331**

On August 24, 2021, 3,140,525 DSUs were granted at a price of CAD$0.95 to directors and advisors. The weighted-average fair value attributable to DSUs granted was CAD$0.90. All the DSUs vested immediately at grant date and the Company recorded a stock-based compensation expense of $1,546 at the grant date.

At December 31, 2021, the DSU payable amount was $1,817 compared to $581 on December 31, 2020. Valuation on December 31, 2021 resulted in a stock-based compensation loss of $1,241 compared to a $384 loss for the period ended December 31, 2020. The change in value is recognized in the consolidated statements of operations.

c) Performance and Restricted Share Units:

The Company established a Performance and Restricted Share Unit Plan that allows employees to receive short term and long-term incentive plan compensation in the form of performance share units ("PSUs") and restricted share units ("RSUs"). PSUs and RSUs issued under the Performance and Restricted Share Unit Plan entitle the holder to a cash payment at the end of a three-year performance period equal to the number of RSUs or PSUs granted, adjusted for a performance factor and multiplied by the quoted market value of a common share.

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

Under the Performance and Restricted Share Unit Plan, the following grants and cancellations occurred during the year:

	Number of PSUs
Outstanding December 31, 2019	424,132
Granted	586,549
Forfeited	(627,232)
Outstanding December 31, 2020	**383,448**
Granted	1,743,650
Forfeited	(828,218)
Outstanding December 31, 2021	**1,298,880**

	Number of RSUs
Outstanding December 31, 2019	**536,826**
Granted	**2,323,752**
Cancelled	**(273,926)**
Outstanding December 31, 2020	**2,586,653**
Granted	2,859,157
Forfeited	(1,188,948)
Outstanding December 31, 2021	**4,256,862**

On August 24, 2021, 2,005,824 RSUs were granted at CAD$0.95 fair value to directors and employees. On December 8, 2021, 853,333 RSUs were granted at CAD$0.59 fair value to directors and employees.

During the year ended December 31, 2021, $938 (2020 - $692) in stock-based compensation was recorded in relation to these units, of which $815 (2020 - $447) was charged to operations and $123 (2020 - $245) was capitalised to development costs.

12. Warrants:

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

	Triple Flag	July 2020 Offering	January 2021 Offering	November 2021 Offering	Pala Credit Facility	Total
Balance at December 31, 2019	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Initial valuation	865	3,736 -	-	-	-	4,601
Fair value adjustment	(184)	8,060	-	-	-	7,876
Balance at December 31, 2020	**$681**	**$11,796**	**$-**	**$-**	**$-**	**$12,477**
Initial valuation	-	-	-	14,016	8,454	22,470
Fair value adjustment	(405)	(10,507)	2,970	(442)	(3,189)	(11,573)
Balance at December 31, 2021	**$276**	**$1,289**	**$2,970**	**$13,574**	**$5,265**	**$23,374**

The fair value of the warrants was $23,374 at December 31, 2021. The change in the fair value of the warrants for the twelve months ended December 31, 2021 of $11,573 was recorded as a derivative fair value gain in the Statement of Operations and Comprehensive Loss.

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

Below is a breakdown of each warrant issuance.

a) November 2021 offering

	Number of warrants	Exercise price (CAD)
Outstanding Balance – December 31, 2020	**-**	**-**
Issued – November 29, 2021	132,374,442	$1.00
Exercised	-	
Outstanding Balance – December 31, 2021	**132,374,442**	**$1.00**

On November 29, 2021, the Company issued 132,374,442 warrants as part of the November 2021 Offering and November 2021 Private Placement. Each warrant entitles the holder thereof to purchase one common share at a price of CAD$1.00 per common share until May 29, 2023. At issuance, the value of the warrants offered to the public was determined to be $14,016 based on the residual method and was recorded as a liability. The change in the fair value of the warrants of $442 was recorded as a derivative fair value gain in the Statement of Operations and Comprehensive Loss.

b) Credit Facility Warrants

	Number of warrants	Exercise price (CAD)
Outstanding Balance – December 31, 2020	**-**	**-**
Issued – November 29, 2021	15,000,000	$0.86
Exercised	-	
Outstanding Balance – December 31, 2021	**15,000,000**	**$0.86**

On November 30, 2021, the Company issued 15,000,000 Credit Facility Warrants to Pala in connection with entering into the amended and restated 2021 Credit Facility. Each Credit Facility Warrant entitles Pala to purchase one common share at a price of CAD$0.855 until January 31, 2026. The fair value of the Credit Facility Warrants was $4,813 at December 31, 2021 based on the Black Scholes model and was recorded as a liability. The ability to exercise the Credit Facility Warrants was contingent upon disinterested shareholder approval as required by the TSX, which approval was obtained in January 2022.

The initial value of the Credit Facility Warrants was determined to be $8,454 based on an evaluation using the Residual Method. After the initial valuation, the change in the fair value of the warrants of $3,640 was recorded as a derivative fair value gain in the Statement of Operations and Comprehensive Loss.

The input assumptions used in the Black-Scholes valuation of the Credit Facility Warrants are listed below:

	December 31, 2021
Risk-free interest rate	1.24%
Expected dividend yield	0
Expected stock price volatility	82.2%
Expected life in years	4.2

c) January 2021 offering

	Number of warrants	Exercise price (CAD) (pre-consolidation)
Outstanding Balance – December 31, 2020	**-**	**-**
Issued – January 29, 2021	154,848,485	$0.22
Exercised	(9,900)	$0.22
Outstanding Balance – December 31, 2021	**154,838,585**	**$0.22**

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

On January 29, 2021, the Company issued 115,000,000 warrants as part of the January 2021 Offering and 39,848,485 warrants as part of the January 2021 Private Placement. Each warrant originally entitled the holder thereof to purchase one common share at a price of CAD$0.22 per common share until July 29, 2022. Following the Share Consolidation, the terms of the warrants were adjusted such that 10 warrants are now exercisable for one post-consolidation common share following the payment of an adjusted exercise price of CAD$2.20. At issuance, the value of the warrants was determined to be nil based on the residual method. The fair value of the warrants was $1,360 at December 31, 2021 based on a closing price of CAD$0.015. The change in the fair value of the warrants of $1,360 was recorded as a derivative fair value loss in the Statement of Operations and Comprehensive Loss.

d) July 2020 offering

	Number of warrants	Exercise price (CAD) (pre-consolidation)
Outstanding Balance – December 31, 2020	**333,751,776**	**$0.20**
Exercised	(6,888,000)	$0.20
Outstanding Balance – December 31, 2021	**326,863,776**	**$0.20**

On July 28, 2020, 333,751,776 warrants were issued as part of the July 2020 Offering. Each warrant originally entitled the holder thereof to purchase one common share at a price of CAD$0.20 per common share until January 28, 2022. Following the Share Consolidation, the terms of the warrants were adjusted such that 10 warrants were exercisable for one post-consolidation common share following the payment of an adjusted exercise price of CAD$2.00. The fair value of the warrants was $1,289 based on a closing price of CAD$0.005 at December 31, 2021. The change in the fair value of the warrants of $10,214 was recorded as a derivative fair value gain in the Statement of Operations and Comprehensive Loss.

On January 28, 2022, the remaining 326,863,776 warrants expired unexercised. If these warrants were exercised 32,686,378 common shares would have been issued .

e) Triple Flag

	Number of warrants	Exercise price (CAD) (pre-consolidation)
Outstanding Balance – December 31, 2020	**15,000,000**	**$0.225**
Exercised	-	$0.225
Outstanding Balance – December 31, 2021	**15,000,000**	**$0.225**

On March 26, 2020, 15,000,000 warrants were issued to TFPM. Each warrant originally entitled the holder thereof to purchase one common share at an exercise price of CAD$0.225 per common share until March 26, 2025. Following the Share Consolidation, the terms of the warrants were adjusted such that 10 warrants are now exercisable for one post-consolidation common share following the payment of an adjusted exercise price of CAD$2.25. The initial value of the warrants was determined to be $865 based on an evaluation using the Black-Scholes pricing model since these warrants are not traded on an active open market. After the initial valuation the change in the fair value of the warrants are recorded in the Statement of Operations and Comprehensive Loss. The change in the fair value of the warrants of $405 was recorded as a derivative fair value gain in the Statement of Operations and Comprehensive Loss.

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

The input assumptions used in the Black-Scholes valuation of the Triple Flag warrants are listed below:

	December 31, 2021	**December 31, 2020**
Risk-free interest rate	1.21%	0.42%
Expected dividend yield	0	0
Expected stock price volatility	88.6%	69%
Expected life in years	3.2	4.2

13. Commitments and Contractual Obligations:

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

	December 31, 2021	**December 31, 2020**
Property, plant, and equipment	$1,960	$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, 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 agreed to pay Cementation $9,000 in instalments beginning in September 2021, which $9,000 was guaranteed by Pala. The Company paid Cementation $2,250 on both September 1, 2021 and December 1, 2021. The parties agreed on amended settlement terms in December 2021, pursuant to which NCI agreed to pay $2,250 to Cementation on October 15, 2022 and $2,450 to Cementation on December 15, 2022, which payments are guaranteed by Pala. Under a fee agreement between Pala and the Company (the "Guarantee Agreement"), a 5% fee on the original guaranteed amount of $9,000, being $450, was payable by the Company to Pala. This fee was satisfied by the Company through the issuance of 356,002 common shares to Pala in February 2021, representing a price per common share of CAD$1.62, 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 December 31, 2021 reflect the terms of the settlement agreement in which the settlement agreement was recorded as an adjusting subsequent event in the 2020 financial statements. All required instalments are up to date as of the date of these financial statements.

c) Sedgman Claim

In February 2021, the Company entered into a settlement agreement with Sedgman, the primary contractor for construction and commissioning of the processing plant at the Underground Mine, in order to resolve the litigation with Sedgman. 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 1,599,251 common shares to Sedgman at CAD$1.60 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. The instalments as required under the terms of the settlement agreement have been made as of the date of these financial statements. The settlement agreement was recorded as an adjusting subsequent event for the year ended December 31, 2020.

Subsequently during the year, the Company issued 437,481 common shares to Sedgman totalling $800 upon certain performance thresholds being met under the settlement agreement with Sedgman at a price of CAD$2.27 per common share, the market price of the common shares at the time the performance thresholds were met. An additional 2,238,819 common shares were issued to Sedgman upon certain additional performance thresholds being met, at a price of CAD$0.68 per common share, the market price of the common shares at the time the performance thresholds were met, totalling $1,200.

d) Forward Sales Contracts

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. 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 forward sales arrangement and recognized a loss of $3,075 due to the delivery shortfall. Since June 30, 2021 the Company has had no outstanding forward sales positions. As at December 31, 2021, the Company has no outstanding forward sales positions.

e) Offtake Arrangements

As a condition to the KfW IPEX-Bank Facility, NCI entered into a copper concentrate sales agreement with Aurubis AG and Aurubis Bulgaria AD (collectively, "Aurubis") under which NCI will deliver not less than 40,000 dry metric tonnes ("dmt") (+/- 5% at NCI's option) of copper concentrate per annum to Aurubis for a term linked to the KfW IPEX-Bank Facility (the "Aurubis Offtake Agreement") for a period of eight contractual years from the commencement of commercial production at the Underground Mine, unless terminated earlier in accordance with its terms. In light of logistical challenges of making deliveries from the Underground Mine to Aurubis' smelters in Germany and Bulgaria, NCI and Concord may elect to deliver alternative clean copper concentrates acceptable to Aurubis pursuant to a side letter entered into by Aurubis, NCI and Concord on or about the date of the Aurubis Offtake Agreement (the "Aurubis Side Letter"). NCI sells and delivers copper concentrate required for the swap agreement arrangement contemplated by the Aurubis Side Letter under a copper concentrate sales agreement between NCI and Concord (the "Swap Volumes Offtake Agreement"). A prior offtake agreement with MF Investments exists for 25.5% of the copper concentrate production derived from the Eastern Area deposits that are from underground mining. This contract is now owned by Transamine, a metals trader. Concentrate deliveries under the terms of this offtake agreement is expected to commence in 2023. The offtake agreement includes concentrate pricing based on market terms.

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

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

14. Income Taxes:

(a) Effective tax rate:

The provision for income taxes differs from the amount calculated using the Canadian federal and provincial statutory income tax rates of 27.0% (2020 - 27.0%) as follows:

	Dec 31, 2021	Dec 31, 2020
Income (Loss) Before Taxes	**$839**	$(20,343)
Expected income tax recovery (expense)	**226**	(5,493)
Stock based compensation and other permanent items	**(3,521)**	4,191
Difference in foreign tax rates	**799**	414
Impact of share issue costs	**(2,144)**	
Deferred tax assets not recognized	**3,576**	888
Impact of foreign exchange and other	**1,064**	-
Total income tax expense	**$-**	$-

(b) Deferred income tax assets and liabilities:

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

	Dec 31, 2021	Dec 31, 2020
Mineral properties	**$(70,795)**	$(50,028)
Non-capital losses	**41,001**	20,741
Financing costs	**29,794**	27.981
Other	**-**	1,306
Net deferred income tax liabilities	**$-**	$-

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

	Dec 31, 2021	Dec 31, 2020
Unrecognised deductible temporary differences and unused tax losses:		
Non-capital losses	**$83,625**	$93,951
Capital losses	**7,675**	-
Plant and equipment	**-**	213
Financing costs	**11,671**	9,929
Other	**30,141**	252
	$133,112	$104,345

The Company has Canadian tax losses of approximately $53,425 (2020: $85,454) and the losses can offset future taxable income in Canada and expire between 2026 and 2038. The Company has a total US tax loss of approximately $225,360. Losses in 2018 and earlier tax years can be used to offset future taxable income and expire between 2026 and 2037, and losses in 2018 of approximately $99,639 carry forward indefinitely and can be used to offset 80% of future taxable income.

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

15. Earnings (Loss) per Share

	December 31, 2021	December 31, 2020
Net income (loss)	**$839**	$(20,344)
Net income (loss) - diluted	**839**	(20,344)
Weighted-average number of common shares	**205,077,229**	109,099,352
Effect of share options	**75,571,248**	-
Weighted-average number of diluted shares	**280,648,477**	109,099,352
Basic earnings per share	**0.00**	(0.19)
Diluted earnings per share	**0.00**	(0.19)

16. Supplemental Cash Flow Information

	Dec 31, 2021	Dec 31, 2020
Non-cash investing and financing activities:		
Depreciation capitalized in mineral properties, plant, and equipment	**$7,637**	$6,751
2019 Credit Facility repayment	**$-**	$31,950
Units issued to settle accrued liabilities (Note 10)	**$-**	$6,300
Units issued to settle amounts owing under the Working Capital Facility (Note 4)	**$-**	$1,500
Units issued to settle Convertible Loan (Note 5f)	**$-**	$40,252
Units issued to settle 2020 promissory notes Loans (Note 5d)	**$-**	$9,328
Units issued to settle Promissory Notes (Note 5d)	**$65,994**	
Stock-based compensation included in mineral properties	**$(309)**	$(2,305)
Mineral properties, plant, and equipment in accounts payable and accrued liabilities change	**$(6,988)**	$19,461
Rights of use assets acquired under finance lease	**$2,471**	$6,961
Asset retirement obligation change	**$(248)**	$321
Accretion on stream deferral (note 6)	**$11,085**	$9,211
Interest capitalised in mineral properties, plant and equipment	**$16,101**	$16,072
Forgiveness of PPP Loan (note 5e)	**$2,376**	-
Shares issued in Sedgman settlement (note 11c)	**$4,000**	-

17. 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.

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

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:

	December 31, 2021		Dec. 31, 2020	
	Carrying value	Fair value	Carrying value	Fair value
Working Capital Facility (note 4)	$20,095	20,095	$32,880	$32,880
KfW IPEX-Bank Facility (note 5a)	117,521	119,487	117,968	130,953
2021 Credit Facility (note 5b)	33,293	35,059	-	-
PPP loan (note 5e)	-	-	2,365	2,365
	$170,909	**$174,641**	**$153,213**	**$166,198**

(b) Financial risk factors:

The Company manages its exposure to financial risks, including foreign exchange risk and interest rate risk, based on a conservative framework to protect itself against adverse rate movements. All transactions undertaken are to support the Company's ongoing business and the Company does not acquire or issue derivative financial instruments for trading or speculative purposes. The Company's Board of Directors oversees management's risk management practices by setting trading parameters and reporting requirements.

The Company's activities are exposed to financial risks: market risk (including currency exchange risk and interest rate risk), credit risk and liquidity risk.

(c) Market risks:

i) Interest rate risk:

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The KfW IPEX-Bank Facility (Note 5a) and the Working Capital Facility (Note 4) currently provide for interest at a market rate plus a fixed margin. Due to the capitalisation of borrowing during the construction phase, the Company's sensitivity to a 1% decrease or increase in market rates of interest would have an immaterial effect on the Company's interest expense.

ii) Foreign currency risk:

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

At December 31, 2021, the Company held CAD$58,734 (2020 - CAD$215) in cash and cash equivalents in its parent entity with a functional currency of U.S. dollars. At December 31, 2021, the Company had CAD$4,308 (2020 - CAD$4,023) in accounts payable.

A +/- 10% change in the Canadian exchange rate would have had a material impact for the year ended December 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.

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

(d) Credit risk:

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Financial instruments that potentially subject the Company to credit risk consist of cash and cash equivalents, restricted cash, reclamation bond, and amounts receivable. The Company has reduced its credit risk by investing its cash and cash equivalents in high quality Canadian chartered banks. The Company's maximum exposure to credit risk is $52,067 as at December 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 (refer to Note 1 for more details). 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.

As at December 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	$45,688	$45,688	-	-	-
Construction contractual obligations	$1,960	$1,960	-	-	-
Working Capital Facility	$20,095	$20,095	-	-	-
KfW IPEX-Bank Facility	$150,896	$3,471	$12,807	$54,356	$80,262
Equipment leases	$24,214	$8,262	$14,099	$1,853	$-
2021 Credit Facility	$48,582	$3,284	$6,558	$38,740	$-
Asset Retirement obligation	$5,971	-	-	-	$5,971
Total obligations	**$297,406**	**$82,760**	**$33,464**	**$94,949**	**$86,233**

18. Management of Capital:

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

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

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

As at December 31, 2021, the Company is compliant with its debt covenants.

There were no changes in the Company's approach to capital management during the year ended December 31, 2021.