NEVADA COPPER

TEAMWORK. INNOVATION. EXECUTION.

Consolidated Financial Statements
For the year ended December 31, 2023 and December 31, 2022

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, 2023 and 2022, 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, 2023 and 2022;
- the consolidated statements of operations and comprehensive loss for the years then ended;
- the consolidated statements of changes in equity for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information 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 to 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.

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, 2023. 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
Assessment of impairment indicators for mineral properties, plant and equipment (PP&E) *Refer to note 2 – Material accounting policies and note 5 – Mineral properties, plant and equipment to the consolidated financial statements.* As at December 31, 2023, the total net book value of PP&E amounted to $686 million, which relates to the Pumpkin Hollow cash-generating unit (CGU). Management assesses at each reporting period whether there is any indication of impairment at its CGU and applies significant judgment in assessing whether there are any indicators of impairment. If any such indicator exists, then an impairment test is performed. In determining whether an indicator of impairment for impairment exists, management considers external sources of information, such as: (i) significant decline in the Company's market capitalization; (ii) decreases in future metal prices; and (iii) potential impact of increases in interest rates; and internal sources of information such as: (i) decreases in quantity of recoverable mineral reserves and resources; (ii) increases in capital or operating costs; (iii) timing of ramp-up of the Company's underground mine; and (iv) the timing of a development decision for the Company's open pit mining project. No impairment indicators were identified by management as at December 31, 2023. We considered this a key audit matter due to (i) the significance of the PP&E balance and (ii) the	Our approach to addressing the matter included the following procedures, among others: • Evaluated management's assessment of indicators of impairment, which included the following: – Assessed the completeness of external or internal factors that could be considered as indicators of impairment of the PP&E, including consideration of evidence obtained in other areas of the audit; and – Assessed the changes in the Company's market capitalization relative to its net assets, decreases in future metal prices, increases in interest rates, decreases in quantities of recoverable mineral reserves and mineral resources, increases in capital or operating costs, timing of ramp-up of the Company's underground mine and the timing of a development decision for the Company's open pit mining project.

Key audit matter	How our audit addressed the key audit matter
significant judgment by management in its assessment of indicators of impairment, which resulted in a high degree of subjectivity in performing audit procedures related to these judgments applied by management.	

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
April 2, 2024

NEVADA COPPER CORP.

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

	December 31, 2023	December 31, 2022
Assets		
Current assets		
Cash and cash equivalents	$739	$18,506
Accounts receivable	244	37
Prepaid expenses and advance royalty (Note 3)	8,179	5,297
Inventory (Note 4)	7,637	4,908
Total Current Assets	16,799	28,748
Restricted cash	380	380
Mineral properties, plant and equipment (Note 5)	686,193	615,411
Non-current advance royalty	—	3,230
Total Assets	$703,372	$647,769
Liabilities and Shareholders' Equity		
Current liabilities		
Accounts payable and accrued liabilities	$18,974	$26,699
Related party payable (Note 11)	1,957	—
Share-based compensation liabilities (Note 13)	1,641	2,289
Warrant derivative (Note 14)	1,921	9,309
Current portion of stream and royalty deferral (Note 9)	11,580	3,655
Working Capital Facility (Note 6)	8,624	20,687
Short-term debt (Note 7)	42,910	—
Current portion of long-term debt (Note 8)	12,776	8,491
Total Current Liabilities	100,383	71,130
Long-term payable	—	975
Share based compensation liabilities (Note 13)	357	546
Stream and royalty deferral (Note 9)	175,977	166,678
Long-term debt (Note 8)	172,549	210,043
Asset retirement obligation (Note 10)	5,474	5,263
Total Liabilities	454,740	454,635
Shareholders' Equity		
Share capital (Note 12)	830,954	717,971
Other equity reserve	35,550	32,144
Accumulated other comprehensive loss	(3,578)	(3,578)
Deficit	(614,294)	(553,403)
Total Shareholders' Equity	248,632	193,134
Total Liabilities and Shareholders' Equity	$703,372	$647,769

General Information, Nature of Operations and Going Concern (Note 1)

Commitments and Contractual Obligations (Note 15)

Subsequent Events (Note 25)

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

Approved by the Board of Directors on April 2, 2024

(Signed) "Anna Ladd-Kruger", Director **(Signed) "Ernest Nutter", Director**

NEVADA COPPER CORP.

Consolidated Statements of Operations and Comprehensive Loss
(Expressed in thousands of United States dollars, except per share amounts)
Years ended December 31, 2023 and December 31, 2022

	December 31, 2023	December 31, 2022
Revenue (Note 16)	$4,570	$9,086
Cost of Sales		
Production costs (Note 17)	6,721	28,844
Net realizable value adjustment (Note 4)	25,270	2,273
Depreciation	666	—
Transportation	475	2,025
Royalty	216	476
Total cost of sales	33,348	33,618
Gross loss	(28,778)	(24,532)
Operating Expenses		
Care and maintenance and restart expenses (Note 18)	24,889	23,034
General and administrative	6,398	5,744
Share-based compensation (Note 13)	1,779	1,068
Impairment of mineral properties development costs (Note 5)	—	298,975
Plant and equipment written off	—	632
Loss from operations	(61,844)	(353,985)
Interest income	421	36
Interest and finance expenses (Note 19)	(25,350)	(20,321)
Financing related transaction costs	—	(1,466)
Derivative fair value gain (Note 8 and 14)	27,721	19,057
Debt extinguishment loss (Note 8)	(3,089)	(2,998)
Debt modification gain (Note 8)	410	1,373
Other income	814	—
Foreign exchange gain	26	358
	953	(3,961)
Loss and comprehensive loss	**($60,891)**	**($357,946)**
Loss per share		
Basic and diluted	($0.06)	($0.74)
Weighted average number of common shares outstanding		
Basic and diluted	1,091,994,365	486,012,523

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, except per share amounts)
Years ended December 31, 2023 and December 31, 2022

	Share Capital					
	Number of Shares	**Amount**	**Other Equity Reserve**	**Accumulated Other Comprehensive Loss**	**Deficit**	**Total**
Balance at December 31, 2021	**448,437,559**	**$681,690**	**$31,900**	**($3,578)**	**($195,457)**	**$514,555**
Shares issued	275,071,141	37,047	—	—	—	37,047
Shares issuance costs	—	(766)	—	—	—	(766)
Share-based compensation (Note 13)	—	—	244	—	—	244
Comprehensive loss	—	—	—	—	(357,946)	(357,946)
Balance at December 31, 2022	**723,508,700**	**$717,971**	**$32,144**	**($3,578)**	**($553,403)**	**$193,134**

	Share Capital					
	Number of Shares	**Amount**	**Other Equity Reserve**	**Accumulated Other Comprehensive Loss**	**Deficit**	**Total**
Balance at December 31, 2022	**723,508,700**	**$717,971**	**$32,144**	**($3,578)**	**($553,403)**	**$193,134**
Shares issued	706,058,514	115,771	—	—	—	115,771
Shares issuance costs	—	(2,788)	—	—	—	(2,788)
Warrants issued (Note 7(b) and 8(b))	—	—	1,555	—	—	1,555
RSU liability reclassed to equity	—	—	1,073	—	—	1,073
Share-based compensation (Note 13)	—	—	778	—	—	778
Comprehensive loss	—	—	—	—	(60,891)	(60,891)
Balance at December 31, 2023	**1,429,567,214**	**$830,954**	**$35,550**	**($3,578)**	**($614,294)**	**$248,632**

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, 2023 and December 31, 2022

	December 31, 2023	December 31, 2022
Cash flows used in operating activities		
Loss and comprehensive loss	($60,891)	($357,946)
Adjustments and items not affecting cash:		
Derivative fair value gain (Note 8 and 14)	(27,721)	(19,057)
Impairment of mineral properties development costs (Note 5)	—	298,975
Depreciation	2,319	1,962
Debt extinguishment loss (Note 8)	(410)	(1,373)
Loss on extinguishment of debt (Note 8)	3,089	2,998
Interest and finance expenses	24,587	18,811
Plant and equipment written off	—	632
Share-based compensation	1,779	1,068
Interest income	—	(36)
Financing related transaction costs	—	1,466
	(57,248)	(52,500)
Changes in non-cash working capital items:		
Amounts receivable	(207)	35
Inventories	(4,906)	—
Prepaid expenses	(2,268)	(1,217)
Accounts payable and accrued liabilities	(1,444)	7,875
Cash used in operating activities	(66,073)	(45,807)
Cash flows used in investing activities		
Interest received	—	36
Proceeds from sale of royalties & stream amendment (Note 9)	—	30,000
Stream payments	(385)	(672)
Mineral property development cost, plant and equipment	(54,912)	(78,385)
Cash used in investing activities	(55,297)	(49,021)

NEVADA COPPER CORP.

Consolidated Statements of Cash Flows
(Expressed in thousands of United States dollars)
Years ended December 31, 2023 and December 31, 2022

	December 31, 2023	December 31, 2022
Cash flows from financing activities		
Units issued	38,860	20,000
Shares issuance costs	(1,059)	—
Costs incurred in relation to financing	(287)	(2,592)
Proceeds from the Deferred Funding Facility	25,000	(2,500)
Proceeds from Promissory Notes (Note 7)	5,550	42,500
Proceeds from the Unsecured Loan from Pala	18,300	—
Proceeds from Pala Credit Facility	—	15,000
Exercise of warrants	5,000	25
Proceeds from KfW Tranche A-2 Loan (Note 8)	35,376	—
Proceeds from Working Capital Facility	4,131	22,533
Repayment of Working Capital Facility	(16,987)	(23,218)
Lease payments (Note 8)	(7,484)	(7,552)
Interest paid	(1,993)	(2,478)
Withholding tax on interest paid	(804)	—
Cash provided by financing activities	103,603	61,718
Decrease in cash and cash equivalents	(17,767)	(33,110)
Cash and cash equivalents, beginning of year	18,506	51,616
Cash and cash equivalents, end of year	$739	$18,506

Supplemental cash flow disclosures (Note 22)
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 250-200 Burrard Street, Vancouver, British Columbia, V6C 3LS. The Company is a mining company engaged in the development, operation and exploration of its copper project (the "Project") at its Pumpkin Hollow Property (the "Property") in Western Nevada, USA, and in particular, the ramp up of its underground mine to its nameplate milling capacity of 5,000 tons per day ("tpd") at the Property (the "Underground Mine").

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

At December 31, 2023, the Company had a working capital deficiency (current assets less current liabilities) of $83,584 (December 31, 2022 - $42,382) and cash and cash equivalents of $739 (December 31, 2022 - $18,506). For the year ended December 31, 2023, the Company recorded a net loss of $60,891 (December 31, 2022 - $357,946), cash used in operating activities was $66,073 (December 31, 2022 – $45,807), and cash used in investing activities was $55,297 (December 31, 2022 - $49,021).

The Company currently has limited financial resources and the aggregate amount of capital and operating costs (net of cash inflows from sale of concentrate) for the next twelve months combined with residual vendor payments, debt service costs and corporate costs exceeds the amount of cash and funding currently available to the Company. Refer to note 23 for the contractual obligations of the Company.

Subsequent to December 31, 2023, the Company received $24,650 from Pala Investments Limited ("Pala"). The Company requires further funding to complete the commissioning and ramp-up of the Underground Mine and continue carrying on business in the normal course. While Pala has continued to support the Company by providing additional advances, it is under no obligation to continue to do so and the amount of such funding has been decreasing, resulting in an accumulation of trade payables. Additional funding or negotiating a deferral of debt payments is required as the Company has debt and other contractual obligations owed in the next twelve months (Refer note 23). The Company has entered into an exclusivity agreement with a third party regarding a proposal for additional financing and a potential change of control transaction. There can, however, be no assurance that additional financing will be obtained and that such transaction will be entered into or completed.

During the fourth quarter ended December 31, 2023, the Company received the remaining $12,330 and $10,000 committed by Pala and Mercuria Holdings (Singapore) PTE Ltd. ("Mercuria"), respectively, pursuant to a financing agreement entered by the Company with Pala, Mercuria and TF R&S Canada Ltd. (together with its affiliates, "Triple Flag") (the "2023 Financing Package Agreement") in May 2023. Additionally, Pala provided incremental funding of $18,300 during the quarter ended December 31, 2023. These amounts were funded as debt (refer note 8(b)).

Also, during the fourth quarter ended December 31, 2023, the Company issued common shares of the Company to settle $3,000 outstanding under the KFW Tranche A-2 Loan (refer note 8(a)) in accordance with the terms agreed with Pala, Mercuria and Triple Flag in the 2023 Financing Package Agreement ($1,000 each of Pala, Mercuria and Triple Flag). The refreshed draw room now available under the KfW

Tranche A-2 Loan is committed by Triple Flag to finance certain metal deliveries that become due under the Company's stream agreement with Triple Flag, subject to certain conditions.

The ability of the Company to continue as a going concern, to realize the carrying value of its assets, and to discharge its liabilities when due, is dependent on, amongst other things, positive cash flow being generated from operations, the ability to complete the commissioning and ramp-up the Underground Mine to its nameplate milling capacity of 5,000 tpd in accordance with the Company's timing and cost expectations, an increase in copper concentrate production and sales, favorable copper market conditions, and securing further funding. There can be no assurance that these requirements will be achieved and in the absence of additional funding being arranged, the Company may not be able to continue to carry on business in the ordinary course. The combination of these factors give rise to material uncertainties that may cast significant doubt on the Company’s ability to continue as a going concern.

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. Material Accounting Policies

a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the material accounting policies presented below and are in compliance with IFRS. These consolidated financial statements have been prepared under the historical cost convention, except for certain financial assets and financial liabilities measured at fair value.

These consolidated financial statements are presented in United States dollars ("USD").

These consolidated financial statements were approved for issue by the board of directors of the Company on April 2, 2024.

b) Basis of consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, 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, Lion Iron Corp. (inactive) and 607792 British Columbia Ltd. (inactive). Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. All significant intercompany transactions and balances are eliminated on consolidation.

c) Use of judgments and estimates

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates, assumptions, and judgements that affect the application of accounting policies and the reported amounts of assets and liabilities and disclosure of contingencies at the date of the consolidated financial statements, along with reported amounts of revenues and expenses during the period. Actual results may differ from these estimates, and as such, estimates and underlying assumptions are reviewed on an ongoing basis. Changes in estimates are recognized 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). Mineral reserves are used in the calculation of depreciation, impairment assessment, and for forecasting the timing of mine closure, reclamation, and rehabilitation costs. There are uncertainties inherent in estimating mineral 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 test is required, 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 ("LOM") and/or production plans. FVLCD will exceed VIU at the Project because there is incremental value in its mineral 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 mineral 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.

iv) Fair valuation of warrant derivatives

The fair value of warrant derivatives that are not traded in an active market is determined using various other valuation techniques. The Company uses its judgment to select a method for valuation of warrant derivatives and make assumptions that are based on market conditions existing at the end of each reporting period. Inputs to the estimation are taken from observable markets where possible, but where this is not feasible, an increased degree of estimation uncertainty arises when establishing fair values. The estimates include considerations of inputs such as volatility, credit risk and risk free rate. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

The areas that require significant judgment 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) Assessment of impairment indicators for mineral properties, plant and equipment

Significant judgement is required in assessing whether certain factors would be considered an indicator of impairment. In determining whether any indicator for impairment exists, management considers external sources of information such as a significant decline in the Company's market capitalization, changes in future metal prices, and potential impact of changes in interest rates; and internal sources of information such as quantity of recoverable mineral reserves and resources, changes in capital or operating costs, timing of ramp-up of the Underground mine, and timing of a development decision for the open pit mining project.

iii) Achievement of commercial production

In determining whether commercial production is achieved, management considers number of factors including substantial completion of the processing plant, surface site infrastructure and underground infrastructure necessary to support sustained production, and achievement of operating targets for a defined period. Once the commercial production is achieved, depreciation of capitalized costs begins. Significant judgment is required to determine if commercial production is achieved. At December 31, 2023, commercial production had not been achieved in relation to the Underground Mine.

d) Foreign currency translation

The functional currency of the Company and its subsidiaries is 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, amortization, 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 the statement of operations and comprehensive loss.

e) Financial instruments

Financial assets and liabilities are initially recorded at fair value less transaction cost, if measured subsequently at amortized costs. Subsequent measurement of financial assets and liabilities depends on the classification of such assets and liabilities.

(i) Classification and measurement 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, 2023 and 2022 the Company did not have any financial assets subsequently measured at FVTPL or FVOCI.

(ii) Classification and measurement 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 less transaction 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 (other than lease liabilities), and other long term payables.

The Company's financial liabilities classified as FVTPL include warrants and embedded derivatives. Financial liabilities are classified as current or non-current based on their maturity date.

(iii) *Impairment*

At each reporting date, the Company measures the loss allowance for a 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 assets or liabilities*

Derivatives are classified as FVTPL and initially recognized at their fair value on the date into which the derivative contract is entered. 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 the statement of operations and comprehensive 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 23.

g) Asset retirement obligations and reclamation costs

The Company recognizes 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 amortized 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.

h) Exploration and evaluation assets

Once the legal right to explore an area has been secured, expenditures on exploration and evaluation activities are capitalized 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 technical feasibility and commercial viability has been determined for an area and the decision to proceed with development has been approved, exploration and evaluation assets attributable to that area are first tested for impairment and then reclassified to mineral property development costs within mineral properties, plant and equipment.

i) Mineral properties, plant and equipment

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

Amortization of plant and equipment is calculated using the straight-line method to expense the cost, net of any estimated residual value, over their estimated economic lives as follows:

Building	Lower of 20 years or LOM
Processing plant	Lower of economic life or LOM
Mobile equipment	5 to 7 years
Right to use assets	Lower of economic life or lease term
Computer equipment and software	2 years

On the date commercial production is achieved, mineral properties subject to depletion, are depleted on a unit-of-production basis. In applying the units-of-production basis over the recoverable tons to which the asset specifically relates, depletion is calculated using ore tons extracted from the mine in the period as a percentage of the total ore tons expected to be extracted in current and future periods based on estimated mineral reserves.

Construction in process assets are not depreciated until available for their intended use.

j) Impairment of non-financial assets

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

k) Income taxes

Income tax expense comprises current and deferred income taxes. Current and deferred income taxes are recognized in the statement of operations and comprehensive loss except to the extent that it relates to a business combination, or items recognized 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 recognized 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 recognized 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 recognized 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 realized simultaneously.

A deferred tax asset is recognized 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 utilized. 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 realized.

l) Stock-based compensation

The Company applies the fair value method to stock-based compensation for all awards including grants of share purchase options and direct awards of stock. The fair value is measured at grant date and each vesting tranche is recognized as a separate award. Compensation expense is recognized 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 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.

The Company had a Performance Share Unit Plan and a Restricted Share Unit Plan for incentive compensation. PSUs under the Performance Share Unit Plan entitle the holder to a cash payment at the end of a three-year performance period equal to the number of PSUs granted, adjusted for a performance factor and multiplied by the quoted market value of a common share. RSUs issued under the Restricted Share Unit Plan entitle the holder to a cash payment upon vesting equal to the number of RSUs vested multiplied by the market value of a common share. On May 11, 2023, the Performance Share Unit Plan and the Restricted Share Unit Plan were replaced by a new equity incentive plan (the "Omnibus Equity Incentive Plan"). Pursuant to the Omnibus Equity Incentive Plan, the Board can elect to settle vested RSUs or PSUs granted under the Omnibus Equity Incentive Plan through the issuance of common shares of the Company or cash payment or a combination of each. A liability for PSUs and 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 PSUs and RSUs that will eventually vest. The liability is recognized over the vesting period, with a corresponding charge to stock-based compensation. Subsequently if the Board elects to settle vested RSUs and PSUs through the issuance of common shares of the Company, the liability recognized for such RSUs and PSUs on the date of modification is reclassed to other equity reserve. The expense for the remainder of the vesting period is recognized based on the fair value of RSUs and PSUs on the date of modification, with a corresponding increase in other equity reserve.

m) Provisions

Provisions are recognized 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. 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 recognized as an accretion expense.

n) Income (loss) per share

Basic income (loss) per share is calculated by dividing net income (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 share purchase options and warrants by application of the treasury stock method. Outstanding share purchase options and share purchase warrants that would potentially dilute basic loss per share have not been included in the computation of diluted loss per share because to do so would be anti-dilutive.

o) Interest income and finance costs

Interest income comprises interest income on funds invested. Interest income is recognized 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 recognized in the statement of operations and comprehensive loss using the effective interest method. Deferred financing costs are initially deferred and subsequently reclassified as part of the loan on a pro-rata basis of the loan amount drawn.

p) Segmented information

The Company conducts its business in a single segment, being the acquisition, exploration and development of mineral properties. All of its mineral properties are located in the United States.

q) Stream and royalty agreements

The stream and royalty agreements entered into by the Company with Triple Flag have been accounted for as a sale of mineral interest. The up-front payments received by the Company in consideration for future commitments as specified in its stream and royalty agreements are recognized as stream and royalty deferral. Also, in accordance with IFRS 15 Revenue from Contracts with Customers, the Company identified a significant financing component resulting from a difference in the timing of the up-front consideration received and the expected future deliveries of metal. The interest rate is determined based on the rate implicit in the stream and royalty agreements.

The Company satisfies its obligation to deliver metal contained in concentrate under the Stream Agreement at the time control of the Property's copper concentrate is transferred to the end customer or offtaker, which occurs upon shipment. Concurrent with the satisfaction of the Company's obligation under the Stream Agreement, the Company reduces the portion of stream and royalty deferral and recognizes a gain or loss on sale of mineral interest in the statement of operations and comprehensive loss. Stream and royalty deferral is subsequently adjusted for accretion, which is recognized as a finance cost.

r) Leases

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

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

The right-of-use asset is subsequently depreciated on a straight-line basis from the commencement date to the earlier of the end of the economic 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 economic life of the underlying asset. The estimated economic 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.

s) Revenue from contracts with customers

Under IFRS 15 Revenue from contracts with customers, revenue is recognized when a customer obtains control of the goods or services and the Company has satisfied its performance obligations. Determining the timing of the transfer of control of such goods and services, at a point in time or over time, requires judgment.

Cash received in advance of meeting these conditions is recorded as advance receipts on product sales. In the case of the Property's copper concentrate, control is generally transferred when risk of loss is assumed by the buyer which may occur upon the concentrate being released in railcars and in limited circumstances, upon delivery to the concentrate at the shipping port or when delivered to the port of discharge. Under the terms of the Company's concentrate sales contracts, the final sales amount is based on final assay results and quoted market prices which may be in a period subsequent to the date of sale. Revenues for these sales, net of treatment and refining charges are recorded when the customer obtains control of the concentrate, based on an estimate of metal contained using initial assay results and forward market prices for the expected date that final sales prices will be fixed.

The period between provisional pricing and final settlement can be up to four months. This settlement receivable is recorded at fair value each reporting period by reference to forward market prices until the date of final pricing, with the changes in fair value recorded in the statement of operations and comprehensive loss.

t) 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 an appropriate valuation method 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. Warrants issued with an exercise price in the Company's functional currency are classified as equity and are measured at either at residual value or relative fair value depending on the nature of the transaction giving rise to issuance of such warrants.

u) 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 amending the timing of payment of interest and principal amount. Under IFRS 9 Financial Instruments, 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. This means that the original debt is derecognized and the difference between the fair value of the modified debt and the carrying value of original debt is recorded as a gain or loss in the statement of operations and comprehensive loss, and a new financial liability is recorded based on the new terms. If the change is not considered to be substantial, the original debt remains on the books and the difference between the net present value of the revised cash flows discounted at original effective interest rate and the carrying value of original debt at the date of the modification is recognized, as a gain or loss in the statement of operations and comprehensive loss. 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.

v) Materials and supplies inventory

Materials and supplies inventories represent consumables used in the production process, as well as spare parts and other maintenance supplies that are not classified as capital items. 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.

w) Inventory

Inventories are valued at the lower of cost and net realizable value. Cost is determined on a weighted average basis and includes direct labour and materials; non-capitalized development costs; freight; and overhead costs. Net realizable value is determined with reference to relevant market prices, less applicable variable selling costs and estimated remaining costs of completion to bring the inventories into saleable form.

Ore stockpiles represent stockpiled ore that has not yet completed the production process, and are not yet in a saleable form. Finished goods inventories represent metals concentrates in saleable form that have not yet been sold.

The quantity of recoverable metal in stockpiled ore and in the processing circuits is an estimate which is based on the tons of ore added and removed, expected grade and recovery. The quantity of recoverable metal in concentrate is an estimate using aerial surveys and assay results.

x) New accounting standards not yet adopted

Amendments to IAS 1 - Presentation of Financial Statements

Amendments made to IAS 1 Presentation of Financial Statements ("IAS 1") in 2020 and 2022 clarified that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the entity's expectations or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant). Covenants of loan arrangements will not affect classification of a liability as current or non-current at the reporting date if the entity must only comply with the covenants after the reporting date. However, if the entity must comply with a covenant either before or at the reporting date, this will affect the classification as current or non-current even if the covenant is only tested for compliance after the reporting date.

The amendments also clarify what IAS 1 means when it refers to the 'settlement' of a liability. Terms of a liability that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instrument can only be ignored for the purpose of classifying the liability as current or non-current if the entity classifies the option as an equity instrument. However, conversion options that are classified as a liability must be considered when determining the current/non-current classification of a convertible note.

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

The effective date of this amendment is for annual periods beginning on or after January 1, 2024, with early adoption permissible. The Company is in the process of assessing the impact of adoption of this amendment.

3. Prepaid expenses and advance royalty

	December 31, 2023	December 31, 2022
Deferred financing costs (a)	$—	$2,372
Advance royalty (Refer note 5)	5,961	2,295
Other prepayments and vendor deposits	2,218	630
Total	**$8,179**	**$5,297**

(a) On October 28, 2022, Pala provided the Company with a backstop funding commitment of up to $25,000 for future funding to be provided in exchange for issuances of common shares of the Company, convertible and/or non-convertible debt of the Company (the “Backstop”). In connection with the Backstop, Pala received 6,271,759 common shares of the Company at a price equal to C$0.2160 per share representing a 4% commitment fee amounting to $1,000, which was included in deferred financing costs. Deferred financing costs also included legal expenses incurred in relation to the Backstop ($729) and the KfW Tranche A-2 Loan ($643). During the second quarter of 2023, the Backstop was satisfied through Pala's participation in the 2023 Unit Offering.

4. Inventory

	December 31, 2023	December 31, 2022
Ore stockpile	$407	$—
Copper concentrate	404	—
Materials and supplies	6,826	4,908
Total	**$7,637**	**$4,908**

During the year ended December 31, 2023, the Company recognized a net realizable value adjustment of $25,270 (December 31, 2022 - $2,273) in relation to ore stockpile and copper concentrate. The net realizable value adjustment resulted from higher production costs in the pre-commercial production period.

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

5. Mineral properties, plant and equipment

	Mineral Properties Development Costs	Plant & Equipment	Rights of Use Assets	Deposits	Total
Cost:					
As at December 31, 2021	**$829,666**	**$3,405**	**$38,599**	**$67**	**$871,737**
Additions	68,023	649	—	(67)	68,605
Plant and equipment written off	—	—	(1,215)	—	(1,215)
Lease modification / reassessment	—	—	(1,082)	—	(1,082)
Balances, December 31, 2022	**$897,689**	**$4,054**	**$36,302**	**$—**	**$938,045**
Additions	75,350	354	386	—	76,090
As at December 31, 2023	**$973,039**	**$4,408**	**$36,688**	**$—**	**$1,014,135**
Accumulated depreciation and impairment:					
As at December 31, 2021	**$—**	**$1,414**	**$16,940**	**$—**	**$18,354**
Depreciation	—	32	5,856	—	5,888
Impairment	298,865	—	110	—	298,975
Plant and equipment written off	—	—	(583)	—	(583)
As at December 31, 2022	**$298,865**	**$1,446**	**$22,323**	**$—**	**$322,634**
Depreciation	—	186	5,122	—	5,308
As at December 31, 2023	**$298,865**	**$1,632**	**$27,445**	**$—**	**$327,942**
Net Book Value					
As at December 31, 2021	**$829,666**	**$1,991**	**$21,659**	**$67**	**$853,383**
As at December 31, 2022	**$598,824**	**$2,608**	**$13,979**	**$—**	**$615,411**
As at December 31, 2023	**$674,174**	**$2,776**	**$9,243**	**$—**	**$686,193**

Additions to mineral properties development costs during the year ended December 31, 2023, included borrowing costs of $22,787 (December 31, 2022 - $13,193), depreciation of plant and equipment of $2,989 (December 31, 2022 - $3,925) and stock-based compensation expense of $166 (December 31, 2022 - $235).

Pumpkin Hollow Copper Development Property

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

The Company entered into the Lease Agreement (the “Lease”) for the leased patented claims with RGGS Land & Minerals Ltd. (“RGGS”) in May 2006. The Lease had an initial term of ten years, has been renewed for a further ten-year term, and is renewable for up to two more additional ten-year terms for a total of 40 years. Under the terms of the Lease, the Company is required to pay advance royalty payments of $600 annually until the second expiry date of the Lease 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 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 favor of RGGS in an amount generally equivalent to the sum of three months projected production royalty to be received by RGGS.

The Company is current with all required lease payments and advance royalty payments.

Asset impairments

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

At December 31, 2023, based on management's impairment indicator assessment, it was determined that there were no new indicators of impairment or reversal of impairment that would require the Company to perform an impairment test. The assessment included an evaluation of any changes to significant assumptions used in the last impairment test at September 30, 2022.

During the third quarter of 2022, the suspension of mining, development and milling activities at the Underground Mine along with a decrease in analyst's consensus short term copper prices and estimated recoverable ounces, were identified as impairment indicators. As a result management performed an impairment test on the Pumpkin Hollow CGU as at September 30, 2022 and recognized an impairment loss of $298,865 in the consolidated statements of operations and comprehensive loss.

Key assumptions used by management for the impairment test at September 30, 2022 were:

- Long term copper price of $3.60/lb based on analysts' consensus price estimates.
- Underground mine operating costs and capital expenditures based on life-of-mine ("LOM") plans and forecasts using management's best estimate as at September 30, 2022.
- Future estimated production based on recoverable mineral reserves and resources estimates by qualified persons when preparing the technical report released in January 2019 and management's LOM model as at September 30, 2022.
- Real after tax discount rate of 11% for the Underground Mine and 12% for the open pit mining project based on weighted average cost of capital for similar companies.

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

6. Working Capital Facility

Balance at December 31, 2021	**$20,095**
Advance	22,533
Interest accrual	2,196
Transaction costs incurred for modification	(319)
Repayments	(23,818)
Balance at December 31, 2022	**$20,687**
Advances	4,131
Interest accrual	3,036
Repayments	(19,230)
Balance at December 31, 2023	**$8,624**

NCI entered into a revolving working capital facility (the "Working Capital Facility") with Concord Resources Limited ("Concord") for up to $40,000 which provides for advances, subject to certain conditions, of up to 85% of the value of expected copper concentrate deliveries up to four months in advance of deliveries prior to commercial production at the Underground Mine, and three months thereafter, on a revolving basis. Interest on advance payments is payable at LIBOR (synthetic) plus 7.5% prior to commercial production at the Underground Mine and LIBOR (synthetic) plus 5% thereafter. The Working Capital Facility matures on September 1, 2026, unless terminated in accordance with the terms of offtake agreements with Concord.

During the year ended December 31, 2023, the Company made repayments of $19,230 (December 31, 2022 - $23,818), of which $3,771 (December 31, 2022 - $7,718) was in concentrate deliveries and $15,459 (December 31, 2022 - $16,100) was settled in cash. As at December 31, 2023, the Company was in compliance with the covenants under the Working Capital Facility.

7. Short-term debt

	December 31, 2023	December 31, 2022
Unsecured Loans (b)	$42,910	$—
Total short-term debt	**$42,910**	**$—**

2022 Promissory Notes - During 2022, the Company received $42,500 from Pala pursuant to various promissory notes (the "2022 Promissory Notes"). On October 28, 2022, the outstanding balance of $20,538 including accrued interest of $538 was added to the principal amount under the 2022 A&R Pala Credit Facility (refer note 8(b)), $20,000 was converted into equity of the Company (refer note 12) and the remaining balance of $2,841 including accrued interest of $341 was settled in cash.

a) Promissory Notes

2023 Promissory Notes - During April and May 2023, the Company received $5,550 from Pala pursuant to various promissory notes (the "2023 Promissory Notes"). The 2023 Promissory Notes were repayable on October 31, 2023 and carried interest at 12% per annum.

On December 21, 2023, the Company and Pala agreed to amend and restate the credit facility with Pala (refer note 8(b)) and the outstanding balance of $6,006 including accrued interest of $456 pursuant to the 2023 Promissory Notes was added to the amended credit facility with Pala and the 2023 Promissory Notes were cancelled.

b) Unsecured Loans

The 2023 Financing Package Agreement entered on May 9, 2023 included a commitment from Pala and Mercuria to provide up to $15,000 and $10,000, respectively, subject to certain conditions, to be drawn pro rata by the Company (the "Deferred Funding Facility"). The Company has drawn the full $15,000 and $10,000 committed by Pala and Mercuria, respectively, under the Deferred Funding Facility. Also during the fourth quarter of 2023, through the date of the Unsecured Loans (as defined below), additional funding of $14,000 pursuant to a new commitment was provided by Pala (the "Incremental Funding Commitment").

On December 21, 2023, the Company entered into separate loan agreements with Pala and Mercuria (together referred as the "Unsecured Loans" and individually as the "Unsecured Loan") with respect to:

i. the outstanding amount of $29,545 including interest accrued of $545 payable to Pala under the Deferred Funding Facility and the Incremental Funding Commitment.

i. the outstanding amount of $10,268 including interest accrued of $268 payable to Mercuria under the Deferred Funding Facility.

The Unsecured Loans have the following terms:

- The loans are unsecured, unguaranteed and will mature on December 21, 2024.
- The loans carry interest at adjusted Term Secured Overnight Financing Rate ("Term SOFR") plus margin with interest payable on maturity. Adjusted Term SOFR equals Term SOFR plus 0.15%. Margin is 9% for the amounts received pursuant to the Deferred Funding Facility and 10% for the amounts received pursuant to the Incremental Funding Commitment.
- A 5% disbursement fee is payable on the amounts drawn pursuant to the Incremental Funding Commitment, which is added to the principal amount, when amounts are drawn.
- In connection with these loans, the Company issued 280,044,832 common share purchase warrants to Pala (together with any additional warrants issued to Pala in relation to the Unsecured Loan, the "Pala Unsecured Loan Warrants") and 95,122,130 common share purchase warrants to Mercuria (the "Mercuria Unsecured Loan Warrants"). Each warrant entitles the holder thereof to acquire one common share at an exercise price of Canadian dollar (C$) 0.14 per warrant and the warrants expire on December 21, 2024 unless the amounts under these loans are repaid at an earlier time, in which case the warrants will expire on such applicable date. Upon exercise of these warrants, the exercise price is payable by way of deemed repayment and set-off of outstanding amounts under the loans. The exchange rate used to calculate the number of warrants will be used to calculate the amount of debt, in USD, to be extinguished. Accordingly, these warrants are classified as equity. Exercise of these warrants are subject to the Company obtaining shareholder approval, which it will seek to obtain at its next annual meeting of shareholders.

Additionally, Pala may opt to provide, when requested by the Company, additional advances to the Company pursuant to and subject to terms and conditions of the Unsecured Loan with Pala ("Additional Advances"). During the fourth quarter of 2023, the Company received Additional Advances of $4,300 and $15,955 of Additional Advances were received subsequent to December 31, 2023.

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

		Pala		Mercuria
Unsecured Loans				
Unsecured Loans recognized at fair value	$	28,664	$	9,925
Costs incurred	$	(58)	$	(20)
Additional Advance received, recognized at fair value	$	4,191	$	—
Interest accrued	$	161	$	47
	$	32,958	$	9,952

The Unsecured Loans including Additional Advances were recognized at fair value and residual value of $990 and $343 was allocated to the Pala Unsecured Loan Warrants and the Mercuria Unsecured Loan Warrants respectively, which are recognized in Other Equity Reserve.

The fair value of debt was determined using the risk free rate of 4.6%, credit spread of 9.88% and collateral spread of 2.5%.

8. Long-term debt

	December 31, 2023	December 31, 2022
Current portion of long-term debt:		
KfW IPEX-Bank Facility (a)	$5,991	$—
Pala Credit Facility (b)	$—	$1,784
Lease liabilities (c)	$6,785	$6,707
Total current portion of long-term debt	**$12,776**	**$8,491**
KfW IPEX-Bank Facility (a)	$164,330	$123,342
Pala Credit Facility (b)	$5,796	$78,048
Lease liabilities (c)	$2,423	$8,653
Total long-term debt	**$172,549**	**$210,043**

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

a) KfW IPEX Bank Facility

	KfW Tranche A Loan	KfW Tranche B Loan	KfW Tranche A-2 Loan	Total
Balance at December 31, 2021	**$105,239**	**$13,540**	**$—**	**$118,779**
Interest and accretion expense	6,237	1,652	—	7,889
Interest payments	(1,134)	(402)	—	(1,536)
Transaction costs incurred for modification	(339)	(78)	—	(417)
(Gain) on modification	(1,103)	(270)	—	(1,373)
Balance at December 31, 2022	**$108,900**	**$14,442**	**$—**	**$123,342**
Drawdown	—	—	35,376	35,376
Interest and accretion expense	10,962	2,469	2,404	15,835
Loan payments	—	—	(3,000)	(3,000)
Transaction costs incurred for modification	—	—	(989)	(989)
(Gain) / loss on modification	(281)	(39)	77	(243)
Balance at December 31, 2023	**$119,581**	**$16,872**	**$33,868**	**$170,321**

The table below shows the current and long-term portion of KfW IPEX-Bank Facility:

	December 31, 2023	December 31, 2022
Current portion	$5,991	$—
Long-term debt	$164,330	$123,342

The Company, through its wholly owned subsidiary NCI, entered into a credit agreement (as amended, the “KfW IPEX-Bank Facility”) with KfW IPEX-Bank Limited ("KfW") for construction and operating costs in respect of the Underground Mine. Pursuant to the KfW IPEX-Bank Facility, KfW funded $115,000 (the "KfW Tranche A Loan") in May 2019, $15,000 (the "KfW Tranche B Loan") in December 2020 and agreed to expand the KfW IPEX-Bank Facility by $25,000 (the "KfW Tranche A-2 Loan") in October 2022 based on commitment from Pala, Triple Flag and Mercuria on a pro rata basis. The 2023 Financing Package Agreement entered on May 9, 2023 included a commitment from Pala, Mercuria and Triple Flag to expand the KfW Tranche A-2 Loan to $35,000. In September 2023, KfW consent for the expansion of the KfW Tranche A-2 Loan was obtained.

KfW Tranche A Loan carries interest at Term SOFR plus 2.1% and is payable every six months on January 31 and July 31 until the maturity date. KfW Tranche A Loan is repayable in thirteen semi-annual installments starting from July 31, 2025 and matures on July 31, 2029.

KfW Tranche B Loan carries interest at Term SOFR plus 5.4% and is payable every six months on January 31 and July 31 until the maturity date. KfW Tranche B Loan is repayable in three semi-annual installments starting from July 31, 2024 and matures on July 31, 2025.

KfW Tranche A-2 Loan carries interest at Term SOFR plus 5%, interest accrued on each semi-annual payment date is added to the principal amount of the loan and is payable on the maturity date. KfW Tranche A-2 Loan is repayable in a single bullet payment on July 31, 2029.

On October 28, 2022 and March 15, 2023, the Company and KfW entered into an amendment agreement to add the interest accrued and payable on July 31, 2022, January 31, 2023, July 31, 2023 and January 31, 2024 to the principal balance of the KfW Tranche A Loan and the KfW Tranche B Loan. These amendments were determined as modifications in accordance with IFRS and accordingly, a modification gain of $320 (December 31, 2022 - $1,373) was recognized in the statement of operations and comprehensive loss.

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

On March 15, 2023, the Company and KfW amended the KfW IPEX-Bank Facility to extend the final date to meet the requirements of the project completion test under the KfW IPEX-Bank Facility to June 2024.

In December 2023, the KfW Tranche A-2 Loan principal amount of $3,000 related to the KfW Tranche A-2 Loan was converted into equity of the Company in accordance with the 2023 Financing Package Agreement ($1,000 to each of Pala, Mercuria and Triple Flag). The refreshed draw room now available under the KfW Tranche A-2 Loan is committed by Triple Flag and is required to be used to finance certain metal deliveries that become due under the Company's stream agreement with Triple Flag in 2024.

The KfW IPEX-Bank Facility contains certain financial and non-financial affirmative and restrictive covenants. As at December 31, 2023, the Company is in compliance with the covenants.

b) Pala Credit Facility

	Debt Liability	Derivative	Total
December 31, 2021	**$33,293**	**$—**	**$33,293**
Advance	15,000	—	15,000
Interest and accretion expense until October 28, 2022	4,334	—	4,334
Extinguishment of 2021 A&R Pala Credit Facility	(52,627)	—	(52,627)
Recognition of 2022 A&R Pala Credit Facility at fair value	72,456	3,707	76,163
Interest and accretion expense on 2022 A&R Pala Credit Facility	1,932	—	1,932
Fair value adjustment	—	1,737	1,737
Balance at December 31, 2022	**$74,388**	**$5,444**	**$79,832**
Interest and accretion expense - 2022 A&R Pala Credit Facility	5,706	—	5,706
Gain on modification	(167)	—	(167)
Fair value adjustment	—	(17,234)	(17,234)
Pala 2022 Warrants exercised	(76,156)	11,790	(64,366)
Pala interest repayment	(6,858)	—	(6,858)
Loss on settlement	3,089	—	3,089
Recognition of Third A&R Pala Credit Facility at fair value	5,783	—	5,783
Costs incurred	(13)	—	(13)
Interest and accretion expense - Third A&R Pala Credit Facility	24	—	24
Balance at December 31, 2023	**$5,796**	**$—**	**$5,796**

The table below shows the current and long-term portion of Pala Credit Facility:

	December 31, 2023	December 31, 2022
Current portion	$—	$1,784
Long-term debt	$5,796	$78,048

The Company entered into a credit facility with Pala (as amended and restated on October 28, 2022, the "2021 A&R Pala Credit Facility"), which had a principal amount of $50,000 (inclusive of a $15,000 accordion feature thereunder). The 2021 A&R Pala Credit Facility was maturing on January 31, 2026 and carried interest at LIBOR plus 9% per annum. The Company was eligible to voluntarily prepay the 2021 A&R Pala Credit Facility subject to a prepayment premium.

On October 28, 2022, the Company and Pala further amended and restated the 2021 A&R Pala Credit Facility (the "2022 A&R Pala Credit Facility"), on substantially the same terms as the 2021 A&R Pala Credit Facility, other than the interest rate which was carried at adjusted Term SOFR plus 9% per annum. Adjusted term SOFR equals SOFR plus 0.15%. In connection with the 2022 A&R Pala Credit Facility, 398,723,212 common share purchase warrants of the Company were issued to Pala ("Pala 2022 Warrants"). Each warrant entitled Pala to acquire one common share at an exercise price equal to C$0.26 per warrant.

In connection with the 2022 A&R Pala Credit Facility, the Company issued 5,330,995 common shares of the Company to Pala in satisfaction of its reimbursable expenses totaling $850.

The 2022 amendments noted above were determined to be an extinguishment of the 2021 A&R Pala Credit Facility and recognition of the 2022 A&R Pala Credit Facility. In relation to 2021 A&R Pala Credit Facility, an extinguishment loss of $2,998 was recognized in the statement of operations and comprehensive loss. The Pala 2022 Warrants, together with the Company's ability to voluntarily prepay the 2022 A&R Pala Credit Facility ("Call Option"), was recognized and accounted for as a derivative liability.

In May and June 2023, Pala exercised all of the Pala 2022 Warrants, resulting in the settlement of all of the principal outstanding amount of $76,156 under the 2022 A&R Pala Credit Facility. On the date of settlement, the fair value of Pala 2022 Warrants was $11,790 (derivative asset) and the fair value of the Call Option was Nil.

In August 2023, the Company issued 49,934,708 common share purchase warrants (the "Pala Interest Warrants") to Pala in relation to the outstanding interest in accordance with the 2022 A&R Pala Credit Facility on the same terms as the Pala 2022 Warrants with an exercise price of C$0.1834 per warrant. The Pala Interest Warrants were exercised by Pala in August 2023 resulting in the settlement of all of the outstanding interest under the 2022 A&R Pala Credit Facility. In relation to the Pala Interest Warrants, the Company recognized a net derivative gain of $216.

On December 21, 2023, the Company entered into an amended and restated credit facility with Pala (the "Third A&R Pala Credit Facility") on substantially the same terms as the 2022 A&R Pala Credit Facility, including a maturity date of January 31, 2026. The outstanding amount of $6,006 pursuant to the 2023 Promissory Notes was added to the Third A&R Pala Credit Facility and the 2023 Promissory Notes were cancelled. In connection with the Third A&R Pala Credit Facility, the Company issued 55,610,514 common share purchase warrants (the "Third A&R Pala Credit Facility Warrants") of the Company to Pala. Each warrant will entitle Pala to acquire one common share at an exercise price of C$0.14 per warrant and the warrants will expire on January 31, 2026 unless the amounts under the Third A&R Pala Credit Facility are repaid at an earlier time, in which case the warrants would expire on such applicable date. On exercise of these warrants, the exercise price would be payable by way of deemed repayment and set-off of outstanding amounts under the loan. The exchange rate used to calculate the number of warrants will be used to calculate the amount of debt, in USD, to be extinguished. Accordingly, these warrants are classified as equity. Exercise of these warrants by Pala will be subject to the Company obtaining shareholder approval, which it will seek to obtain at its next annual meeting of shareholders.

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

The Third A&R Pala Credit Facility was recognized at fair value and residual value of $223 was allocated to the Third A&R Pala Credit Facility Warrants, which is recognized in other equity reserve.

The fair value of debt was determined using the risk free rate of 4.6% and credit spread of 9.88%.

As at December 31, 2023, the Company is in compliance with the financial and non-financial affirmative and restrictive covenants under the Third A&R Pala Credit Facility.

Subsequent to December 31, 2023, the Company received $3,945 pursuant to the 2023 Pala Credit Facility.

c) Lease liabilities

The following table shows the change to the Company's lease liabilities:

	December 31, 2023	December 31, 2022
Opening balance	**$15,360**	**$22,762**
Additions	381	—
Accretion	951	1,232
Lease modification	—	(1,082)
Lease payments	(7,484)	(7,552)
Closing balance	**$9,208**	**$15,360**
Current portion	6,785	6,707
Long-term portion	2,423	8,653

The undiscounted minimum lease payments in respect of the above lease liabilities are expected to be $7,195 for the next twelve months.

Further, the average remaining term of the Company's lease liabilities ranges from 12 months to 24 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.

9. Stream and royalty deferral

	Stream deferral	Royalty deferral
Balance at December 31, 2021	**$107,263**	**$21,118**
Deposit received under the Stream Agreement	3,199	609
Consideration for increase in royalty on the Open Pit Project	—	26,192
Accretion	9,888	2,736
Amounts delivered under the stream	(672)	—
Balance at December 31, 2022	**$119,678**	**$50,655**
Accretion	11,203	6,406
Amounts delivered under the stream	(385)	—
Balance at December 31, 2023	**$130,496**	**$57,061**

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

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

	December 31, 2023	December 31, 2022
Stream deferral		
Current portion	$ 11,580	$ 3,655
Long-term portion	118,916	116,023
Royalty deferral		
Current portion	$ —	$ —
Long-term portion	57,061	50,655

The Company and Triple Flag entered into the metals purchase and sale agreement (as amended from time to time, the “Stream Agreement”) whereby Triple Flag provided $85,000 (the “Stream Deposit”) against the future delivery by Nevada Copper of 97.5% of the gold and silver production 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. The Company will receive an ongoing payment of 5% of the spot price for each ounce of gold and silver delivered to Triple Flag. 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.

Also, the Company entered into a series of agreements with Triple Flag (or its affiliates) which provided for (i) the issuance of a 2% net smelter return royalty in respect of the Open Pit Project (the “Open Pit Royalty”), including 1.3% royalty issued in October 2022 for a consideration of $26,192 and (ii) the issuance of a 2% net smelter return royalty in respect of the Tedeboy area exploration property (the “Tedeboy Royalty”) for an aggregate consideration of $46,192. The Company has right to buyback 1.3% Open Pit Royalty for a consideration of $38,100 till October 28, 2025.

As at December 31, 2023, the Company is in compliance with the covenants under the Stream Agreement.

10. Asset retirement obligation

The asset retirement obligation has been recorded as a liability, assuming a risk-free discount rate of 4.04% (2022 – 4.01%) and an inflation factor of 2.40% (2022 – 2.40%). The liability for retirement and remediation on an undiscounted basis before an inflation factor of 2.40% (2022 – 2.40%) is estimated to be approximately $6,655 (2022 - $6,396). As of December 31, 2023, settlement is expected by December 31, 2036.

Balance at December 31, 2021	**$5,971**
Change in timing and increase in estimated closure costs	(966)
Accretion	258
Balance at December 31, 2022	**$5,263**
Accretion	211
Balance at December 31, 2023	**$5,474**

11. Related party payable and transactions

Pala is a related party to the Company because of its significant shareholding (61.7% as at December 31, 2023 and 43.5% as at December 31, 2022) in the Company. Additionally, as at December 31, 2023, two of the nine directors of the Company were Pala executives.

During the year ended December 31, 2023 and December 31, 2022, the Company entered into the following transactions with Pala:

- In relation to the 2022 A&R Pala Credit Facility, the Company accrued interest of $5,091 (2022 $5,764) and added nil (2022 - $3,973) to the principal amount of the Pala Credit Facility. (Refer Note 8(b))
- In relation to the Third A&R Pala Credit Facility, the Company accrued interest of $24. (Refer Note 8(b))
- The Company received $5,550 pursuant to the 2023 Promissory Notes and accrued interest and costs incurred of $456. On December 21, 2023, the full outstanding balance of $6,006 was added to the Third A&R Pala Credit Facility and the 2023 Promissory Notes were cancelled. During the year ended December 31, 2022, the Company received $42,500 pursuant to the 2022 Promissory Notes and accrued interest of $879 on the 2022 Promissory Notes, repaid $2,500 in cash, settled $20,000 by issuing common shares of the Company and $20,879 was added to the 2022 A&R Pala Credit Facility. (Refer Note 7(a))
- The Company recognized an expense of $1,369 (2022 - $1,254) for guarantee fees and $17 (2022 - $1,336) for technical and other services.
- The Company received $11,667 from Pala, its share of the drawdown under the KfW Tranche A-2 Loan and repaid $1,000 by issuing 10,013,991 common shares of the Company. (Refer Note 8(a))
- Pala purchased 108,442,714 units in the 2023 Unit Offering for gross proceeds of approximately $21,505. (Refer Note 12)
- Pala exercised 448,657,920 common share purchase warrants resulting in the settlement of principal debt and accrued interest amounting to $71,007 payable to Pala. (Refer Note 8(b))
- The Company received $15,000 from Pala pursuant to drawdown under the Deferred Funding Facility and $18,300 pursuant to the Incremental Funding Commitment and accrued interest of $545 in relation to these advances. On December 21, 2023, the full balance of $29,545 was added to the Unsecured Loan. The Company also received Additional Advances of $4,300 pursuant to the Unsecured Loan and accrued interest of $134. (Refer Note 7(b))

As of December 31, 2023, the Company owed Pala $1,595 (2022 - $226) for fees accrued in connection with the guarantee provided by Pala for the KfW IPEX- Bank Facility and $17 for reimbursement of expenses incurred by Pala on the Company's behalf.

Mercuria is a related party to the Company because of its significant shareholding (16.55% as at December 31, 2023 and 24.28% as at December 31, 2022) in the Company. Also, a Mercuria executive is a director of the Company.

During the year ended December 31, 2023 and December 31, 2022, the following transactions were entered with Mercuria:

- The Company received $11,667 from Mercuria, its share of the drawdown under the KfW Tranche A-2 Loan and repaid $1,000 by issuing 10,013,991 common shares of the Company. (Refer Note 8(a))

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

- Mercuria purchased 24,814,814 units in the 2023 Unit Offering for gross proceeds of $5,000. (Refer Note 12)
- Mercuria exercised 25,848,765 common share purchase warrants of the Company for the exercise proceeds of $5,000. (Refer Note 12)
- The Company received $10,000 from Mercuria pursuant to drawdown under the Deferred Funding Facility and accrued $268 in interest. On December 21, 2023, the Company entered into the Unsecured Loan loan agreement with Mercuria for the outstanding amount of $10,268 payable to Mercuria under the Deferred Funding Facility and accrued $41 in interest. (Refer note 9(b))

As of December 31, 2023, the Company owed its Directors $346 (2022 - nil) for accrued Directors fees.

The Company has a committee of independent directors to review and approve related party transactions.

Key Management Personnel Compensation

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

	2023	2022
Salary and benefits	$1,350	$1,224
Stock-based compensation	556	102
Directors fees and director equity awards	345	1,718
Total	**$2,251**	**$3,044**

12. Share Capital

Authorized and issued

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

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

During the year ended December 31, 2023, the Company issued the following common shares:

	Number of Common Shares	Amount
Outstanding December 31, 2021	**448,437,559**	**$681,690**
Warrants exercised	15,200	25
October 2022 Private Placement (iv)	251,564,318	32,507
Reimburse legal fees to Pala, Mercuria and Triple Flag (iv)	7,661,465	1,225
Pala expenses and guarantee fees (iv)	9,558,399	1,524
Pala backstop commitment fee (iv)	6,271,759	1,000
Issued during the year ended December 31, 2022	275,071,141	$36,281
Outstanding December 31, 2022	**723,508,700**	**$717,971**
2023 Unit Offering (i)	196,038,400	33,225
Pala 2022 Warrants exercised (Refer note 8(b))	398,723,212	64,366
Pala Interest Warrants exercised (Refer note 8(b))	49,934,708	6,641
Mercuria 2022 Warrants exercised (ii)	25,848,765	5,000
DSUs settled (Refer note 13(b))	2,563,833	355
RSUs settled (Refer note 13(c))	1,185,274	231
KfW Tranche A-2 Loan repayment (iii)	30,041,973	2,965
Triple Flag Fee	1,722,349	200
Issued during the year ended December 31, 2023	706,058,514	$112,983
Outstanding December 31, 2023	**1,429,567,214**	**$830,954**

2023 Offering

i) 2023 Unit Offering: On May 30, 2023, the Company completed a public offering of units of the Company (the "2023 Unit Offering"), wherein the Company issued 196,038,400 units at a price of C$0.27 per unit for aggregate gross proceeds of $38,860. Each unit consisted of one common share and one-half common share purchase warrant of the Company. Share issuance costs totaled $2,753 for the 2023 Unit Offering resulting in net proceeds of $36,107. Of the total proceeds received, $2,882 was allocated to the warrants.

ii) Mercuria 2022 Warrants: On May 8, 2023, Mercuria exercised 25,848,765 Mercuria 2022 Warrants (as defined below) for proceeds of $5,000.

iii) KfW Tranche A-2 Loan: On December 15, 2023, the Company issued 10,013,991 common shares of the Company to each of Pala, Mercuria and Triple Flag to settle an aggregate principal amount of $3,000 in relation to KfW Tranche A-2 Loan. The Company incurred share issuance costs of $35 in relation to issuance of these shares.

2022 Offering

iv) The Company closed the financing package on October 28, 2022 wherein.

- The Company issued 125,435,185 common shares of the Company to Pala for an aggregate consideration of $20,000. The aggregate $20,000 consideration consisted of the settlement of the principal amount outstanding under the 2022 Promissory Notes. The Company also issued to Pala 5,330,995 common shares, 9,558,399 common shares and 6,271,759 common shares of the Company for reimbursement of legal costs totaling $850, outstanding Pala expenses and guarantee fees of $1,524 and the Backstop commitment fee of $1,000, respectively.

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

- The Company issued 126,129,133 common shares of the Company to Mercuria for aggregate consideration of $20,000. Mercuria also received 127,720,000 common share purchase warrants of the Company (the "Mercuria 2022 Warrants") each entitling Mercuria to acquire one common share of the Company at an exercise price of C$0.2592 until January 31, 2026. The aggregate consideration received was first allocated to the Mercuria 2022 Warrants $6,728 based on fair value determined using the Black-Scholes valuation method (refer note 14 for assumptions) and the residual value was allocated to the common shares of the Company. The Company also issued 871,261 common shares of the Company to Mercuria in satisfaction of its reimbursable expenses totaling $139.
- The Company issued Triple Flag 1,459,208 common shares of the Company in satisfaction of its reimbursable expenses totaling $233.

13. Share-Based Compensation

a) Share Purchase Options

	Number of Options	Weighted average exercise price (CAD)
Outstanding December 31, 2021	**4,661,881**	**4.27**
Granted	821,342	0.64
Forfeited	(1,012,287)	1.16
Outstanding December 31, 2022	**4,470,936**	**3.02**
Granted	7,369,481	0.20
Forfeited	(942,943)	0.20
Expired	(1,094,909)	6.34
Outstanding December 31, 2023	**9,802,565**	**0.80**
Exercisable December 31, 2023	**2,822,129**	**2.18**

As at December 31, 2023, there were 85,473,220 share purchase options available for issuance under the Company's Stock Option Plan.

During the year ended December 31, 2023, $388 (2022 - $244) in stock-based compensation was recorded related to share purchase options of which nil (2022 - $35) was capitalized to development costs.

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

The following table summarizes the share purchase options outstanding and exercisable as at December 31, 2023:

Exercise price (in CAD)	Outstanding		Exercisable	
	Number outstanding	Weighted average remaining life (years)	Number outstanding	Weighted average remaining life (years)
$0.20 - $0.95	7,570,988	4.05	590,552	2.83
$1.60-$4.40	2,231,577	0.90	2,231,577	0.90
	9,802,565	3.33	2,822,129	1.31

b) Deferred share units ("DSUs")

	Number of DSUs
Outstanding December 31, 2021	**3,270,331**
Granted	4,135,123
Outstanding December 31, 2022	**7,405,454**
Granted	7,663,539
Settled	(2,563,833)
Outstanding December 31, 2023	**12,505,160**

At December 31, 2023, the DSU payable amount was $1,230 compared to $1,586 on December 31, 2022. During the year ended December 31, 2023, the Company recognized a stock-based compensation expense of $1,228 (December 31, 2022 - $472) for DSUs granted during the year and stock-based compensation gain of $1,230 (December 31, 2022 - stock-based compensation gain of $1,157) as a result of the fair value adjustment of outstanding DSUs in the consolidated statement of operations and comprehensive loss. The fair value of DSU settled during the quarter was $355 (December 31, 2022 - Nil).

c) Performance and Restricted Share Units

The following grants and cancellations occurred during the year:

	Cash settled PSU's (Note i)	**Omnibus Plan PSU's (Note ii)**
Outstanding December 31, 2021	**1,298,881**	
Granted	934,465	
Forfeited	(1,011,436)	
Outstanding December 31, 2022	**1,221,910**	**—**
Granted	—	2,865,184
Forfeited	(241,692)	—
Outstanding December 31, 2023	**980,218**	**2,865,184**

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

	Cash settled RSU's (Note i)	Equity settled RSU's (Note iii)	Omnibus Plan RSU's (Note ii)
Outstanding December 31, 2021	**4,256,861**		
Granted	21,255,157		
Settled	(430,588)		
Forfeited	(1,485,339)		
Outstanding December 31, 2022	**23,596,091**	**—**	**—**
Granted	—	—	13,952,323
Reclassed	(15,664,017)	15,664,017	—
Settled	(2,068,022)	—	(1,185,274)
Forfeited	(1,019,026)	(1,270,055)	(1,247,072)
Outstanding December 31, 2023	**4,845,026**	**14,393,962**	**11,519,977**

Note i - Cash settled PSUs and Cash settled RSUs were granted under the Performance Share Unit Plan and the Restricted Share Unit Plan.

Note ii - Omnibus Plan PSUs and RSUs were granted under the Omnibus Equity Incentive Plan.

Note iii - During the year, the Company modified the option to settle 15,664,017 RSUs granted in October 2022 (the "Equity settled RSUs") from cash to common shares. As a result, the fair value of the October 2022 RSU's amounting to $1,073 on the date of modification were reclassed from share-based compensation liability to other equity reserve.

At December 31, 2023, the settlement amount related to cash settled RSUs and the Omnibus Plan RSUs was $768 compared to $1,250 on December 31, 2022.

During the year ended December 31, 2023, the Company recognized a stock-based compensation expense of $1,558 (2022 - stock-based compensation expense of $459) in relation to RSUs, of which $1,392 (2022 - $248) was recognized in the statement of operations and comprehensive loss and $166 (2022 - stock-based compensation expense of $211) was capitalized to development costs.

14. Warrant derivative

The table below shows the changes to the warrant derivative liability:

	Total
Balance at December 31, 2021	**$23,374**
Initial valuation for warrants issued	6,728
Fair value adjustment	(20,793)
Balance at December 31, 2022	**$9,309**
Initial valuation for warrants issued	2,882
Fair value adjustment	(10,270)
Balance at December 31, 2023	**$1,921**

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

The table below summarizes the activities related to warrants:

	Number of Warrants	Weighted average exercise price [CAD]
Balance at December 31, 2021	**197,044,678**	**0.44**
Issued	526,443,212	0.26
Expired	(48,170,236)	2.06
Balance at December 31, 2022	**675,317,654**	**0.42**
Issued	578,731,384	0.18
Exercised	(474,506,685)	0.25
Expired	(132,374,442)	1.00
Balance at December 31, 2023	**647,167,911**	**0.21**

Summary of outstanding warrants as at December 31, 2023:

	December 31, 2023		December 31, 2022	
	Number of outstanding warrants	Exercise price [CAD]	Number of outstanding warrants	Exercise price [CAD]
Triple Flag 2020 Warrants (v)	1,500,000	2.25	1,500,000	2.25
November 2021 Offering Warrants	—	—	132,374,442	1.00
Pala 2021 Credit Facility Warrants (v)	15,000,000	0.86	15,000,000	0.86
Mercuria 2022 Warrants (i)	101,871,235	0.26	127,720,000	0.26
Pala 2022 Warrants (ii)	—	—	398,723,212	0.26
2023 Unit Offering Warrants (iii)	98,019,200	0.34	—	—
Pala 2023 Credit Facility Warrants (iv)	55,610,514	0.14	—	—
Pala 2023 Unsecured Loan Warrants (iv)	280,044,832	0.14	—	—
Mercuria 2023 Unsecured Loan Warrants (iv)	95,122,130	0.14	—	—
	647,167,911	**0.21**	**675,317,654**	**0.42**

(i) Mercuria 2022 Warrants are issued in connection with Mercuria's participation in the financing package closed by the Company on October 28, 2022. At issuance, these warrants were recognized as a liability at a fair value of $6,728. As at the year end, these warrants are fair valued using Black-Scholes valuation model. During the year ended December 31, 2023, Mercuria exercised 25,848,765 warrants (refer note 12).

(ii) Pala 2022 Warrants were issued in connection with the 2022 A&R Pala Credit Facility and were accounted as an embedded derivative (refer note 8(b)). During the year ended December 31, 2023, the Company issued 49,934,708 warrants to Pala in connection with interest accrued on the 2022 A&R Pala Credit Facility. All of the Pala 2022 Warrants including the related interest warrants were exercised during the year.

(iii) 2023 Unit Offering Warrants were issued in connection with the 2023 Unit Offering (refer note 12). At issuance, these warrants were recognized as liabilities with a fair value of $2,882. As at year end, the fair value of these warrants were determined based on the quoted price of these warrants on Toronto Stock Exchange.

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

(iv) Pala 2023 Credit Facility Warrants, Pala 2023 Unsecured Loan Warrants and Mercuria 2023 Unsecured Loan Warrants were issued in connection with the Third A&R Pala Credit Facility and the Unsecured Loans. These warrants are recorded as equity (refer note 7(b) and 8(b)).

(v) Triple Flag 2020 Warrants and Pala 2021 Credit Facility Warrants were recognized as liabilities and at the year end, fair valued using Black-Scholes valuation model.

The input assumptions used in the Black-Scholes valuation are listed below:

	December 31, 2023	December 31, 2022
Risk-free interest rate	3.77%	4.20%
Expected dividend yield	0	0
Expected stock price volatility	61.0%	68.4%
Expected life in years	1.2 - 2.1	2.2 - 3.1

15. Commitments and Contractual Obligations

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

	December 31, 2023	December 31, 2022
Property, plant, and equipment	$5,702	$2,540

a) Sedgman Claim

In February 2021, the Company entered into a settlement agreement with Sedgman USA Inc. ("Sedgman") in order to resolve the dispute related to delay in the commissioning of the plant and the parties' contractual obligations.

During 2022, the Company failed to make a payment pursuant to a settlement agreement dated February 3, 2021 with Sedgman. Consequently, Sedgman filed a complaint seeking compensatory damages and pre-judgment writ of attachment against certain property belonging to the Company for the satisfaction of any judgment that may be recovered by Sedgman. The Second Judicial District Court granted the application for pre-judgment writ of attachment in favor of Sedgman. On November 28, 2022, the Company and Sedgman entered into a standstill arrangement to stay court proceedings and agree for a revised schedule to pay the outstanding amount. During the year ended December 31, 2023, the Company made final payment and all outstanding claims in relation to Sedgman were dismissed.

b) 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

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

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.

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 Mine per annum to Concord for a period of eight contractual years from the commencement of commercial production at the Underground Mine, 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.

16. Revenue

	December 31, 2023	December 31, 2022
Metal contained in concentrate	$4,709	$10,213
Less: Treatment and refining cost	(314)	(416)
Revenue from contract with customers	4,395	9,797
Gain (loss) on trade receivables at fair value	175	(711)
Total	**$4,570**	**$9,086**

Revenue during the years ended December 31, 2023 and December 31, 2022 relates to sale of concentrate during the pre-commercial production period.

Loss on trade receivables at fair value includes the changes in the fair value of concentrate trade receivables due to changes in base metal prices.

17. Production costs

	December 31, 2023	December 31, 2022
Salaries and wages	$3,774	$7,012
Consumables	10,876	7,851
Contractor services and site costs	18,152	16,254
(Increase) in Inventory (Refer Note 5)	(26,081)	(2,273)
Total production costs	**$6,721**	**$28,844**

The Company previously presented the analysis of production costs based on their function. However, management considers it to be more relevant if the analysis is presented based on their nature. Accordingly, comparatives for the year ended December 31, 2022 are reclassified.

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

18. Care and maintenance and restart expenses

In July 2022, the Company temporarily suspended mining and milling operations at the Underground Mine to significantly reduce the Underground Mine site and operational expenditures. Effective September 2022, the Company carried out limited operations focusing on dike crossings and certain critical capital projects necessary to support production once the development of the Underground Mine is complete. The Company commenced development activities in June 2023 and commissioning of the mill in October 2023. Care and maintenance and restart expenditures incurred and expensed during the suspension period included:

	December 31, 2023	December 31, 2022
Salaries and wages	$11,016	$7,498
Contractor services	7,215	11,020
Consumables	4,453	(186)
Legal costs	552	2,740
Depreciation	1,653	1,962
Total	**$24,889**	**$23,034**

19. Interest and finance expense

Interest and finance expense during the year included:

	December 31, 2023	December 31, 2022
KFW IPEX Bank Facility	$15,835	$7,889
Working Capital Facility	3,036	2,196
Pala Credit Facility	5,730	6,266
Promissory Notes	698	879
Pala Unsecured Loan	706	—
Mercuria Unsecured Loan	315	—
Stream and royalty deferral accretion	17,609	12,624
Lease liabilities	951	1,232
Pala guarantee fee and other interests	3,257	2,428
Total interest and finance expense	**$48,137**	**$33,514**
Borrowing costs capitalized	**($22,787)**	**($13,193)**
Total - net of borrowing costs capitalized	**$25,350**	**$20,321**

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

20. 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% (2022 - 27.0%) as follows:

	December 31, 2023	December 31, 2022
Loss Before Taxes	($60,891)	($357,946)
Expected income tax (recovery)	(16,441)	(96,645)
Stock based compensation, mark to market adjustment and other permanent items	(6,954)	(4,658)
Difference in foreign tax rates	5,024	22,037
Impact of share issue costs	(353)	(207)
Deferred tax assets not recognized	18,724	79,482
Impact of foreign exchange and other	—	(9)
Total income tax expense	$—	$—

(b) Deferred income tax assets and liabilities

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

	December 31, 2023	December 31, 2022
Mineral properties	($28,600)	($9,129)
Non-capital losses	17,977	6,643
Other temporary differences	10,623	2,486
Net deferred income tax liabilities	**$—**	**$—**

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

	December 31, 2023	December 31, 2022
Unrecognized deductible temporary differences and unused tax losses:		
Non-capital losses	$430,782	$277,798
Other temporary difference	184,854	221,534
	$615,636	**$499,332**

The Company has Canadian tax losses of approximately $73,919 (2022 - $70,965) and the losses can offset future taxable income in Canada and expire between 2026 and 2042. The Company has a total US tax loss of approximately $442,768. Losses in 2018 and earlier tax years can be used to offset future taxable income and expire between 2026 and 2037, and losses after 2018 of approximately $383,976 carry forward indefinitely and can be used to offset 80% of future taxable income, subject to section 382 limitation.

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

21. Loss per Share

	December 31, 2023	December 31, 2022
Net loss - Basic and diluted	($60,891)	($357,946)
Weighted-average number of common shares	1,091,994,365	486,012,523
Effect of share options	—	—
Weighted-average number of diluted shares	1,091,994,365	486,012,523
Basic loss per share	(0.06)	(0.74)
Diluted loss per share	(0.06)	(0.74)

22. Supplemental cash flow information

	December 31, 2023	December 31, 2022
Non-cash investing and financing activities:		
Depreciation capitalized in mineral properties, plant and equipment	$2,989	$3,925
Stock based compensation included in mineral properties	$166	$235
Borrowing costs capitalized in mineral properties, plant and equipment	$22,787	$13,193
KfW Tranche A-2 Loan repaid in common shares of the Company	$3,000	$—
Mineral properties, plant and equipment in accounts payable and accrued liabilities change	($6,924)	($24,311)
Mineral properties, plant and equipment in prepaid expenses change	($400)	$—
Asset retirement obligation change	$—	($806)
Share issue costs in prepaid change	$1,729	$—
Shares issued to settle legal fees	$200	$1,225
Shares issued to settle RSU and DSU liability	$586	$—
Shares issued to settle Pala guarantee fee and backstop committee fee	$—	$2,524

23. Financial Instruments

a) Fair value measurements

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

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

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

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

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

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

	December 31, 2023		December 31, 2022	
	Carrying value	**Fair value**	**Carrying value**	**Fair value**
Working Capital Facility (Note 6)	$8,624	$8,624	$20,687	$20,687
KfW IPEX-Bank Facility (Note 8a)	170,321	182,809	123,342	136,027
Pala Credit Facility (Note 8b)	5,796	5,796	79,832	84,929
Unsecured Loans (Note 7b)	42,910	45,203	—	—

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), commodity price risk, credit risk and liquidity risk.

c) Market risks

i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The KfW IPEX-Bank Facility (Note 8a), the Working Capital Facility (Note 6) and the Third A&R Pala Credit Facility (Note 8b) and the Unsecured Loans (Note 7b) currently provide for interest at a market rate plus a fixed margin. A 1% decrease or increase in market rates of interest would have an impact of $2,498 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, 2023, the Company held C$35 (2022 - C$23) in cash and cash equivalents in its parent entity with a functional currency of U.S. dollars. At December 31, 2023, the Company had C$449 (2022 - C$815) in accounts payable.

A +/- 10% change in the Canadian exchange rate would have had an immaterial impact for the year ended December 31, 2023.

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 per share amounts)

iv) 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 and US chartered banks. The Company's maximum exposure to credit risk is $1,304 as at December 31, 2023 (2022 - $18,886), being the carrying value of cash and cash equivalents, restricted cash and amounts receivable.

v) 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 undergoing a re-start of operations 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 fund the completion of the construction and commissioning of the Underground Mine.

As at December 31, 2023, the Company had the following consolidated contractual cash flow 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	$20,931	$20,931	$—	$—	$—
Construction contractual obligations	5,702	5,702	—	—	—
Working Capital Facility	8,624	8,624	—	—	—
KfW IPEX-Bank Facility	249,248	12,229	75,247	67,892	93,880
Equipment leases	9,119	7,195	1,924	—	—
Third A&R Pala Credit Facility	7,874	—	7,874	—	—
Pala Unsecured Loan	40,081	40,081	—	—	—
Mercuria Unsecured Loan	11,782	11,782	—	—	—
Asset retirement obligation	5,474	—	—	—	5,474
Total obligations	**$358,835**	**$106,544**	**$85,045**	**$67,892**	**$99,354**

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

24. 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, 2023, 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, 2023.

25. Subsequent events

Subsequent to December 31, 2023, the Company received $3,945 under the Third A&R Pala Credit Facility and $20,705 under the Unsecured Loan from Pala.