NEVADA COPPER

TEAMWORK. INNOVATION. EXECUTION.

Condensed Consolidated Interim Financial Statements
For the three months ended March 31, 2024 and March 31, 2023
(Unaudited)

NEVADA COPPER CORP.

Condensed Consolidated Interim Statements of Financial Position

(Unaudited and expressed in thousands of United States dollars)

	March 31, 2024	December 31, 2023
Assets		
Current assets		
Cash and cash equivalents	$287	$739
Accounts receivable	288	244
Prepaid expenses and advance royalty (Note 3)	8,290	8,179
Inventory (Note 4)	8,806	7,637
Total Current Assets	17,671	16,799
Restricted cash	380	380
Mineral properties, plant, and equipment (Note 5)	708,619	686,193
Total Assets	$726,670	$703,372
Liabilities and Shareholders' Equity		
Current liabilities		
Accounts payable and accrued liabilities	$28,092	$18,974
Related party payable (Note 10)	2,482	1,957
Share-based compensation liabilities (Note 11)	1,334	1,641
Warrant derivative (Note 12)	905	1,921
Current portion of stream and royalty deferral (Note 9)	7,580	11,580
Working Capital Facility (Note 6)	4,127	8,624
Short-term debt (Note 7)	66,013	42,910
Current portion of long-term debt (Note 8)	22,495	12,776
Total Current Liabilities	133,028	100,383
Share based compensation liabilities (Note 11)	187	357
Stream and royalty deferral (Note 9)	184,641	175,977
Long-term debt (Note 8)	169,882	172,549
Asset retirement obligation	5,331	5,474
Total Liabilities	493,069	454,740
Shareholders' Equity		
Share capital	830,954	830,954
Other equity reserve	36,514	35,550
Accumulated other comprehensive loss	(3,578)	(3,578)
Deficit	(630,289)	(614,294)
Total Shareholders' Equity	233,601	248,632
Total Liabilities and Shareholders' Equity	$726,670	$703,372

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

Subsequent Events (Note 19)

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

Approved by the Board of Directors on May 8, 2024

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

NEVADA COPPER CORP.

Condensed Consolidated Interim Statements of Operations and Comprehensive Loss

(Unaudited and expressed in thousands of United States dollars, except per share amounts)

Three months ended March 31, 2024 and March 31, 2023

	March 31, 2024	March 31, 2023
Revenue (Note 13)	$3,554	$—
Cost of Sales		
Production cost (Note 14)	3,858	—
Net realizable value adjustment (Note 4)	12,969	562
Depreciation	781	—
Transportation	444	—
Royalty	167	—
Total cost of sales	18,219	562
Gross loss	(14,665)	(562)
Operating Expenses		
Care and maintenance and restart expense (Note 15)	—	9,789
General and administrative expense	2,297	1,783
Share-based compensation (Note 11)	(149)	2,102
Loss from operations	(16,813)	(14,236)
Interest income	—	53
Interest and finance expense (Note 16)	—	(12,253)
Derivative fair value gain (loss) (Note 12)	1,016	(9,449)
Debt modification (loss) gain (Note 7)	(303)	487
Other income	130	—
Foreign exchange loss	(25)	(2)
	818	(21,164)
Loss and comprehensive loss	**($15,995)**	**($35,400)**
Loss per share		
Basic and diluted	($0.01)	($0.05)
Weighted average number of common shares outstanding		
Basic and diluted	1,429,567,214	723,508,700

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

NEVADA COPPER CORP.

Condensed Consolidated Interim Statements of Changes in Equity
(Unaudited and expressed in thousands of United States dollars, except per share amounts)
Three months ended March 31, 2024 and March 31, 2023

	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**
Share-based compensation	—	—	52	—	—	52
Comprehensive loss	—	—	—	—	(35,400)	(35,400)
Balance at March 31, 2023	**723,508,700**	**$717,971**	**$32,196**	**($3,578)**	**($588,803)**	**$157,786**

	Share Capital					
	Number of Shares	**Amount**	**Other Equity Reserve**	**Accumulated Other Comprehensive Loss**	**Deficit**	**Total**
Balance at December 31, 2023	**1,429,567,214**	**$830,954**	**$35,550**	**($3,578)**	**($614,294)**	**$248,632**
Warrants issued (Note 8(b))	—	—	773	—	—	773
Share-based compensation	—	—	191	—	—	191
Comprehensive loss	—	—	—	—	(15,995)	(15,995)
Balance at March 31, 2024	**1,429,567,214**	**$830,954**	**$36,514**	**($3,578)**	**($630,289)**	**$233,601**

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

NEVADA COPPER CORP.

Condensed Consolidated Interim Statements of Cash Flows
(Unaudited and expressed in thousands of United States dollars)
Three months ended March 31, 2024 and March 31, 2023

	March 31, 2024	March 31, 2023
Cash flows used in operating activities		
Loss and comprehensive loss	($15,995)	($35,400)
Adjustments and items not affecting cash:		
Derivative fair value (gain) loss (Note 12)	(1,016)	9,449
Depreciation	781	658
Debt modification loss (gain) (Note 7)	303	(487)
Interest and finance expenses	—	11,366
Share-based compensation	(149)	2,102
	(16,076)	(12,312)
Changes in non-cash working capital items:		
Amounts receivable	(44)	(90)
Inventories	(944)	—
Prepaid expenses	(112)	(157)
Accounts payable and accrued liabilities	3,812	1,184
Cash used in operating activities	(13,364)	(11,375)
Cash flows used in investing activities		
Mineral property development cost, plant and equipment	(4,877)	(13,973)
Cash used in investing activities	(4,877)	(13,973)
Cash flows from financing activities		
Costs incurred in relation to financing	(150)	—
Proceeds from the Unsecured Loan	24,650	—
Proceeds from KfW Tranche A-2 Loan (Note 8)	285	15,000
Proceeds from Working Capital Facility (Note 6)	3,032	—
Repayment of Working Capital Facility (Note 6)	(5,188)	—
Lease payments (Note 8)	(2,314)	(1,220)
Interest paid (Note 6)	(2,430)	—
Withholding tax on interest paid	(96)	—
Cash provided by financing activities	17,789	13,780
Decrease in cash and cash equivalents	(452)	(11,568)
Cash and cash equivalents, beginning of period	739	18,506
Cash and cash equivalents, end of period	$287	$6,938

Supplemental cash flow disclosures (Note 17)
The accompanying Notes are an integral part of these condensed consolidated interim financial statements.

1. General Information, Nature of Operations and Going Concern

Nevada Copper Corp. is the parent company of its consolidated group (the "Company" or "Nevada Copper"). The Company was incorporated on June 16, 1999 under the Business Corporations Act (Yukon) and was continued into British Columbia under the Business Corporations Act (British Columbia) on November 16, 2006. Nevada Copper is incorporated and domiciled in Canada, and its registered office is at Suite 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 condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS") and International Accounting Standard 34 – Interim Financial Reporting applicable to a going concern entity.

At March 31, 2024, the Company had a working capital deficiency (current assets less current liabilities) of $115,357 (December 31, 2023 - $83,584) and cash and cash equivalents of $287 (December 31, 2023 - $739). For the three months ended March 31, 2024, the Company recorded a net loss of $15,995 (March 31, 2023 - $35,400), cash used in operating activities was $13,364 (March 31, 2023 – $11,375), and cash used in investing activities was $4,877 (March 31, 2023 - $13,973).

The Company currently has limited financial resources and the aggregate amount of capital and operating costs (net of cash inflows from the 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 18 for the contractual obligations of the Company. 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.

The Company previously entered into an exclusivity agreement with a third party regarding a proposal for additional financing and a potential change of control transaction. While the exclusivity period relating thereto has lapsed, discussions are continuing. The Company is also in discussions with its key stakeholders and other parties in order to obtain funding and/or enter into a change of control transaction. There can be no assurance that any such discussions will progress or that any funding or transaction will be obtained or entered into.

During the quarter ended March 31, 2024 and subsequent to March 31, 2024, Pala Investments Limited ("Pala") and other existing stakeholders have been providing limited interim funding to the Company. Refer note 7(a) for the amounts funded during the quarter ended March 31, 2024 and refer to note 19 for the amounts funded subsequent to March 31, 2024. These stakeholders are under no obligation to provide additional funding. Also subsequent to March 31, 2024, as a result of the Company's liquidity situation, it has breached certain covenants in various agreements with lenders, contractors, and suppliers (Refer to Note 19). The Company is working with these parties and its potential funding sources to address these matters. However, there is no assurance as to if and when the Company will be able to resolve them and in the absence of resolution and subject to any applicable cure period, such breaches would give lenders rights to issue demand notices for repayment and/or other remedies in connection with the loans. In the absence of securing sufficient funding from existing stakeholders and/

or third parties in the near term, the Company will not be able to continue carrying on business and may need to take steps to seek creditor protection.

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, securing further funding, and remediation of covenants breached in its various agreements with lenders, contractors, and suppliers. 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 gives 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 condensed consolidated interim financial statements, then adjustments would be necessary to the carrying values of assets and liabilities and these adjustments could be material.

2. Material Accounting Policies

a) Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance and in compliance with IFRS applicable to the preparation of interim financial statements, including International Accounting Standard 34, Interim Financial Reporting and do not include all the information required for full financial statements. Accordingly, these condensed interim consolidated financial statements should be read in conjunction with the Company’s audited consolidated financial statements for the year ended December 31, 2023.

The accounting policies applied in these condensed consolidated interim financial statements are consistent with those applied in the consolidated financial statements for the year ended December 31, 2023.

These condensed consolidated interim financial statements were approved for issue by the board of directors of the Company on May 8, 2024.

b) Basis of consolidation

These condensed consolidated interim 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.

(Unaudited and expressed in thousands of United States dollars, except per share amounts)

c) Use of judgments and estimates

The preparation of condensed consolidated interim financial statements in conformity with IFRS requires management to make estimates, assumptions, and judgments 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 significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated audited financial statements for the year ended December 31, 2023.

d) Adoption of new accounting standards

Amendments to IAS 1 - Presentation of Financial Statements

On January 1, 2024, the Company adopted amendments made to International Accounting Standard 1 - Presentation of Financial Statements ("IAS 1"). The amendment required the Company complying with covenants within the twelve months after the reporting period, to disclose information in the notes that enable users of the financial statements to understand the risk that the liabilities could become repayable within twelve months after the reporting period. Accordingly, appropriate disclosures are included in these condensed consolidated interim financial statements. Refer to note 8(a).

3. Prepaid expenses and advance royalty

	March 31, 2024	December 31, 2023
Advance royalty	$5977	$5961
Other prepayments and vendor deposits	2,313	2,218
Total	**$8,290**	**$8,179**

4. Inventory

	March 31, 2024	December 31, 2023
Ore stockpile	$398	$407
Copper concentrate	1,020	404
Materials and supplies	7,388	6,826
Total	**$8,806**	**$7,637**

During the three months ended March 31, 2024, the Company recognized a net realizable value adjustment of $12,969 (March 31, 2023 - $562) in relation to ore stockpile and copper concentrate. The net realizable value adjustment resulted from higher production costs in the pre-commercial production period.

(Unaudited and 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	Total
Cost:				
Balances, December 31, 2023	**$973,039**	**$4,408**	**$36,688**	**$1,014,135**
Additions	23,727	—	—	23,727
As at March 31, 2024	**$996,766**	**$4,408**	**$36,688**	**$1,037,862**
Accumulated depreciation and impairment:				
As at December 31, 2023	**$298,865**	**$1,632**	**$27,445**	**$327,942**
Depreciation	—	59	1,242	1,301
As at March 31, 2024	**$298,865**	**$1,691**	**$28,687**	**$329,243**
Net Book Value				
As at December 31, 2023	**$674,174**	**$2,776**	**$9,243**	**$686,193**
As at March 31, 2024	**$697,901**	**$2,717**	**$8,001**	**$708,619**

Additions to mineral properties development costs during the three months ended March 31, 2024, included borrowing costs of $13,895 and depreciation of plant and equipment of $520.

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 March 31, 2024, 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.

6. Working Capital Facility

Balance at December 31, 2023	**$8,624**
Advances	3,032
Interest accrual	239
Repayments	(7,768)
Balance at March 31, 2024	**$4,127**

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.

(Unaudited and expressed in thousands of United States dollars, except per share amounts)

During the three months ended March 31, 2024, the Company made repayments of $7,768, of which $2,821 was in concentrate deliveries and $4,947 was settled in cash. As at March 31, 2024, the Company was in compliance with the covenants under the Working Capital Facility. Also refer to note 19 for covenant compliance subsequent to March 31, 2024.

7. Short-term debt

	March 31, 2024	December 31, 2023
Unsecured Loans (a)	$66,013	$42,910
Total short-term debt	**$66,013**	**$42,910**

a) Unsecured Loans

		Pala		Mercuria
Balance at December 31, 2023	$	32,958	$	9,952
Additional Advance received, recognized at fair value	$	23,877	$	—
Interest accrued	$	2,479	$	438
Conversion of Unsecured Loan to Pala Credit Facility	$	(3,994)	$	—
Loss on conversion	$	303	$	—
Balance at March 31, 2024	$	55,623	$	10,390

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 the outstanding amount of $29,545 (including interest accrued of $545) and $10,268 (including interest accrued of $268) payable to Pala and Mercuria, respectively, pursuant to prior funding commitments. The loans will mature on December 21, 2024 and 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 first $15,000 and $10,000 received from Pala and Mercuria, respectively and 10% for the additional advances received from Pala. Also, a 5% disbursement fee is payable on the additional advances from Pala, 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 (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 is subject to the Company obtaining shareholder approval, which it will seek to obtain at its next annual meeting of shareholders.

(Unaudited and expressed in thousands of United States dollars, except per share amounts)

During the period ended March 31, 2024, the Company received additional advances of $24,650. The Company is in the process of issuing warrants, with the same terms as the Pala Unsecured Loan Warrants, to Pala in relation to the additional advances received during the period. These advances are recognized at fair value of $23,877 and the residual value of $773 was allocated to the warrants required to be issued by the Company and recognized in Other Equity Reserve. Also an amount of $3,994 payable to Pala under the Unsecured Loan was reclassified to the Pala credit facility, which resulted in a debt modification loss of $303.

The fair value of debt was determined using the risk free rate of 4.9%, credit spread of 9.06% and collateral spread of 4%.

As at March 31, 2024, the Company is in compliance with the financial and non-financial affirmative and restrictive covenants under the Unsecured Loans. Also refer to note 19 for covenant compliance subsequent to March 31, 2024.

8. Long-term debt

	March 31, 2024	December 31, 2023
Current portion of long-term debt:		
KfW IPEX-Bank Facility (a)	$16,991	$5,991
Lease liabilities (c)	$5,503	$6,785
Total current portion of long-term debt	**$22,494**	**$12,776**
KfW IPEX-Bank Facility (a)	$158,263	$164,330
Pala Credit Facility (b)	$10,073	$5,796
Lease liabilities (c)	$1,546	$2,423
Total long-term debt	**$169,882**	**$172,549**

a) KfW IPEX Bank Facility

	KfW Tranche A Loan	KfW Tranche B Loan	KfW Tranche A-2 Loan	Total
Balance at December 31, 2023	**$119,581**	**$16,872**	**$33,868**	**$170,321**
Drawdown	—	—	285	285
Interest and accretion expense	3,012	691	945	4,648
Balance at March 31, 2024	**$122,593**	**$17,563**	**$35,098**	**$175,254**

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

	March 31, 2024	December 31, 2023
Current portion	$16,991	$5,991
Long-term debt	$158,263	$164,330

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 and $15,000 (the "KfW Tranche B Loan") in December 2020. During the year ended December 31, 2023, the KfW IPEX-Bank Facility by

(Unaudited and expressed in thousands of United States dollars, except per share amounts)

$35,000 (the "KfW Tranche A-2 Loan") was expanded based on a commitment from Pala, Triple Flag and Mercuria on a pro-rata basis.

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. 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. As at March 31, 2024, the Company drew down $661 ($285 during the quarter ended March 31, 2024) from the refreshed draw room available under the KfW Tranche A-2 Loan.

The KfW IPEX-Bank Facility contains certain financial and non-financial affirmative and restrictive covenants. As at March 31, 2024, the Company is in compliance with the covenants. Also, as a result of delays in the ramp-up of the Underground Mine, the Company has not yet achieved project completion as defined in the KFW IPEX-Bank Facility. The Company intends to discuss with KfW an extension of the project completion date which is currently June 30, 2024. There can be no assurance that the extension of the project completion date will be agreed upon by KfW. Also refer to note 19 for covenant compliance subsequent to March 31, 2024.

b) Pala Credit Facility

Balance at December 31, 2023	**$5,796**
Interest and accretion expense - Third A&R Pala Credit Facility	283
Conversion of Pala Unsecured Loan	3,994
Balance at March 31, 2024	**$10,073**

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

	March 31, 2024	**December 31, 2023**
Current portion	$—	$—
Long-term debt	$10,073	$5,796

The Company entered into a credit facility with Pala (as amended and restated on December 21, 2023 (the “Third A&R Pala Credit Facility”), which has a principal amount of $10,000, including $3,994 outstanding under the Pala Unsecured Loan added to the Third A&R Pala Credit Facility during the quarter, and unpaid accrued interest of $326. The Third A&R Pala Credit Facility will mature on January 31, 2026 and carries interest at adjusted Term SOFR plus 9% per annum. Adjusted term SOFR equals SOFR plus 0.15%.

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 is subject to the Company obtaining shareholder approval, which it will seek to obtain at its next annual meeting of shareholders.

(Unaudited and expressed in thousands of United States dollars, except per share amounts)

As at March 31, 2024, the Company is in compliance with the financial and non-financial affirmative and restrictive covenants under the Third A&R Pala Credit Facility. Also refer to note 19 for covenant compliance subsequent to March 31, 2024.

c) Lease liabilities

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

Opening balance	**$9,208**
Accretion	155
Lease payments	(2,314)
Closing balance	**$7,049**
Current portion	5,503
Long-term portion	1,546

The undiscounted minimum lease payments in respect of the above lease liabilities are expected to be $5,805 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. The lease payment due after March 31, 2024, to Caterpillar Financial SARL ("CAT") remained unpaid and is past due. The Company is in discussions with CAT for the rescheduling of payments.

9. Stream and royalty deferral

	Stream deferral	Royalty deferral
Balance at December 31, 2023	**$130,496**	**$57,061**
Accretion	2,946	1,718
Balance at March 31, 2024	**$133,442**	**$58,779**

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

	March 31, 2024	December 31, 2023
Stream deferral		
Current portion	$ 7,580	$ 11,580
Long-term portion	125,862	118,916
Royalty deferral		
Current portion	$ —	$ —
Long-term portion	58,779	57,061

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 March 31, 2024, the Company is in compliance with the covenants under the Stream Agreement. Also refer to note 19 for covenant compliance subsequent to March 31, 2024.

10. Related party payable and transactions

Pala is a related party to the Company because of its significant shareholding (61.7% as at March 31, 2024) in the Company. Additionally, as at March 31, 2024, two of the nine directors of the Company were Pala executives.

During the three months ended March 31, 2024, the Company entered into the following transactions with Pala:

- Refer to note 7(a) for transactions and outstanding balance related to the Unsecured Loan from Pala.
- Refer to note 8(b) for transactions and outstanding balance related to the Third A&R Pala Credit Facility.
- The Company recognized an expense of $365 (2023 - $324) for guarantee fees in relation to KfW Tranche B Loan.

As of March 31, 2024, the Company owed Pala $1,959 (December 31, 2023 - $1,595) for fees accrued in connection with the guarantee provided by Pala for the KfW IPEX- Bank Facility.

Mercuria is a related party to the Company because of its significant shareholding (17.24% as at March 31, 2024) in the Company. Also, a Mercuria executive is a director of the Company.

During the three months ended March 31, 2024, the following transactions were entered with Mercuria:

- Refer to note 7(a) for transactions and outstanding balance related to the Unsecured Loan from Mercuria.

As of March 31, 2024, the Company owed its Directors $522 (2023 - nil) for accrued Directors fees.

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

(Unaudited and expressed in thousands of United States dollars, except per share amounts)

11. Share-based Compensation

a) Share Purchase Options

	Number of Options	Weighted average exercise price (CAD)
Outstanding December 31, 2023	**9,802,565**	**0.80**
Granted	85,881	0.20
Expired	(744,703)	4.40
Outstanding March 31, 2024	**9,143,743**	**0.50**
Exercisable March 31, 2024	**4,347,579**	**0.78**

As at March 31, 2024, there were 91,081,144 share purchase options available for issuance under the Company's Stock Option Plan.

During the three months ended March 31, 2024, $102 (2022 - $53) in share-based compensation was recorded related to share purchase options of which nil (2022 - $25) was capitalized to development costs.

The following table summarizes the share purchase options outstanding and exercisable as at March 31, 2024:

Exercise price (in CAD)	Outstanding		Exercisable	
	Number outstanding	Weighted average remaining life (years)	Number outstanding	Weighted average remaining life (years)
$0.20 - $0.95	7,656,873	3.80	2,860,709	3.67
$1.60-$4.40	1,486,870	1.03	1,486,870	1.03
	9,143,743	3.35	4,347,579	2.77

b) Deferred share units (“DSUs”)

	Number of DSUs
Outstanding December 31, 2023	**12,505,160**
Granted	–
Outstanding March 31, 2024	**12,505,160**

At March 31, 2024, the DSU payable amount was $922 compared to $1,230 on December 31, 2023. During the three months ended March 31, 2024, share-based compensation gain of $306 (March 31, 2023 - share-based compensation gain of $510) as a result of the fair value adjustment of outstanding DSUs in the consolidated statement of operations and comprehensive loss.

(Unaudited and expressed in thousands of United States dollars, except per share amounts)

c) Performance and Restricted Share Units

	Cash settled PSU's (Note i)	Omnibus Plan PSU's (Note ii)
Outstanding December 31, 2023	**980,218**	**2,865,184**
Forfeited	(531,635)	—
Outstanding March 31, 2024	**448,583**	**2,865,184**

	Cash settled RSU's (Note i)	Equity settled RSU's (Note iii)	Omnibus Plan RSU's (Note ii)
Outstanding December 31, 2023	**4,845,026**	**14,393,962**	**11,519,977**
Granted	—	—	182,182
Settled	(3,136,877)	—	—
Forfeited	—	(846,704)	(753,110)
Outstanding March 31, 2024	**1,708,149**	**13,547,258**	**10,949,049**

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 - Equity settled RSUs were granted in October 2022 and are settled in common shares.

At March 31, 2024, the settlement amount related to cash settled RSUs and the Omnibus Plan RSUs was $599 compared to $768 on December 31, 2023.

During the three months ended March 31, 2024, the Company recognized a share-based compensation expense of $55 (2023 - share-based compensation expense of $1,539) in relation to RSUs, of which $55 (2023 - $1,392) was recognized in the statement of operations and comprehensive loss.

12. Warrant derivative

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

	Total
Balance at December 31, 2023	**$1,921**
Fair value adjustment	(1,016)
Balance at March 31, 2024	**$905**

The table below summarizes the activities related to warrants:

	Number of Warrants	Weighted average exercise price [CAD]
Balance at December 31, 2023	**647,167,911**	**0.21**
Issued	—	—
Balance at March 31, 2024	**647,167,911**	**0.21**

(Unaudited and expressed in thousands of United States dollars, except per share amounts)

Summary of outstanding warrants as at March 31, 2024:

	March 31, 2024	
	Number of outstanding warrants	**Exercise price [CAD]**
Triple Flag 2020 Warrants	1,500,000	2.25
Pala 2021 Credit Facility Warrants	15,000,000	0.86
Mercuria 2022 Warrants	101,871,235	0.26
2023 Unit Offering Warrants	98,019,200	0.34
Pala 2023 Credit Facility Warrants	55,610,514	0.14
Pala 2023 Unsecured Loan Warrants	280,044,832	0.14
Mercuria 2023 Unsecured Loan Warrants	95,122,130	0.14
	647,167,911	**0.21**

The Company is in the process of issuing warrants, with the same terms as the Pala Unsecured Loan Warrants, to Pala in relation to the additional advances received during the period.

13. Revenue

	March 31, 2024	March 31, 2023
Metal contained in concentrate	$3,710	$—
Less: Treatment and refining cost	(226)	—
Revenue from contract with customers	3,484	—
Gain (loss) on trade receivables at fair value	70	—
Total	**$3,554**	**$—**

Revenue during the three March 31, 2024 and March 31, 2023 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.

14. Production cost

	March 31, 2024	March 31, 2023
Salaries and wages	$7,104	$274
Consumables	4,075	91
Contractor services and site costs	6,254	196
(Increase) in Inventory (Refer Note 4)	(13,575)	(561)
Total production costs	**$3,858**	**$—**

(Unaudited and expressed in thousands of United States dollars, except per share amounts)

15. Care and maintenance and restart expense

During the quarter ended March 31, 2023, mining and milling operations at the Underground Mine were suspended. Care and maintenance and restart expenditures incurred and expensed during the suspension period included:

	March 31, 2024	**March 31, 2023**
Salaries and wages	$—	$4,906
Contractor services	—	2,869
Consumables	—	1,202
Legal costs	—	155
Depreciation	—	657
Total	**$—**	**$9,789**

16. Interest and finance expense

Interest and finance expense during the year included:

	March 31, 2024	**March 31, 2023**
KFW IPEX Bank Facility	$4,648	$3,079
Working Capital Facility	239	900
Pala Credit Facility	283	2,905
Pala Unsecured Loan	2,479	—
Mercuria Unsecured Loan	438	—
Stream and royalty deferral accretion	4,664	4,181
Lease liabilities	155	248
Pala guarantee fee and other interests	989	940
Total interest and finance expense	**$13,895**	**$12,253**
Borrowing costs capitalized	**($13,895)**	**$—**
Total - net of borrowing costs capitalized	**$—**	**$12,253**

17. Supplemental cash flow information

	March 31, 2024	**March 31, 2023**
Non-cash investing and financing activities:		
Depreciation capitalized in mineral properties development costs	$520	$657
Borrowing costs capitalized in mineral properties development costs	$13,895	$—
Mineral properties, plant, and equipment in accounts payable and accrued liabilities change	$4,858	($3,984)
Mineral properties, plant, and equipment in prepaid expenses change	$—	($3,055)
Asset retirement obligation change	($197)	$—

(Unaudited and expressed in thousands of United States dollars, except per share amounts)

18. Financial Instruments

a) Fair value measurements

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

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

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

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

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

	March 31, 2024		**December 31, 2023**	
	Carrying value	**Fair value**	**Carrying value**	**Fair value**
Working Capital Facility (Note 6)	$4,127	$4,127	$8,624	$8,624
KfW IPEX-Bank Facility (Note 8a)	175,254	187,487	170,321	182,809
Pala Credit Facility (Note 8b)	10,073	10,158	5,796	5,796
Unsecured Loans (Note 7a)	66,013	69,345	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 7a) 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 $68 on the Company's interest expense.

ii) Foreign currency risk

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

At March 31, 2024, the Company held C$4 (2023 - C$35) in cash and cash equivalents in its parent entity with a functional currency of U.S. dollars. At March 31, 2024, the Company had C$1,023 (2023 - C$449) in accounts payable.

A +/- 10% change in the Canadian exchange rate would have had an immaterial impact for the three months ended March 31, 2024.

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.

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 $913 as at March 31, 2024 (2023 - $1,304), 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.

(Unaudited and expressed in thousands of United States dollars, except per share amounts)

As at March 31, 2024, 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	$30,571	$30,571	$—	$—	$—
Construction contractual obligations	5,702	5,702	—	—	—
Working Capital Facility	4,127	4,127	—	—	—
KfW IPEX-Bank Facility	247,318	23,741	80,499	143,078	—
Equipment leases	7,122	5,805	1,317	—	—
Third A&R Pala Credit Facility	13,021	—	13,021	—	—
Pala Unsecured Loan	65,002	65,002	—	—	—
Mercuria Unsecured Loan	11,779	11,779	—	—	—
Asset retirement obligation	5,331	—	—	—	5,331
Total obligations	**$389,973**	**$146,727**	**$94,837**	**$143,078**	**$5,331**

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

19. Subsequent events

Subsequent to March 31, 2024, the Company received funding of $4,355 and $3,955 from Pala and Triple Flag, respectively, to allow the Company to continue to pursue the financing discussions.

Subsequent to March 31, 2024, as a result of the Company’s liquidity situation, it has breached certain non-financial covenants in the KfW IPEX-Bank Facility, the Third A&R Pala Credit Facility, the Unsecured Loans, and in various agreements with contractors and suppliers. The Company is working with these parties and its potential funding sources to address these matters. However, there is no assurance as to if and when the Company will be able to resolve them and in the absence of resolution and subject to any applicable cure period, such breaches would give lenders rights to issue demand notices for repayment and/or other remedies in connection with the above referenced loans, and potentially, the Working Capital Facility and the Stream Agreement.