



TEAMWORK. INNOVATION. EXECUTION.

Condensed Consolidated Interim Financial Statements
For the three months ended March 31, 2022, and 2021
(Unaudited)

NEVADA COPPER CORP.

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

	March 31, 2022	December 31, 2021 (Restated - note 2)	January 1, 2021 (Restated - note 2)
Assets			
Current assets			
Cash and cash equivalents	\$12,325	\$51,616	\$21,839
Accounts receivable	36	72	88
Prepaid expenses	1,113	58	88
Materials and supplies inventory	574	3,713	—
Total Current Assets	14,048	55,459	22,015
Restricted cash	379	379	7,073
Mineral properties, plant and equipment (Note 3)	891,592	858,785	733,760
Total Assets	\$906,019	\$914,623	\$762,848
Liabilities and Shareholders' Equity			
Current liabilities			
Accounts payable and accrued liabilities	\$50,256	\$45,650	\$45,211
Related party payable (Note 7)	619	38	2,837
Share-based compensation liabilities	1,955	1,817	581
Warrant derivative (Note 9)	18,823	23,374	12,477
Current portion of stream and royalty deferral (Note 6)	11,179	6,138	15,487
Working Capital Facility (Note 4)	18,705	20,095	32,880
Current portion of long-term debt (Note 5)	8,003	8,307	30,745
Total Current Liabilities	109,540	105,419	140,218
Long-term payable (Note 5)	975	975	—
Settlement payable - long-term (Note 6)	—	—	8,029
Share based compensation liabilities - long-term portion	45	191	895
Stream and royalty deferral (Note 6)	119,595	122,243	102,168
Long-term debt (Note 5)	164,809	165,269	139,527
Asset retirement obligation	5,415	5,971	6,219
Total Liabilities	400,379	400,068	397,056
SHAREHOLDERS' EQUITY			
Share capital	681,479	681,690	505,370
Other equity reserve	32,021	31,900	31,582
Accumulated other comprehensive loss	(3,578)	(3,578)	(3,578)
Deficit	(204,282)	(195,457)	(167,582)
Total Shareholders' Equity	505,640	514,555	365,792
Total Liabilities and Shareholders' Equity	\$906,019	\$914,623	\$762,848

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

Commitments and Contractual Obligations (Note 10)

Subsequent Events (Notes 4 and 5)

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

Approved by the Audit Committee on May 12, 2022

(Signed) "Ernest Nutter", Director

(Signed) "Lucio Genovese", Director

NEVADA COPPER CORP.

Condensed Consolidated Interim Statements of Operations and Comprehensive Loss

(Expressed in thousands of United States dollars) (Unaudited)

Three months ended March 31, 2022 and March 31, 2021

	March 31, 2022	March 31, 2021 (Restated -note 2)
Revenue (note 11)	\$5,092	\$4,385
Cost of Sales (note 12)		
Production costs	15,543	9,762
Transportation	987	564
Royalty and stream	155	758
Total cost of sales	16,685	11,084
Gross loss	(11,593)	(6,699)
Operating Expenses		
General and administrative expenses	1,236	1,193
Share-based compensation	88	1,405
Loss on fixed asset disposal	280	—
Loss from operations	(13,197)	(9,297)
Interest income	—	11
Interest and finance expenses	(3)	(5)
Derivative fair value gain (loss) (note 9)	4,551	(1,145)
Foreign exchange loss	(176)	(159)
Loss and comprehensive loss	(\$8,825)	(\$10,595)
Loss per share		
Basic and diluted	(\$0.02)	(\$0.06)
Weighted average number of common shares outstanding		
Basic and diluted	448,452,759	174,994,077

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

NEVADA COPPER CORP.

Condensed Consolidated Interim Statements of Changes in Equity

(Expressed in thousands of United States dollars) (Unaudited)

Three months ended March 31, 2022 and March 31, 2021

	Share Capital		Other Equity Reserve	Accumulated Other Comprehensive Loss	Deficit	Total
	Number of Shares	Amount				
Balances, December 31, 2020 (Restated Note 2)	148,826,299	\$505,370	\$31,581	(\$3,578)	(\$167,582)	\$365,791
Shares issued	33,672,299	37,852	—	—	—	37,852
Shares issuance costs	—	(2,266)	—	—	—	(2,266)
Comprehensive loss	—	—	—	—	(10,595)	(10,595)
Balances, March 31, 2021	182,498,598	\$540,956	\$31,581	(\$3,578)	(\$178,177)	\$390,782

	Share Capital		Other Equity Reserve	Accumulated Other Comprehensive Loss	Deficit	Total
	Number of Shares	Amount				
Balances, December 31, 2021 (Restated Note 2)	448,437,559	\$681,690	\$31,900	(\$3,578)	(\$195,457)	\$514,555
Shares issued	15,200	23	—	—	—	23
Shares issuance costs	—	(234)	—	—	—	(234)
Share-based compensation	—	—	121	—	—	121
Comprehensive loss	—	—	—	—	(8,825)	(8,825)
Balances, March 31, 2022	448,452,759	\$681,479	\$32,021	(\$3,578)	(\$204,282)	\$505,640

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

NEVADA COPPER CORP.

Condensed Consolidated Interim Statements of Cash Flows
(Expressed in thousands of United States dollars) (Unaudited)
Three months ended March 31, 2022 and March 31, 2021

	March 31, 2022	March 31, 2021 (Restated -note 2)
Cash flows used in operating activities		
Loss and comprehensive loss	(\$8,825)	(\$10,595)
Adjustments for items not affecting cash:		—
Derivatives fair value change (note 9)	(4,551)	1,145
Stock-based compensation	88	1,405
Unrealized foreign exchange loss (gain)	(73)	—
Interest income	—	(11)
	(13,361)	(8,056)
Changes in non-cash working capital items:		
Amounts receivable	36	(74)
Prepaid expenses	(1,054)	2
Accounts payable and accrued liabilities	(1,229)	(338)
Net cash used in operating activities	(15,608)	(8,466)
Cash flows used in investing activities		
Interest received	—	11
Stream payments (note 6)	(462)	(206)
Cash moved (to)/from restricted cash, net	—	(1,618)
Development costs	(22,048)	(25,721)
Net cash used in investing activities	(22,510)	(27,534)
Cash flows from financing activities		
Common shares issued	23	29,554
Share issuance cost	(234)	(2,266)
Repayment of Promissory Notes	—	(15,747)
Proceeds from Working Capital Facility (note 4)	13,449	23,123
Repayment of Working Capital Facility (note 4)	(10,430)	(23,060)
Proceeds from 2021 Credit Facility (note 5)	—	15,000
Lease payments	(2,080)	(1,686)
Interest paid	(1,974)	(1,114)
Net cash (used in) provided by financing activities	(1,246)	23,804
Effect of exchange rate changes on cash and equivalents	73	—
Decrease in cash and cash equivalents	(39,291)	(12,196)
Cash and cash equivalents, beginning of period	51,616	21,839
Cash and cash equivalents, end of period	\$12,325	\$9,643

Supplemental cash flow disclosures (Note 13)

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

Nevada Copper Corp.

Notes to Condensed Consolidated Interim Financial Statements

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

For the three months ended March 31, 2022 and March 31, 2021

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

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

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

At March 31, 2022, the Company had a working capital deficiency (current assets less current liabilities) of \$95,492 (2021 - \$49,960). For the three months ended March 31, 2022, the Company recorded a net loss of \$8,825 (three months ended March 31, 2021 loss - \$10,595) and the cash used in operating activities was \$15,608 (2021 – \$8,466). As at March 31, 2022, capital commitments due in the next twelve months are \$5,802.

Increased costs during the ramp-up period in light of geotechnical changes, as well as unexpected issues and delays encountered at the Underground Project during the quarter and the potential for additional unforeseen issues and delays give rise to material uncertainties that may cast significant doubt on the Company’s ability to continue as a going concern. Due to delays in the ramp-up process and operational issues, the Company will need to obtain additional funding to complete the ramp-up of the Underground Project. The ability of the Company to continue as a going concern, to realise the carrying value of its assets, and to discharge its liabilities when due, are dependent on, amongst other things, results from operations, the ability to complete the ramp-up process at the Underground Mine in accordance with the Company’s timing and cost expectations, an increase in concentrate production and sales, favourable copper market conditions and the ability to obtain additional required financing. There can be no assurance that these requirements will be achieved. In addition, there can be no assurance that the actual costs to complete the ramp-up will not be greater than expected by the Company or that further significant ramp-up delays will not occur. If the above requirements are not achieved or other material adverse events or delays occur then, in the absence of sufficient financing being arranged, the Company may not be able to continue operations. This may result in, among other things, its secured lenders becoming able to enforce on their security over the Company’s assets.

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

2. Significant Accounting Policies:

a) Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance and in compliance with International Financial Reporting Standards as issued by the International Accounting Standards Board (“IFRS”) applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting and do not include all the information required for full financial statements. Accordingly, these condensed interim consolidated financial statements should be read in conjunction with the Company’s audited consolidated financial statements for the year ending December 31, 2021.

These condensed consolidated interim financial statements were approved for issue by the Board of Directors on May 12, 2022.

Nevada Copper Corp.

Notes to Condensed Consolidated Interim Financial Statements

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

For the three months ended March 31, 2022 and March 31, 2021

b) Prior period comparatives - share consolidation

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

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 recognised in the period in which the estimates are revised and in any future periods affected.

The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated audited financial statements for the year ended December 31, 2021.

d) Adoption of New Accounting Policies and Restatement

Amendments to International Accounting Standards ("IAS") 16, Property, Plant & Equipment, Proceeds Before Intended Use

During the first quarter of 2022, the Company adopted Amendments to International Accounting Standards ("IAS") 16, Property, Plant & Equipment, Proceeds Before Intended Use. The Company adopted the accounting policy retrospectively. The amended standard prohibits the Company from deducting any proceeds from selling items produced from the cost of building an item of mineral interest, plant, and equipment, while bringing that asset to be capable of operating in the manner intended by management. With the adoption of the amended standard, revenue from sales of copper recovered, and related costs while bringing a mine into a condition necessary for it to be capable of operating in the manner intended by management are recognized in profit or loss in accordance with applicable standards.

The entity measures the cost of those items applying the measurement requirements of IAS 2. There is an impact of this adoption on the comparative numbers presented for 2021. Previously, in the first quarter of 2021, proceeds from the sale of copper concentrate and related costs from the Project that was in development was netted against mineral interest, plant, and equipment. Accordingly, numbers as at January 1, 2021, are restated as follows:

	Amount previously disclosed as at January 1, 2021	Impact of adoption of IAS 16 Amendment	Restated balance as at January 1, 2021, following the adoption of IAS 16
Mineral, Property Plant and Equipment	738,761	(5,001)	733,760
Deficit	(162,581)	(5,001)	(167,582)
Shareholder's Equity	370,793	(5,001)	365,792

Nevada Copper Corp.

Notes to Condensed Consolidated Interim Financial Statements

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

For the three months ended March 31, 2022 and March 31, 2021

Numbers for the three months ended March 31, 2021, are restated as follows:

	Amount previously disclosed for the three months ended March 31, 2021	Impact of adoption of IAS 16 Amendment	Restated balance for the three months ended March 31, 2021, following the adoption of IAS 16
Revenue	\$—	\$4,385	\$4,385
Cost of Sales	\$—	\$11,084	\$11,084
Mineral, Property Plant and Equipment	\$777,593	(\$11,699)	\$765,894
Deficit	(\$166,477)	(\$11,699)	(\$178,176)
Shareholder's Equity	\$402,482	(\$11,699)	\$390,783
Net Income (loss)	(\$3,896)	(\$6,699)	(\$10,595)
Earnings (loss) per share	(\$0.02)	(\$0.04)	(\$0.06)
Cash used in operating activities	(\$1,767)	(\$6,699)	(\$8,466)
Cash used in investing activities	(\$34,233)	\$6,699	(\$27,534)

Numbers for the year-ended December 31, 2021 are restated as follows:

	Amount previously disclosed for the year ended December 31, 2021	Impact of adoption of IAS 16 Amendment	Restated balance for the year-ended December 31, 2021, following the adoption of IAS 16
Revenue	\$—	\$11,139	\$11,139
Cost of Sales	\$—	(\$39,853)	(\$39,853)
Mineral, Property Plant and Equipment	\$892,500	(\$33,715)	\$858,785
Deficit	(\$161,742)	(\$33,715)	(\$195,457)
Shareholder's Equity	\$548,270	(\$33,715)	\$514,555
Net Income (loss)	\$839	(\$28,714)	(\$27,875)
Earnings (loss) per share	\$0.00	(\$0.14)	(\$0.14)
Cash used in operating activities	(\$7,862)	(\$28,714)	(\$36,576)
Cash used in investing activities	(\$127,271)	\$28,714	(\$98,557)

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 have 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. 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.

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 initial assay results.

Nevada Copper Corp.

Notes to Condensed Consolidated Interim Financial Statements

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

For the three months ended March 31, 2022 and March 31, 2021

Revenue Recognition

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, at a point in time or over time, requires judgment.

Cash received in advance of meeting these conditions is recorded as advance payments on product sales. In the case of Pumpkin Hollow's copper concentrate, control is generally transferred upon shipment of the product as product is loaded and released in railcars, is placed over the ship's rails at the port of loading, in limited circumstances, upon delivery to the concentrate shed 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 as an adjustment to revenue.

3. Mineral Properties, Plant and Equipment:

	Mineral Properties Development Costs	Plant & Equipment	Rights of Use Assets	Deposits	Total
Cost:					
As at December 31, 2021 (Restated, Note 2)	\$ 835,068	\$ 3,405	\$ 38,599	\$ 67	\$ 877,139
Additions, net of disposals	35,377	—	(838)	(67)	34,472
As at March 31, 2022	\$ 870,445	\$ 3,405	\$ 37,761	\$ —	\$ 911,611
Accumulated depreciation:					
As at December 31, 2021	\$ —	\$ 1,414	\$ 16,940	\$ —	\$ 18,354
Additions	—	—	1,665	—	1,665
As at March 31, 2022	\$ —	\$ 1,414	\$ 18,605	\$ —	\$ 20,019
Net Book Value					
As at December 31, 2021 (Restated, Note 2)	\$ 835,068	\$ 1,991	\$ 21,659	\$ 67	\$ 858,785
As at March 31, 2022	\$ 870,445	\$ 1,991	\$ 19,156	\$ —	\$ 891,592

Nevada Copper Corp.

Notes to Condensed Consolidated Interim Financial Statements

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

For the three months ended March 31, 2022 and March 31, 2021

Project costs capitalised for the three-months ended March 31, 2022 and 2021 on the Property consist of the following:

	March 31, 2022	Additions Q1 2022	December 31, 2021 (Restated, Note 2)	2021 Additions (Restated, Note 2)	December 31, 2020 (Restated, Note 2)
Property payments	\$1,961	\$—	\$1,961	\$—	\$1,961
Advance royalty payments	6,576	150	6,426	600	5,826
Water rights	3,002	47	2,955	188	2,767
Drilling	42,302	—	42,302	—	42,302
Geological consulting, exploration & related	8,459	—	8,459	—	8,459
Feasibility, engineering & related studies	27,605	—	27,605	—	27,605
Permits/environmental	14,245	—	14,245	516	13,729
Underground access, hoist, head frame, power & related	366,553	23,353	343,200	72,587	270,613
Processing plant – engineering procurement	134,819	—	134,819	—	134,819
Surface infrastructure	33,887	2,043	31,844	2,127	29,717
Site costs	64,183	2,532	61,651	20,759	40,892
	703,592	28,125	675,467	96,777	578,690
Depreciation	19,973	1,804	18,169	7,768	10,401
Asset retirement obligation	4,501	(556)	5,057	(248)	5,305
Capitalised interest	102,464	3,125	99,339	16,101	83,238
Stock-based compensation	5,786	24	5,762	(309)	6,071
Stream accretion	34,129	2,855	31,274	11,085	20,189
Total	\$870,445	\$35,377	\$835,068	\$131,174	\$703,894

Asset impairments

When an impairment indicator of mineral properties, plant and equipment exists, an impairment assessment is conducted at the level of the CGU (a group of assets that generate independent cash inflows). An impairment loss is recognized if the carrying amount of a CGU exceeds its recoverable amount. As at March 31, 2022, management did not identify new indicators of impairment based on an assessment of the significant assumptions since the time of the last impairment test performed as at September 30, 2021, and therefore no impairment test was required.

Nevada Copper Corp.

Notes to Condensed Consolidated Interim Financial Statements

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

For the three months ended March 31, 2022 and March 31, 2021

4. Working Capital Facility

Balance at December 31, 2020	\$32,879
Advance	80,442
Interest accrual, net of accrual reversal	(85)
Repayments	(93,142)
Balance at December 31, 2021	\$20,094
Advances	13,449
Interest accrual, net of accrual reversal	(21)
Repayments	(14,817)
Balance at March 31, 2022	\$18,705

In 2019, Nevada Copper Inc. ("NCI"), the Company's wholly owned subsidiary, entered into a revolving working capital facility (the "Working Capital Facility") with Concord Resources Limited ("Concord") for up to \$35,000 which provides for advances of up to 85% of the value of expected deliveries up to four months in advance of deliveries prior to commercial production at the Underground Mine, and three months thereafter, on a revolving basis. Interest on advance payments will be payable at LIBOR plus 7.5% prior to commercial production at the Underground Mine and LIBOR plus 5% thereafter, maturing in 2024, unless terminated in accordance with the terms of any Offtake Agreement. There is no penalty or charge for early repayment in respect of the Working Capital Facility. The availability of funds under the Working Capital Facility increased from \$35,000 to \$40,000 on April 1, 2021, subject to attaining certain defined production rates. Drawdowns under the Working Capital Facility in excess of \$35,000 prior to commencement of commercial production at the Underground Mine will bear interest at LIBOR plus 8.5%

During the three months ended March 31, 2022, the Company made repayments of \$14,817, of which \$4,387 was in concentrate deliveries and \$10,430 was settled in cash.

Subsequent to March 31, 2022, the Company drew an additional \$6,224 under the Working Capital Facility and repaid \$5,082 of which \$3,033 was in concentrate deliveries and \$2,049 was settled in cash.

5. Long Term Debt:

	March 31, 2022	December 31, 2021
Current portion of debt:		
Current portion of lease liabilities	\$8,003	\$8,307
Total current portion of debt	\$8,003	\$8,307
KfW IPEX-Bank Facility	\$118,016	\$117,521
Lease liabilities	12,623	14,455
2021 Credit Facility	34,170	33,293
Total long-term debt	\$164,809	\$165,269

Nevada Copper Corp.

Notes to Condensed Consolidated Interim Financial Statements

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

For the three months ended March 31, 2022 and March 31, 2021

a) KfW IPEX Bank Facility:

KfW Tranche A Loan:

	Loan facility – amortised cost	Deferred financing fee	Total
Balance at December 31, 2020	\$113,135	(\$9,190)	\$103,945
Accretion expense	—	2,577	2,577
Extension fee	—	(1,150)	(1,150)
Loss (Gain) on Modification	(1,061)	—	(1,061)
Balance at December 31, 2021	\$112,074	(\$7,763)	\$104,311
Accretion expense	—	395	395
Balance at March 31, 2022	\$112,074	(\$7,368)	\$104,706

KfW Tranche B Loan:

	Loan facility – amortised cost	Deferred financing fee	Total
Balance at December 31, 2020	\$15,000	(\$1,929)	\$13,071
Accretion expense	—	755	755
Extension fee	—	(150)	(150)
Loss (Gain) on Modification	(466)	—	(466)
Balance at December 31, 2021	\$14,534	(\$1,324)	\$13,210
Accretion expense	—	100	100
Balance at March 31, 2022	\$14,534	(\$1,224)	\$13,310

The KfW IPEX-Bank Facility contains certain financial and non-financial affirmative and restrictive covenants similar to those found in a traditional bank financing. The Company is in compliance with these covenants as at March 31, 2022.

b) 2021 Credit Facility

	Credit facility – amortised cost	Deferred financing fees	Total
Balance at December 31, 2020	\$—	\$—	\$—
Advance	30,000	—	30,000
Accretion expense	—	77	77
Interest capitalized	1,692	—	1,692
Disbursement fees	3,485	(3,485)	—
Loss on Modification	1,524	—	1,524
Balance at December 31, 2021	\$36,701	(\$3,408)	\$33,293
Accretion expense	—	19	19
Interest capitalized	858	—	858
Balance at March 31, 2022	\$37,559	(\$3,389)	\$34,170

Subsequent to the end of Q1 2022, in April and May 2022 the Company drew \$5,500 under the accordion feature ("Accordion") of the 2021 Credit Facility. The Accordion allows the Company to draw up to \$15,000 subject to customary conditions precedent, including consent of Pala. .

Nevada Copper Corp.

Notes to Condensed Consolidated Interim Financial Statements

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

For the three months ended March 31, 2022 and March 31, 2021

c) Lease Liabilities

The following table shows the change to the lease liabilities:

Balance at December 31, 2020	\$	27,391
Additions		2,471
Principal payments		(7,100)
Balance at December 31, 2021	\$	22,762
Additions		—
Principal payments		(2,136)
Balance at March 31, 2022	\$	20,626
		Balance at March 31, 2022
Current portion	\$	8,003
Long-term portion		12,623
Balance at March 31, 2022	\$	20,626

Minimum lease payments in respect of the above lease liabilities and the effects of discounting are expected to be \$10,141 for the next twelve months.

The interest expense related to lease liabilities for the year was \$366. Further, the average term of the Company's lease liabilities ranges from 24 months to 60 months.

The undiscounted lease payments exclude leases that are classified as short-term and leases for low-value assets, which are not recognized as lease liabilities.

6. Stream and Royalty Deferral

Balance at December 31, 2020	\$117,655
Accretion	11,085
Amounts delivered under the stream	(359)
Balance at December 31, 2021	\$128,381
Accretion	2,855
Amounts delivered under the stream	(462)
Balance at March 31, 2022	\$130,774

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

	March 31, 2022	December 31, 2021
Current portion	\$11,179	\$6,138
Long term portion	119,595	122,243
Total stream and royalty deferral	\$130,774	\$128,381

Nevada Copper Corp.

Notes to Condensed Consolidated Interim Financial Statements

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

For the three months ended March 31, 2022 and March 31, 2021

7. Related Party Transactions:

Pala is a related party to the Company because of its approximate 37% (2021 – 38%) shareholding in the Company as of March 31, 2022. Additionally, three of the seven directors of the Company are Pala executives. The Company has an independent directors committee to review and approve Pala related transactions.

During the three months ended March 31, 2022 and March 31, 2021, the Company entered into the following transactions with Pala:

- Guarantee fee totaling \$304 (2021 - \$339)
- Interest charges incurred on the 2021 Credit Facility and capitalized to the 2021 Credit Facility totaling \$858 (2021 - \$89)
- Technical and other services fees of \$36 (2021 - \$36).
- Indemnity fee totaling \$nil (2021 - \$530)

As of March 31, 2022, the Company owed Pala \$418 for accrued fees for technical and other services, (2021 - \$947) relating to fees accrued in connection with the indemnity agreements relating to bonding arrangements, the guarantee provided by Pala in connection with the KfW IPEX- Bank Facility.

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

Subsequent to the end of the quarter ending March 31, 2022, in April and May 2022, the Company drew \$5,500 under the Accordion of the 2021 Credit Facility. The Accordion allows the Company to draw up to \$15 million subject to customary conditions precedent, including consent of Pala.

8. Share Capital:

- a) Authorised and issued:

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

9. Warrants:

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

	Triple Flag	July 2020 Offering	January 2021 Offering	November 2021 Offering	2021 Credit Facility	Total
Balance at December 31, 2020	\$681	\$11,796	\$—	\$—	\$—	\$12,477
Initial valuation	—	—	—	14,016	8,454	22,470
Fair value adjustment	(405)	(10,507)	2,970	(442)	(3,189)	(11,573)
Balance at December 31, 2021	\$276	\$1,289	\$2,970	\$13,574	\$5,265	\$23,374
Fair value adjustment	11	(1,289)	(2,445)	(836)	8	(4,551)
Balance at March 31, 2022	\$287	\$—	\$525	\$12,738	\$5,273	\$18,823

The fair value of the warrants was \$18,823 as at March 31, 2022. The change in the fair value of the warrants for the three months ended March 31, 2022 of \$4,551 was recorded as a derivative fair value gain in the Statement of Operations and Comprehensive Loss.

On January 28, 2022, the remaining July 2020 Offering warrants expired unexercised and were out-of-the-money. As a result, the remaining balance was revalued on the date of expiration and written down to \$nil resulting in a fair value gain of \$1,289.

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The majority of the loss was largely driven by a decrease in price of the publicly traded warrants for both the January 2021 Offering and November 2021 Offering, resulting in a loss of \$3,281. These losses were slightly offset by small gains in relation to the Black-Scholes valuation method for both the Credit Facility Warrants and the Triple Flag Warrants. See below for input assumptions.

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

	March 31, 2022	December 31, 2021
Risk-free interest rate	2.17 %	1.24 %
Expected dividend yield	0	0
Expected stock price volatility	84.4 %	82.2 %
Expected life in years	3.8	4.2

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

	March 31, 2022	December 31, 2022
Risk-free interest rate	2.15 %	1.21 %
Expected dividend yield	0	0
Expected stock price volatility	92.5 %	88.6 %
Expected life in years	3.0	3.2

10. Commitments and Contractual Obligations:

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

	March 31, 2022	December 31, 2021
Property, plant, and equipment	\$5,802	\$4,133

11. Revenue:

	March 31, 2022	March 31, 2021
Metal contained in concentrate	\$4,957	\$4,906
Final settlement adjustment	317	—
Gross Revenue	5,274	4,906
Less: Treatment and refining cost	(182)	(521)
Revenue	\$5,092	\$4,385

Final settlement adjustment includes the changes in the fair value of concentrate trade receivables due to changes in base metal prices.

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12. Cost of Sales:

	March 31, 2022	March 31, 2021
Mining cost	\$9,230	\$3,319
Milling cost	3,933	3,983
Site, general and administrative	2,380	2,460
Transportation	987	564
Royalty and stream payments	155	758
Total Cost of Sales	\$16,685	\$11,084

13. Supplemental Cash Flow Information:

	March 31, 2022	March 31, 2021
Non-cash investing and financing activities:		
Depreciation capitalized in MPPE	\$1,804	\$1,675
Stock based compensation included in MPPE	\$24	\$349
Asset retirement obligation change	(\$556)	\$—
MPPE included in accounts payable and accrued liabilities change	(\$6,028)	\$3,121
Rights of use assets acquired under finance lease	\$—	\$1,115
Accretion on stream deferral	\$2,855	\$2,688
Interest capitalised in MPPE	\$3,125	\$2,692
Shares issued to settle accrued liabilities and promissory notes	\$—	\$13,633

14. 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:

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	March 31, 2022		December 31, 2021	
	Carrying value	Fair value	Carrying value	Fair value
Working Capital Facility (Note 4)	\$ 18,705	\$ 18,705	\$ 20,095	\$ 20,095
KfW IPEX-Bank Facility (Note 5)	118,016	120,490	117,521	119,487
2021 Credit Facility (Note 6)	34,170	38,677	33,293	35,059
	\$ 170,891	\$ 177,872	\$ 170,909	\$ 174,641

(b) Financial risk factors:

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

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

c) Market risks:

i) Interest rate risk:

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The KfW IPEX-Bank Facility (Note 5a), the Working Capital Facility (Note 4) and the 2021 Credit Facility (Note 5b) currently provide for interest at a market rate plus a fixed margin. Due to the capitalization of borrowing during the construction phase, the Company's sensitivity to a 1% decrease or increase in market rates of interest would have an immaterial effect on the Company's interest expense.

ii) Foreign currency risk:

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

At March 31, 2022, the Company held CAD\$6,386 (2021 - CAD\$58,734) in cash and cash equivalents in its parent entity with a functional currency of U.S. dollars. At March 31, 2022, the Company had CAD\$4,250 (2021 - CAD\$4,308) in accounts payable.

A +/- 10% change in the Canadian exchange rate would have had an immaterial impact for the three-months ended March 31, 2022.

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,

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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 chartered banks. The Company's maximum exposure to credit risk is \$12,740 as at March 31, 2022 (2021 - \$52,067), 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 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-operational production revenue and cash inflows from its financing transactions to:

1.) Fund the completion of the construction and commissioning of the Underground Mine, and to take it into commercial production with positive steady state cash flow; and

2.) Fund other corporate costs.

As at March 31, 2022, the Company had the following consolidated contractual obligations:

Contractual obligations	Payments due by period				
	Total	1 year	2-3 years	4-5 years	5 years+
Accounts payable, accrued liabilities and related party payables	\$50,256	\$50,256	\$—	\$—	\$—
Construction contractual obligations	\$5,802	\$5,802	\$—	\$—	\$—
Working Capital Facility	\$18,705	\$18,705	\$—	\$—	\$—
KfW IPEX-Bank Facility	\$149,524	\$3,953	\$17,767	\$61,346	\$66,458
Equipment leases	\$22,149	\$8,076	\$12,656	\$1,417	\$—
2021 Credit Facility	\$51,339	\$5,757	\$6,730	\$38,852	\$—
Asset Retirement obligation	\$5,415	\$—	\$—	\$—	\$5,415
Total obligations	\$303,190	\$92,549	\$37,153	\$101,615	\$71,873

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