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MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE QUARTER ENDED MARCH 31, 2021

MAY 17, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

For the Quarter Ended March 31, 2021

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INTRODUCTION

This Management's Discussion and Analysis ("MD&A") of Nevada Copper Corp. (the "Company" or "Nevada Copper") has been prepared by management as of May 17, 2021. Information herein is provided as of May 17, 2021, unless otherwise noted. The following discussion of performance, financial condition and outlook should be read in conjunction with the audited consolidated financial statements for the years ended December 31, 2020 and 2019 ("consolidated financial statements") and the notes thereto, prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS") and the unaudited condensed interim consolidated financial statements ("interim financial statements") of the Company and the notes thereto for the three months ended March 31, 2021 and 2020 (prepared in accordance with International Accounting Standard 34 – Interim Financial Reporting).

Additional information relevant to the Company's activities, including the Company's Annual Information Form dated March 18, 2021 (the "Annual Information Form"), can be found on SEDAR at www.sedar.com. All amounts expressed herein are in US Dollars unless otherwise indicated.

Greg French, CPG and Norman Bisson P. Eng. are non-independent Qualified Persons under National Instrument 43-101 – *Standards of Disclosure for Mineral Projects*, and approved the scientific and technical information in this MD&A.

Readers are cautioned that this MD&A contains forward-looking statements and that actual results may vary from management's expectations. See "Forward-Looking Statements" at the end of this MD&A and the various risk factors and other matters discussed in the Company's public disclosure at www.sedar.com.

HIGHLIGHTS, RECENT DEVELOPMENTS, AND OUTLOOK

Q1 2021 Highlights

Set out below are highlights from Q1 2021 relating to the Company's operations including the production ramp-up for the Company's Pumpkin Hollow Underground Mine ("the Underground Mine"), and activities related to its Pumpkin Hollow Open Pit Project (the "Open Pit Project") and broader exploration properties.

Underground Mine Operations

- **Mining of First Stope and Development Mining:** The Company successfully prepared first stoping zones in Q1 2021, with stope mining subsequently initiated with the first stope carrying a grade of 2.5% CuEq. Lateral development continued on multiple headings, providing access to ore mining zones in the East South orebody and advancing development into the East North ore body. Whilst lateral development rates were constrained due to cautious progress of certain development headings through a water bearing dike structure between the East South and East

North ore bodies, completion of grouting of the dike structure on these headings is expected to be completed in June 2021 allowing for lateral development rates to increase.

- **Mine Infrastructure:** During Q1 2021, the Company completed installation of electrical distribution equipment to provide sufficient power to development headings extending further into the mining zones. The infrastructure works were advanced and two sets of underground fans are expected to be fully operational in Q2 2021, allowing for an increase in development and hoisting rates.

- **Mine Hoisting:** Following completion of the Main Shaft material handling system in Q4 2020, the Company achieved a peak daily hoisting rate of over 3,000 tons by February 2021 and has achieved a hoisting rate equivalent to 5,000 tons per day ("tpd") on a shift basis, demonstrating capacity of the shaft and associated materials handling system. Commissioning issues which constrained hoisting rates early in the quarter were successfully rectified later in Q1. With increasing development rates expected following grouting of the dike structure and planned installation of ventilation fans, the Company expects to reach sustainable hoisting rates of 3,000 tpd during Q2 2021, and for production rates to continue to ramp-up beyond that.

- **Processing:** Continued improvement in processing plant performance was made during Q1 2021, with further increases in ore throughput and recovery demonstrated. While batch processing ore through the processing plant, the Company achieved a weekly average of 4,700 tpd and a maximum daily milling throughput of 5,000 tpd during March 2021. 119,000 tons of ore was processed through the concentrator in Q1 2021. Approximately 3,173 tons of concentrate was produced at a 24% average copper grade for Q1 and reaching 26% average copper grade in March 2021 . Recoveries improved from 82% in Q4 2020, to recovery levels above 90% in 2021.

Open Pit and Property Exploration Plans

- **Open Pit:** The Company reviewed its longer-term development targets for the Pumpkin Hollow property, including:
    - Follow-up on internal studies which indicate optimized project scaling has potential to improve project economics, including a concurrent phase 1 and phase 2, plus potential larger ultimate production scale
    - Plans to undertake infill and extension drilling with aim to bring newly defined mineral inventory into reserves, providing the potential to further improve project economics.
    - Plans to release a resource and reserve update following drilling
- **Exploration:**
    - Plans to follow-up on new exploration targets added through further expansion of the Company's properties to the east and analysis of geophysical surveys

Corporate

- **Completion of Public Offering & Concurrent Private Placement** – On January 29, 2021, the Company completed a public offering of units, (the "January 2021 Offering"). for aggregate gross proceeds of approximately CAD$38 million. Concurrently with the closing of the January 2021 Offering, the Company completed a private placement to Pala Investments Limited ("Pala"), the company's largest shareholder of for aggregate gross proceeds of approximately CAD$13.1 million (the "Concurrent Private Placement"). See "*January 2021 Offering & Concurrent Private Placement*" in the Liquidity, Cash flow and Financial Resources section for additional details.

- **2021 Credit Facility** – On February 3, 2021, the Company entered a credit facility with Pala , for $15 million to be drawn by the Company (the "2021 Credit Facility"). The 2021 Credit Facility also provides $15 million under an accordion feature. Pala has confirmed its intention to make the full accordion feature available to the Company, as required. To date, the Company has drawn $15 million under the original 2021 Credit Facility and $7.5 million under the accordion feature.

Recent Developments and Outlook

Underground Mine

Mine Development

During Q1 2021, the impact of COVID-19 on the business was reduced relative to prior quarters in 2020. The Company still maintains strong COVID-19 protocols and has seen fewer cases with its employees and contractors as the COVID-19 vaccine rollout continues. During Q1 2021, the Company continued the regular testing of the workforce and contractors and ensured those with a positive test result remained off site. The number of positive tests decreased in Q1 2021 compared to Q4 2020. The Company, however, notes that COVID-19 continues to impact the supply chain of parts and supplies across all industries.

Commissioning of the shaft and material handling system was completed during Q1 2021. Certain unexpected commissioning issues encountered early in the quarter resulted in temporary constraints to ore hoisting rates and lower hoisted ore volumes in Q1 than planned. These issues were successfully resolved during the quarter, allowing for the capacity of the shaft and materials handling system to be demonstrated with peak hoisting rates equivalent to 5,000 tpd achieved on a shift basis.

Mine development continued to advance during the quarter, providing access to ore stoping zones in the East South orebody and advancing development towards the East North orebody. Lateral development rates were constrained due to installation of electrical distribution equipment, which was completed during the quarter, and ventilation constraints. Penetration and grouting of a water-bearing dike structure located between the East South and East North orebodies further constrained development rates in Q1 2021. Subsequently, grouting of the dike structure is expected to be completed in June 2021 allowing for increased development rates to resume.

Electrical upgrades have been completed for the planned ventilation expansion and the fan bulkhead construction is complete. Two further planned underground ventilation fans are on schedule for installation in the coming weeks.

The resolution of the Main Shaft commissioning items, the ongoing installation of incremental underground power and ventilation upgrades and the deployment underground of additional mobile fleet equipment is expected to result in increased copper production rates, with production of 3,000 tpd expected to be achieved Q2 2021 and continuing to ramp-up further following Q2 2021.

The surface ventilation fan planned for installation in Q3 2021, may now arrive at site a few weeks later than planned due to extended shipping times arsing from COVID-19-related delays. Consequently, it is expected that the commissioning of the surface fans will not be completed until Q4 2021, which is anticipated to delay the achievement of full steady-state production of 5,000 tpd to Q4 2021 instead of Q3 2021 as previously estimated.

Processing Plant

While batch processing ore through the processing plant, the Company achieved a weekly average of 4,700 tpd and a maximum daily milling throughput of 5,000 tpd during March 2021. Production at the Underground Mine's processing plant for Q1 2021 totaled 119,000 tons of ore processed through the concentrator with an average head grade of 0.77%. The processing plant achieved an overall recovery of 88% resulting in the production of approximately 3,173 tons of concentrate at a 24% copper grade. There were significant improvements made to the processing plant performance and recoveries during the quarter. In Q4 2020, overall recovery of copper was 82% resulting in approximately 2,549 tons of copper concentrate produced at an average grade of 25.5%.

During Q1 2021, improvements were made to the plant reliability and the overall maintenance of the plant. Earlier challenges with the plant operations, maintenance and filter press maintenance improved as the operators gained more experience and process control strategies were developed that kept the plant in statistical control. In 2021, these improvements and operator experiences continue with higher reliability (above 90%) and recoveries are improving.

Production

While the Company made significant progress on the development of the Underground Mine, the cumulative impact of a series of unplanned stoppages in Q1 2021 due to mechanical issues and other incidents in the Main Shaft led to lower-than-expected ore production to-date in 2021. As a result of the delayed upgrade of the underground electrical and ventilation systems, and significant delays due to hydrogeological conditions of the water-bearing dike that must first be traversed to access the East North orebody, production of copper concentrates during the first half of 2021 is expected to be significantly lower than previously planned.

Mine Planning

The Company has continued ongoing definition drilling in both the East South and East North ore bodies. The data acquired through definition drilling in addition to ongoing geotechnical analysis and medium and long-term mine planning has provided further indication that the Underground Mine will be mined through large stopes across skarn zones, the ore zones that interact with a marble rock type, requiring smaller stopes, which were identified by the Company in 2020, remain constrained to limited areas of the mine, principally the upper portion of the East South orebody..

Open Pit Project

The Company expects to continue advancing optimizations for its Open Pit Project following the current focus on ramp-up of the Underground Mine. The optimizations are expected to include further extension and in-fill drilling as a follow-up to the last Open Pit Project drilling program, which identified significant additional mineralization and indicated the ore body extends beyond the original pit boundary and remains open in multiple directions, as well as value engineering options and trade-offs with the aim of further enhancing project economics. Further updates on Open Pit Project advancement plans will be communicated in due course.

Exploration

The Company continues to evaluate its extensive mineral landholdings at and around Pumpkin Hollow. Review of aeromagnetic surveys and continued surface reconnaissance will direct exploration activities in

2021 as well as provide a broader understanding of the geophysical results from known deposits across Nevada Copper's land package.

The Company staked a highly prospective land package in 2020 covering approximately 680 acres immediately contiguous to its existing Pumpkin Hollow property and along the eastern boundary of the Tedeboy area. Review of historical aero-magnetic survey data, along with anomalous copper mineralization in surface grab samples, confirmed the prospectivity of the acquired property.

The Company expects to continue to advance its high-priority targets in accordance with cash availability.

DESCRIPTION OF BUSINESS

Nevada Copper is a mining company whose principal asset is the 100%-owned Pumpkin Hollow Copper Property (the "Property"). The Property is in northwestern Nevada and consists of approximately 23,300 acres of contiguous mineral rights including approximately 10,800 acres of leased and owned private land and leased patented claims. See "Description of Business" in the Annual Information Form.

Past exploration on the Property defined two adjacent but unconnected copper, gold and silver deposits separated by approximately two miles. The two deposits are referred to separately as the "Underground Mine" and the "Open Pit Project" (collectively, the "Project").

The Company has obtained all material permits and approvals for the development and operation of both the Underground Mine and the Open Pit Project that are required at this time. Certain of those permits and approvals may need to be renewed as a result of the passage of time and certain of those permits and approvals may need to be modified in order to accommodate design changes and other optimizations. See "Risk Factors" in the Annual Information Form.

The Company has completed construction of the processing plant for the Underground Mine and is now in the commissioning stage of the underground mine. Completion of commissioning and ramp-up of Underground Mine is continuing during 2021 towards the planned nominal steady state production rate of 5,000 tpd, which is now expected for Q4 2021.

BOARD CHANGES

On March 2, 2021, Ricardo De Armas resigned as a director of the Company in order to devote his attention to other professional commitments.

FINANCIAL RESULTS

(Expressed in thousands of US dollars, except per share amounts)	**Q1 2021**	Q1 2020
Expenses		
Consulting and remuneration	**215**	197
Public company expenses	**369**	689
Administration expenses	**73**	73
Professional fees	**536**	1,195
Depreciation	**-**	10
Stock-based compensation	**1,405**	(132)
	(2,598)	(2,032)
Interest income	**11**	3
Interest and finance expenses	**(5)**	(5)
Derivative fair value loss	**(1,145)**	(5,930)
Debt extinguishment/modification gain/(loss)	**-**	794
Convertible Loan Derivative fair value change	**-**	(4,906)
Foreign exchange loss	**(159)**	87
	(1,298)	(9,957)
Net Loss and Comprehensive Loss	**(3,896)**	(11,989)
Loss per Common Share		
Basic and diluted	**(0.00)**	(0.02)

For the quarter ended March 31, 2021, the Company reported a net loss of $3.9 million (or $0.00 basic and diluted loss per common share), compared to a net loss of $12.0 million for Q1 2020 (or $0.02 basic and diluted loss per common share). The $9 million decrease in net loss is as a result of:

- A total $1 million decrease in remuneration, public company, administrative and professional fees expenses as a result of the Company's cost cutting initiatives;
- $4.1 million was recorded as a debt modification loss as a result of the refinancing of the Company's 2019 credit facility with Pala and amendments to the Company's senior credit facility with KfW IPEX-Bank (the "KfW IPEX-Bank Facility") that were made in Q1 2020 in connection with the Company's March 2020 refinancing transactions (the "Refinancing Transactions");
- $5.9 million was recorded as a derivative fair value loss in Q1 2020, as a result of recognizing a new embedded derivative liability in the convertible derivative option in the convertible loan with Pala that was entered into in March 2020 (since repaid with the proceeds of the Company's July 2020 public equity offering) in connection with the Refinancing Transactions; and
- The above decreases were offset by an increase in non-cash stock-based compensation of $1.5 million as a result of the settlement of directors' fees for the first half of the year share-based compensation accrued in Q1 2021.

Pumpkin Hollow Project Expenditures

Project costs capitalised for the period ended March 31, 2021 on the Project consisted of the following (expressed in $'000):

	March 31, 2021	Q1 2021 Additions	December 31, 2020	2020 Additions	December 31, 2019
Property payments	$1,961	$-	$1,961	-	$1,961
Advance royalty payments	5,976	150	5,826	600	5,226
Water rights	2,814	47	2,767	188	2,579
Drilling	42,302	-	42,302	-	42,302
Geological consulting, exploration & related	8,459	-	8,459	-	8,459
Feasibility, engineering & related studies	27,605	-	27,605	368	27,237
Permits/environmental	13,743	14	13,729	620	13,109
Underground access, hoist, head frame, power & related	297,285	20,352	276,933	77,683	199,250
Processing plant - Engineering procurement	141,816	4,547	137,269	10,172	127,098
Surface infrastructure	30,231	514	29,717	9,160	20,557
Site costs	51,208	7,052	44,156	13,772	30,384
	$623,400	**32,676**	**590,724**	**112,563**	**478,162**
Depreciation	12,084	1,683	10,401	6,751	3,650
Asset retirement obligation	5,331	26	5,305	321	4,984
Capitalised interest	86,807	3,569	83,238	16,072	67,166
Stock-based compensation	6,626	555	6,071	(2,305)	8,376
Stream accretion	22,819	2,630	20,189	9,211	10,978
Pre-production sales	(10,047)	(3,014)	(7,033)	(7,033)	-
Total	**$747,020**	**$38,125**	**$708,895**	**135,580**	**$573,316**

For the three-month period ended March 31, 2021, the Company incurred $38.1 million of Project-related expenditures compared to $44 million during the same period in 2020. The $5.9 million decrease reflects the Company's construction of surface infrastructures in Q1 2021. The focus during the current period was further advancement of the underground development and underground infrastructure at the Underground Mine.

During Q4 2020, the Company substantially completed the construction of the surface materials handling system and continued equipping the Main Shaft and advanced lateral development. During Q1 2021, pre-production concentrate sales totalled $3.8 million which was credited back to the construction cost of the Property as pre-production sales.

LIQUIDITY, CASH FLOW AND FINANCIAL RESOURCES

Financial Resources

January 2021 Offering & Concurrent Private Placement

On January 29, 2021, the Company completed the January 2021 Offering, whereby 200,000,000 units were issued at a price of CAD$0.165 per unit (the "Offering Price"). Each unit consisted of one common share and one-half of one common share purchase warrant of the Company. Each full warrant entitles the holder thereof to purchase one common share at a price of CAD$0.22 per common share, for a period of 18 months following the closing of the January 2021 Offering (until July 29, 2022). The underwriters of the January 2021 Offering exercised their over-allotment option in full, which resulted in 30,000,000 additional units being issued at the Offering Price. Including the over-allotment option, an aggregate of 230,000,000 units were issued in the January 2021 Offering for total aggregate net proceeds of approximately $27.3 million. The table below shows the breakdown of the use of proceeds received from the January 2021 Offering, which is consistent with how the Company expected to use such proceeds:

Description	$'000
Net cash proceeds received from the January 2021 Offering	$ 27,348
Extinguishment of November 2020 Pala Promissory Note	(15,747)
Transfer to Cost Overrun Facility	(5,000)
Net Proceeds available to the Company	$ 6,601

Concurrently with the closing of the January 2021 Offering, the Company completed the Concurrent Private Placement. The units issued to Pala under the Concurrent Private Placement had the same terms as the units issued in the January 2021 Offering. The table below shows the amounts settled with the Concurrent Private Placement:

Description	$'000
Extinguishment of October 2020 Pala Promissory Note	$ 8,194
Repayments relating to the Collateral Agreement re: Working Capital Facility	1,801
Settlement expenses	278
Repayment of indemnity fees	910
Concurrent Private Placement	$ 11,183

2021 Credit Facility

On February 3, 2021, the Company entered into the 2021 Credit Facility. The 2021 Credit Facility is a direct obligation of the Company and is not guaranteed or secured by any of the Company's subsidiaries. The $15 million 2021 Credit Facility bears interest at LIBOR plus 9% per annum on outstanding amounts and is subject to a 3% arrangement fee on the total amount of the facility and a 4% disbursement fee on amounts drawn. There are no common shares, warrants or other convertible securities of the Company issuable in connection with the 2021 Credit Facility, other than the potential for interest and the Commitment Fee (as defined below) to be paid in common shares rather than paid in cash or capitalized. Any common shares issued under the 2021 Credit Facility will be issued at the market price of the Company's common shares at the time of the issuance. Pala is entitled to syndicate all or a portion of the 2021 Credit Facility, which may result in higher interest and fees with respect to the syndicated portion of the 2021 Credit Facility. The Company is subject to certain restrictions on the issuance of additional debt during the syndication period.

The funds were available for draw prior to June 30, 2021 (the "Availability Period"). During the Availability Period, Pala was entitled to a 4% per annum commitment fee on amounts available to be drawn but not yet advanced (the "Commitment Fee"). The 2021 Credit Facility also includes an accordion feature whereby, subject to the agreement of the parties and the satisfaction of other applicable conditions, additional drawings of up to $15 million are permitted at any time prior to the maturity date. Pala has confirmed its intention to make the accordion feature available to the Company as needed. As of the date of this MD&A, the Company has drawn $15 million under the 2021 Credit Facility and $7.5 million under the accordion feature.

Voluntary prepayments by the Company under the 2021 Credit Facility will be subject to a prepayment premium, which will also apply in the case of a change of control in respect of the Company. This prepayment fee will be equal to (i) 25% for any prepayment made during the first 12 months following the closing of the 2021 Credit Facility; (ii) 17.5% for any prepayment made during the next 12-24 months following the closing of the 2021 Credit Facility; and (iii) 10% for any prepayment made thereafter. If the Company completes any equity or loan financings during the term of the 2021 Credit Facility, unless otherwise agreed with the Company, Pala shall be entitled, at its sole discretion, to elect for any portion of the net proceeds from such financings (subject to certain restrictions under the KfW IPEX-Bank Facility, as amended in December 2020 (the "Amended KfW Facility")) to be utilized and applied to prepay the outstanding amounts owing to Pala under the 2021 Credit Facility, on a dollar-for-dollar basis. If Pala makes such an election, any prepayment shall not be subject to the voluntary prepayment premium described above.

Funds advanced under the 2021 Credit Facility are expected to be used for the construction and ramp-up of the Underground Mine, as well as for the general working capital needs of the Company.

2020 Cost Overrun Facility

In connection with the Amended KfW Facility, the Company was required to fund a cost overrun facility ("COF") to Nevada Copper, Inc. ("NCI"), a wholly-owned subsidiary of the Company, of $5 million on substantially the same terms as the cost overrun facility that was provided by the Company to NCI in May 2019 when the KfW IPEX-Bank Facility was originally entered into. The COF was funded from the proceeds of the January 2021 Offering. In April 2021, NCI utilized the full $5 million available under the COF.

Liquidity

Working capital/(deficit)

(Expressed in thousands of US dollars, except per share amounts)	**March 31, 2021**	March 31, 2020
Current assets		
Cash and cash equivalents	**$9,643**	$10,323
Accounts receivable	**162**	79
Prepaid expenses	**86**	225
Total Current Assets	**9,891**	10,627
Current liabilities		
Accounts payable and accrued liabilities	**44,918**	47,965
Related party payable	**947**	7,300
Stock-based compensation liabilities – current portion	**709**	78
Current portion of stream deferral	**13,360**	6,941
Warrant derivative	**19,081**	-
Working Capital facility	**32,969**	22,292
Current portion of lease liability	**7,306**	5,283
Other current liabilities	**-**	2,199
Total Current Liabilities	**119,290**	92,058
Working capital (deficit)	**$(109,399)**	$(81,431)

At March 31, 2021, the Company had a cash balance of $9.6 million, excluding restricted cash. The Company's working capital (current assets less current liabilities) as at March 31, 2021 was negative $109.4 million compared to negative $81.4 million as at March 31, 2020. The negative working capital at March 31, 2021 includes $44.9 million of accounts payable and accruals, $0.7 million of non-cash stock-based compensation, $19.1 million of non-cash warrant derivative liability, $0.9 million in related party payables, and $13.4 million of deferred consideration related to estimated stream deliveries in the next twelve months (which are conditional on concentrate deliveries).

If adjusted for the non-cash warrant derivative liability of $19.1 million, $13.4 million of the future stream deliveries, $33 million under the Company's revolving working capital facility (the "Working Capital Facility") with Concord Resources Limited ("Concord") and non-cash stock-based compensation of $0.7 million, current liabilities reduce by $66.1 million to $53.2 million with a corresponding increase in working capital.

At March 31, 2021, capital commitments due in the next twelve months were $5.0 million.

The Company's liquidity during Q1 2021 was negatively impacted by a number of significant inter-related factors including:

- Delays in the mine development of the Underground Mine;
- Significantly reduced concentrate production and sales as a result of the delays described in the Mine Development section above; and
- Requirement to repay draws under the Working Capital Facility primarily in cash rather than in concentrate deliveries as planned.

Since the start of 2021, the Company has delivered 3,828 tons of concentrate under the Working Capital Facility and made cash repayments of $27.5 million in lieu of concentrate deliveries as at May 14, 2021. The Company has made drawdowns of $32.9 million under the Working Capital Facility based on expected future deliveries as at May 14, 2021. On April 1, 2021, the availability of funds under the Working Capital Facility was increased from $35 million to $40 million pursuant to an amendment to the Working Capital Facility that was entered into on December 8, 2020 in connection with the implementation of the Amended KfW Facility (the "Working Capital Amendment"). Drawdowns under the Working Capital Amendment in excess of $35 million prior to commencement of commercial production at the Underground Mine will bear interest at LIBOR plus 8.5%. The other terms of the Working Capital Facility will remain substantially the same.

Due to constrained development and hoisting rates, including the penetration and grouting of the dike structure in recent weeks, management has determined that additional funds will be required during the ramp-up of the Underground Mine. In connection with this, Pala has confirmed its willingness to provide financial support to the Company for $10 million either through an increase in the amount of the 2021 Credit Facility or other form of financing as may be agreed with the Company. Despite certain operational issues at the Underground Mine having been rectified, the Company continues to be subject to operational risks associated with the commissioning and ramp-up of the Underground Mine. In addition, while the effects of COVID-19 on the Company and its business have lessened recently, the future impact of the COVID-19 pandemic on the Company, the economy and commodity prices are not known at this time.

The ability of the Company to continue as a going concern, to realise the carrying value of its assets, and to discharge its liabilities when due, are dependent on results from operations, the ability to complete the ramp-up process in accordance with the current schedule and within the current cost expectations, favourable copper market conditions and the ability to obtain additional required financing. There can be no assurance that these requirements will be achieved. In addition, there can be no assurance that the actual costs to complete the ramp-up will not be greater than expected by the Company or that further significant ramp-up delays will not occur. The Company may not be able to obtain the additional financing it requires or further funding that may be required in the future to address cost overruns and/or ramp-up delays. In the absence of obtaining required financing, the Company may not be able to continue operations.

Cash Flows

During the quarter ended March 31, 2021, cash used in operations was $1.8 million compared to an outflow of $2.3 million during Q1 2020.

Cash outflow from investing activities during the quarter ended March 31, 2021 was $34.2 million compared to an inflow of $1.7 million in Q1 2020. The Company incurred $34.2 million in Underground Mine development costs during Q1 2021, offset by $3.1 million of pre-production sales. This compares to the $19.5 million of project development costs incurred in Q1 2020. As part of the Refinancing Transactions, the Company also received $20 million during Q1 2020 in connection with the implementation of two royalty agreements with an affiliate of Triple Flag Precious Metals Corp. ("Triple Flag") and an amendment to the Company's stream agreement with another affiliate of Triple Flag.

Financing activities resulted in cash inflows of $23.8 million during the quarter ended March 31, 2021 compared to an inflow of $9.8 million in Q1 2020. The financing activities during Q1 2021 included the following transactions:

- On January 29, 2021, the Company completed the January 2021 Offering, for aggregate net proceeds of $27.7 million.
- On February 3, 2021, the Company entered into the 2021 Credit Facility. Funds advanced under the 2021 Credit Facility in Q1 2021 were $15 million.
- The Company drew $23.1 million under the Working Capital Facility and repaid $23.1 million of the balance outstanding at the end of the 2020 financial year of which $4.3 million was settled with concentrate deliveries and $18.7 million was in cash.
- The Company repaid certain promissory notes owing to Pala in the aggregate amount of approximately $25.3 million through approximately $15.7 million in cash from the proceeds of the January 2021 Offering and the issuance of units in the Concurrent Private Placement.

Positive cash flows from operations are not expected until the Company has completed the ramp-up in production rates. Upon completion of the ramp-up to a sufficient level at the Underground Mine and the generation of the associated revenues from concentrate sales, the Company anticipates that it will no longer have negative cash flow from operating activities.

SUMMARY OF QUARTERLY RESULTS

The following table sets forth selected unaudited quarterly financial information for each of the eight most recently completed quarters (Expressed in thousands of United States dollars, except per share amounts):

	2021 Mar-31	2020 Dec-31	2020 Sep-30	2020 Jun-30	2020 Mar-31	2019 Dec-31	2019 Sep-30	2019 Jun-30
Working Capital (Deficiency)	**(109,399)**	(117,251)	(103,162)	(101,317)	(81,431)	(73,570)	(24,315)	17,320
Total Assets	**796,175**	767,849	721,326	686,557	661,244	608,720	563,576	539,832
Development Property (Project expenditure)	**747,020**	708,895	683,129	647,159	617,317	573,316	524,212	466,661
Total noncurrent liabilities	**274,403**	269,586	239,050	270,760	262,258	215,354	202,168	195,684
Shareholders' Equity	**402,482**	370,793	377,154	311,406	306,928	318,561	320,857	320,727
Net Profit (Loss)	**(3,896)**	$(3,313)	$(2,582)	$(2,457)	(11,989)	(2,719)	(750)	457
Net Profit (Loss) per share	**(0.00)**	(0.00)	(0.00)	(0.00)	(0.02)	(0.00)	(0.00)	0.00

Financial results during the last eight quarters reflect the increase in the Company's working capital deficiency as a result of the decrease in cash, increase in accounts payable and accrued liabilities as the construction of the Underground Mine progressed and the increase in the current portion of long-term debt, stream obligation and the warrant derivative liability. The Company's total assets increased throughout these quarters as development property expenditures were incurred. The Company's noncurrent liabilities and shareholder's equity increased as a result of debt and equity financings undertaken during the last eight quarters.

RELATED PARTY TRANSACTIONS

Pala is a related party to the Company because of its 38% (2020 – 40%) shareholding in Nevada Copper as at March 31, 2021. Additionally, three Pala executives are on the Company's Board of Directors.

During the quarter, the Company entered into the following transactions with Pala:

- The 2021 Credit Facility;
- $.04 million (2020 - $0.2 million) was incurred for technical and other services;
- Issuance of 79,696,970 units in the Concurrent Private Placement. The consideration for these units was the repayment of certain outstanding indebtedness owing to Pala by the Company;
- Repayment with the proceeds of the January 2021 Offering of all amounts owing under a promissory note issued by the Company to Pala in November 2020 in the principal amount of $15.5 million;
- Issuance of 7,024,615 common shares in satisfaction of approximately $0.9 million in fees owing to Pala in connection with the Indemnity Agreements (as defined below); and
- Issuance of the Guarantee Shares (as defined below).

As at March 31, 2021, the Company owed Pala $0.9 million (2020 - $2.8 million). relating to fees accrued in connection with the Indemnity Agreements, the guarantee provided by Pala in connection with the

Amended KfW Facility and accrued technical and other services.

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

The related party transactions listed above were approved by the Independent Committee of the board of directors.

COMMITMENTS AND CONTRACTUAL OBLIGATIONS

At March 31, 2021, capital commitments due in the next twelve months are $5 million.

As at March 31, 2021, the Company had the following consolidated contractual obligations (Expressed in thousands of United States dollars):

		Payments due by period			
Contractual obligations	**Total**	**1 year**	**2-3 years**	**4-5 years**	**5 years+**
Accounts payable, accrued liabilities and related party payables	$45,865	$45,865	-	-	-
Construction contractual obligations	$4,987	$4,987	-	-	-
Working Capital Facility	$32,969	$32,969	-	-	-
Settlement payable – long term	$4,750	-	$4,750	-	-
KfW IPEX-Bank Facility	$142,231	$1,522	$33,861	$51,017	$55,831
Equipment leases	$33,353	$9,140	$15,779	$8,326	$108
Asset Retirement obligation	$6,245	-	-	-	$6,245
Office lease	$34	$34	$-	-	-
Total USD obligations	$270,434	$94,517	$54,390	$59,343	$62,184

Hedging arrangements

Under the Working Capital Facility, the Company has the ability to fix the price of payable copper for monthly volumes to be delivered to Concord under its offtake arrangements on a rolling basis, allowing the Company to fix the price of copper to be delivered for an agreed period of time. Under these arrangements, the Company will be required to provide cash collateral to Concord in the event that during the course of such arrangements, as tested on a weekly basis, the variation margin exposure to Concord is over an agreed threshold amount, currently fixed at $3.5 million. During Q1 2021, the Company delivered 721 metric tons of copper under this hedging arrangement. The Company is required to deliver 325 metric tons of payable copper per month in Q2 2021 with prices ranging between $6,394 and $6,402 per metric ton of payable copper.

LEGAL

During Q1 2021, NCI entered into a settlement agreement with its former contractor, Cementation USA Inc. ("Cementation"), to resolve the litigation relating to the mining development contract for the Underground Mine. As part of the settlement, NCI paid Cementation $1 million upon release of the related bond and will pay Cementation $9 million in installments beginning September 2021, which $9 million is guaranteed by Pala. Under a fee agreement between Pala and the Company, a 5% fee of this guaranteed amount, being $450,000, was payable by the Company to Pala, which was satisfied by the Company through the issuance of 3,560,024 common shares to Pala in February 2021 (the "Guarantee Shares"), representing a price per Guarantee Share of CAD$0.1621, being the current market price of the common shares when the fee agreement was entered into.

The court has dismissed all claims and the $3.4 million bond issued in connection with the dispute has been released. Based on the settlement, a reduction to the accrued amounts of $3.5 million has been recorded as the settlement amount of $10 million is less than the $13.5 million amount that had been accrued by the Company. This was an adjustment event for accounting purposes as it is the settlement of a lawsuit and was recorded in Q4 2020.

On April 6, 2020, Sedgman USA Inc. ("Sedgman"), the primary contractor for construction and commissioning of the processing plant at the Underground Mine, filed a complaint against NCI in the Second Judicial Court for the State of Nevada. The dispute related to Sedgman's delay in the ramp-up of commissioning of the plant and the parties' contractual obligations. In Q1 2021, NCI entered into a settlement agreement with Sedgman in order to resolve the litigation. As part of the settlement, the Company issued 15,992,514 common shares to Sedgman at CAD$0.1603 per common share, the market price of the common shares at the time that the settlement agreement was entered into, totalling $2 million. In addition, the Company has agreed to pay $5 million in installments beginning on December 31, 2021, with a potential additional $2 million in common shares issuable upon Sedgman meeting certain performance thresholds. The court has dismissed all claims in connection with the dispute.

Based on the settlement, a reduction to the accrued amounts of $1.2 million has been recorded as the settlement amount of $7.5 million is less than the $8.7 million amount that had been accrued by the Company. This was an adjustment event for accounting purposes as it is the settlement of a lawsuit and was recorded in Q4 2020.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

Management is responsible for establishing and maintaining adequate internal controls over financial reporting ("ICFR"). Any system of ICFR, no matter how well designed, has inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

There have been no significant changes in the Company's internal controls during the quarter ended March 31, 2021 that have materially affected, or are reasonably likely to materially affect, internal control over financial reporting.

OFF-BALANCE SHEET ARRANGEMENTS

On January 24, 2020, the Company entered, together with Pala, into indemnity agreements with a surety in connection with the issuance of a lien bond in an amount up to $21 million, to the extent required in order to remove any liens that may be recorded on the Property by the Company's previous contractor. These arrangements have now been terminated. On February 11, 2020 and June 8, 2020, the Company entered, together with Pala, into indemnity agreements with a surety in connection with the issuance of bonds of approximately $16.5 million to secure payment terms of the Company's new contractor, and of approximately $7 million for a reclamation bond. Except for the bond commitments incurred in connection with the foregoing indemnity agreements (the "Indemnity Agreements"), the Company had no off-balance sheet arrangements during Q1 2021.

NEW ACCOUNTING PRONOUNCEMENTS

Certain recent accounting pronouncements have been included under Note 2u in the Company's audited consolidated financial statements for the year ended December 31, 2020, which are discussed below.

Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16): The amendments prohibit an entity from deducting from the cost of an item of property, plant, and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. This amendment is effective for the Company's annual reporting period beginning January 1, 2022, with early adoption permitted. The Company is in the process of assessing the impact of the adoption of this amendment. None of the remaining standards and amendments to standards and interpretations which have been issued but are not yet effective are expected to have a significant effect on the consolidated financial statements of the Company.

CRITICAL ACCOUNTING ESTIMATES

The preparation of the consolidated financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingencies at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting periods. Although these estimates are based on management's expectations for the likely outcome, timing and amounts of events or transactions, actual results could differ from those estimates. These areas of judgment and critical accounting estimates are consistent with those reported in the Company's audited consolidated financial statements for the year ended December 31, 2020 and the accompanying Management's Discussion and Analysis.

RISKS AND UNCERTAINTIES

The Company and its future business, operations and financial condition are subject to various risks and uncertainties, including due to the nature of its business and the present stage of development of its mineral properties. Risks and uncertainties are described in this MD&A and under the heading "Risk Factors" in the Company's Annual Information Form dated March 18, 2021, which is available on SEDAR at www.sedar.com.

COVID-19

COVID-19's current and expected impacts on the global economy are far-reaching. To date there has been significant stock market volatility, significant volatility in commodity and foreign exchange markets, restrictions on the conduct of business in many jurisdictions and the global movement of people and some goods has become restricted. There is significant ongoing uncertainty surrounding COVID-19 and the extent and duration of the impacts that it may have on demand and prices for the commodities the Company produces, on its suppliers and employees, and on global financial markets.

During Q1 2021, the Company made efforts to continue to safeguard the health of its employees, while operating safely and responsibly to maintain employment and economic activity. These measures combined with commodity market fluctuations resulting from COVID-19 have affected the Company's financial results. Despite the Company's precautionary measures, the Company had localized workplace COVID-19 incidents at the Underground Mine in Q1 2021 affecting its employees and contractors. While those incidents have been addressed pursuant to the Company's policies, the continued spread of the virus and further infections of COVID-19 may lead to work-stoppages at the Underground Mine, which could potentially further delay the Company's ramp-up process and lead to short-term suspensions of copper production, depending on the nature of any future outbreaks.

The Company will continue to closely monitor the impacts of COVID-19 on its business. Should the duration, spread or intensity of the COVID-19 pandemic further deteriorate, there could be further potentially material and negative impacts on the Company's operating plan, its liquidity and cash flows, and the valuation of its long-lived assets due to sustained decreases in metal prices and potential inability to generate expected revenue and profitability from its ongoing operations. Impacts from COVID-19 could lead to another suspension at the Underground Mine. The Company's access to future financing to support its ongoing operations may also be negatively impacted or delayed as a result of COVID-19.

The Company restarted production at the Underground Mine in August 2020 after a temporary suspension of milling operations due to the impacts of the COVID-19 pandemic. The ramp-up of operations is expected to be substantially completed in Q4 2021. The ramp-up process by its nature is subject to a variety of operational and technical risks associated with mining projects of this type. Ramp-up activities will also be subject to compliance with operational restrictions relating to the COVID-19 pandemic mandated by government authorities which are subject to change and potential expansion. As a result, there can be no assurance that the ramp-up process will occur and progress on the currently expected timeline or within expected costs parameters. To date the Company has experienced negative cash flow from operating activities and has a significant working capital deficiency. Positive operating cash flows are not expected to be achieved until the Company has completed its ramp-up to a sufficient level at the Underground Mine. The inability to successfully ramp-up production at the Underground Mine on the currently expected timeline and within revised budget expectations may have a material adverse effect on the Company and its stock price. Considering recent geotechnical changes relating to initially smaller stopes during the ramp-up period at the Underground Mine, the Company's costs have increased in the short-term. In addition, the Company's costs have increased as a result of the cumulative impact of various events, including a series of unplanned stoppages in early 2021 due to mechanical issues and other incidents in the Main Shaft. Due to delays in the ramp-up process and operational issues, the Company will need to seek additional funding to complete the ramp-up of the Underground Mine. In the event of further cost overruns, the Company will need to seek further additional funding. The Company continues to advance its short, medium and longer-term mine planning analysis, including related costs and timing implications. There can be no assurance that the Company will be able to obtain the additional funding required to complete the ramp-up of the Underground Mine, and in the absence of such funding and any additional required financing, the Company may not be able to continue operations.

OUTSTANDING SHARE DATA

As of May 17, 2021, there were 1,833,129,262 common shares of the Company issued and outstanding, 39,708,445 stock options outstanding, 4,968,502 deferred share units outstanding, and 499,394,861 warrants outstanding.

On April 29, 2021, Nevada Copper issued 3,471,714 common shares to Summit Partners Credit Advisors, L.P. ("Summit") for services provided by Summit in connection with financing arrangements in 2020.

FORWARD-LOOKING STATEMENTS

Certain of the statements made and information contained herein contain forward-looking information and forward-looking statements within the meaning of applicable Canadian and United States securities laws. Such forward-looking statements and forward-looking information specifically include, but are not limited to statements and information that relate to: Nevada Copper's plans for the Project; the impacts of the COVID-19 pandemic on the global economy and the Company, the Company's mine development, production and ramp-up plans (including as may be affected by ongoing and future technical work) and the expected timing, costs and results thereof; revisions to the Company's mine plan; the need for additional funding; future ore and concentrate production rates; expected commencement of positive cash flow from operating activities; the ongoing exploration activities and the objectives and results thereof; and the other plans of Nevada Copper with respect to the exploration, development, construction and commercial production at the Underground Mine.

Forward-looking statements and information include statements regarding the expectations and beliefs of management. Often, but not always, forward-looking statements and forward-looking information can be identified by the use of words such as "plans", "expects", "potential", "is expected", "anticipated", "is targeted", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", or "believes" or the negatives thereof or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Forward-looking statements or information should not be read as guarantees of future performance and results. They are subject to known and unknown risks, uncertainties and other factors which may cause the actual results and events to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or information.

Such risks and uncertainties include, without limitation, those relating to: the ability of the Company to complete the ramp-up of the Underground Mine within the expected cost estimates and timeframe; requirements for additional capital and no assurance can be given regarding the availability thereof; the impact of the COVID-19 pandemic on the business and operations of the Company; the state of financial markets; history of losses; dilution; adverse events relating to milling operations, construction, development and ramp-up, including the ability of the Company to address underground development and process plant issues; ground conditions; cost overruns relating to development, construction and ramp-up of the Underground Mine; loss of material properties; interest rates increase; global economy; limited history of production; future metals price fluctuations; speculative nature of exploration activities; periodic interruptions to exploration, development and mining activities; environmental hazards and liability; industrial accidents; failure of processing and mining equipment to perform as expected; labour disputes; supply problems; uncertainty of production and cost estimates; the interpretation of drill results and the estimation of mineral resources and reserves; changes in project parameters as plans continue to be refined; possible variations in ore reserves, grade of mineralization or recovery rates from management's expectations and the difference may be material; legal and regulatory proceedings and community actions; accidents; title matters; regulatory approvals and restrictions; increased costs and physical risks relating to climate change, including extreme weather events, and new or revised regulations relating to climate change; permitting and licensing; volatility of the market price of the Company's securities; insurance; competition; hedging activities; currency fluctuations; loss of key employees; other risks of the mining industry, as well as those risks discussed in this MD&A and in the section entitled "Risk Factors" in the Company's Annual Information Form dated March 18, 2021. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in forward-looking statements and information. The forward-looking statements and information contained herein are based upon assumptions management believes to be reasonable, including, without limitation: no adverse development in respect of the property at the Project; no material changes to applicable laws; the ramp-up of operations at the

Underground Mine in accordance with management's plans and expectations; no worsening of the current COVID-19 related work restrictions; reduced impacts of the COVID-19 pandemic in the medium-term and long-term; no material adverse change to the price of copper from current levels; and the absence of any other factors that could cause actions, events or results to differ from those anticipated, estimated or intended. The forward-looking information and statements are stated as of the date hereof. Nevada Copper disclaims any intent or obligation to update forward-looking statements or information except as required by law. Readers are referred to the additional information regarding Nevada Copper's business contained in Nevada Copper's reports filed with the securities regulatory authorities in Canada. Although the Company has attempted to identify important factors that could cause actual actions, events, or results to differ materially from those described in forward-looking statements, there may be other factors that could cause actions, events or results not to be as anticipated, estimated or intended. For more information on Nevada Copper and the risks and challenges of its business, investors should review Nevada Copper's filings that are available at www.sedar.com.

Nevada Copper provides no assurance that forward-looking statements and information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements or information. Accordingly, readers should not place undue reliance on forward-looking statements or information.