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MANAGEMENT'S DISCUSSION AND ANALYSIS

For the year ended December 31, 2022

March 20, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS
For the year ended December 31, 2022

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For the year ended December 31, 2022

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 March 20, 2023. Information herein is provided as of December 31, 2022, 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 year ended December 31, 2022 and 2021 ("Consolidated Financial Statements") and the notes thereto, prepared in accordance with the International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS").

Additional information relevant to the Company's activities, including the Company's Annual Information Form dated March 20, 2023 (the "AIF"), can be found on SEDAR at www.sedar.com. All amounts expressed herein are in United States Dollars unless otherwise indicated. Amounts expressed in C$ refer to Canadian dollars.

The consolidated financial and operational results discussed below and throughout this MD&A reflect the adjustments from the adoption of "Amendments to International Accounting Standards 16, Property, Plant & Equipment, Proceeds before Intended Use" ("Amendments to IAS 16") as discussed in detail in the "Discussion of Operations" and "New Accounting Pronouncements" sections of this MD&A. As required by the Amendments to IAS 16, these adjustments were applied retrospectively and the comparatives have been restated.

Greg French, CPG, VP of Exploration of the Company and Steven Newman, Registered Member - SME, VP Technical Services of the Company, both non-independent Qualified Persons under National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* (NI 43-101), 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

Set out below are highlights for the quarter ended December 31, 2022 ("Q4 2022") relating to the Company's Pumpkin Hollow Underground Mine (the "Underground Mine").

Underground Mine

- **Restart activities at the Underground Mine** - During Q4 2022, the Company carried out limited development activities with a view of protecting the Company's assets and progressing on the following restart activities:
    - **Mine Plan Optimization** - An optimized life-of-mine (LOM) plan, completed by John Wood Group Plc ("Wood"), was incorporated into the development and production plan of the Underground Mine;

- **Final Dike Crossings** - The Company completed the second dike crossing and continued to advance through the third and final dike crossing. The completion of the first two dike crossings provides access needed for rapid development into the East North Zone (the "EN Zone") which facilitates access for development of the stopes planned to be mined in 2023;
- **Capital Projects** - Dumas Contracting USA Inc. ("Dumas"), a leading engineering firm, was retained as the capital projects contractor in December 2022 and mobilized to site in January 2023 to complete critical underground capital projects including the stripping of remanent construction works from the vent shaft and connection of vent fans, the construction and installation of the underground crusher, ore handling system and coarse ore bin and installation of the Geho de-watering system;
- **Development Contractor** - The Company completed requests for pricing and advanced negotiations regarding a lateral development mining contract; and
- **Underground Development** - The excavation of the expanded underground maintenance shop and rehabilitation of ore passes were completed in preparation for mobilization of a development mining contractor.

- **Management Additions -** During Q4 2022, the Company continued to strengthen the management team and the site operations leadership team. In November 2022, the Company appointed Greg Martin as Executive Vice President and Chief Financial Officer. Greg has significant experience in providing leadership through company transitions, growth and development while implementing the fiscal discipline and structure to support sustainable operations. The site operations leadership team has been strengthened with the recent additions of highly experienced individuals in critical technical and operational roles, including an Underground Mine Manager, a Capital Projects Manager, a Chief Engineer, a Senior Paste Backfill Engineer, a Contracts Manager, and a Senior Geotechnical Engineer.

Corporate

- **Restart Financing Package** - On October 28, 2022, the Company and its key financing partners entered into, and closed, definitive agreements in respect of a financing package to provide liquidity to the Company that support the restart of the Underground Mine (the "Restart Financing Package"). The Restart Financing Package provided the Company with up to $123 million of liquidity to fund restart activities and repay certain indebtedness. Further details are provided in the "Business Development" section of this MD&A.

DESCRIPTION OF BUSINESS

Nevada Copper Corp. is a mining company whose principal asset is the 100%-owned Pumpkin Hollow Copper Property (the “Property”) and in particular, the restart and ramp-up to nameplate capacity of its Underground Mine (the "Restart"). The Property is in northwestern Nevada and consists of approximately 24,300 acres of contiguous mineral rights including approximately 10,800 acres of owned private land and leased patented claims. See “Description of Business” in the AIF for additional details with respect to the Property.

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 AIF.

The Company completed construction of the production shaft and plant for the Underground Mine in Q3 2019 and the first concentrate was shipped in December 2019. Mining operations at the Underground Mine were suspended in April 2020, in part, due to the COVID pandemic. The Underground Mine was restarted in August 2020 and continued during 2021 and the first two quarters of 2022. However, in response to operational inefficiencies and liquidity constraints, during the third quarter of 2022, mining, processing and development activities were suspended at the Underground Mine to significantly reduce operational expenditures. The plan for the Restart of operations at the Underground Mine (the "Restart Plan") was developed through Q3 2022 and Q4 2022 to identify critical projects required to address the operational inefficiencies and achieve full production and work related to the Restart Plan commenced with the close of the Restart Financing Package in Q4 2022.

BUSINESS DEVELOPMENT

Restart Financing Package

The Company closed the Restart Financing Package on October 28, 2022 to support the restart activities at the Underground Mine and repay certain indebtedness, the components of which are as described below. See "Financing and Offtake Transactions" of the AIF for further details.

Mercuria Equity Investment

Mercuria Energy Holdings (Singapore) Pte Ltd (Mercuria), a significant shareholder of the Company, provided $20 million in two $10 million tranches of equity funding, in exchange for an aggregate of 126,129,133 common shares of the Company (the first tranche closed on October 28, 2022 and the second tranche closed on December 29, 2022).

Mercuria also received 127,720,000 common share purchase warrants of the Company (the "Mercuria Warrants") each entitling Mercuria to, subject to the exercise of the Pala Warrants (as defined below), acquire one common share of the Company at an exercise price of C$0.2592 until January 31, 2026 unless all amounts under the 2022 A&R Pala Credit Facility (as defined below) are repaid at an earlier time, in which case the Mercuria Warrants would expire. In addition, subject to the prior approval of the Toronto Stock Exchange (the "TSX"), Mercuria will be issued additional Mercuria Warrants if Pala Investments Limited (“Pala”), the Company’s largest shareholder, is issued additional Pala Warrants pursuant to the terms of the 2022 A&R Pala Credit Facility. The additional Mercuria Warrants would allow Mercuria to maintain its pro rata equity interest in the Company on a non-diluted basis.

Mercuria also received 871,261 common shares of the Company in satisfaction of its reimbursable expenses totaling approximately $0.14 million.

Pala Equity Investment

Pala provided $20 million in exchange for 125,435,185 common shares of the Company. The aggregate $20 million consideration consisted of the settlement of all of the principal amount outstanding under the August 2022 Promissory Note (as defined below) and $5 million outstanding under the October 2022 Promissory Note (as defined below). The remaining $2.5 million outstanding under the October 2022

Promissory Note and accrued interest on both the August 2022 Promissory Note and the October 2022 Promissory Note, in the amount of approximately $0.3 million, was repaid to Pala on closing of the Restart Financing Package.

Pala also received 5,330,995 common shares of the Company in satisfaction of its reimbursable expenses totaling approximately $0.85 million.

Stream and Royalty Financing

Triple Flag Precious Metals Corp. (“Triple Flag”) increased its existing net smelter returns royalty on the Open Pit Project from 0.7% to 2% for a purchase price of approximately $26.2 million, subject to the Company's right to fully buy back the increased royalty percentage. In addition, Triple Flag advanced $3.8 million that was remaining to be funded under the Company’s existing metals purchase and sale agreement with Triple Flag (the "Stream Agreement"). Triple Flag funded its investment in two tranches, with $20 million funded at closing of the Restart Financing Package and the remaining $10 million deposited into escrow. Triple Flag’s second tranche of $10 million of funding was released from escrow to the Company on December 29, 2022 concurrent with the release of Mercuria’s second $10 million tranche.

Triple Flag also received 1,459,208 common shares of the Company in satisfaction of its reimbursable expenses totaling $0.23 million.

KfW Facility Extension

The Company’s senior credit facility (the “KfW IPEX-Bank Facility”) with KfW IPEX-Bank GmbH (“KfW”) was amended to provide for a new tranche of up to $25 million (the "Extension Tranche"), of which Pala, Triple Flag and Mercuria committed in the aggregate, the first $15 million as a backstop, of which $15 million amount has now been fully drawn.

Interest on the KfW IPEX-Bank Facility, scheduled for payment on July 31, 2022, January 31, 2023 and July 31, 2023, either was or will be deferred and added into the principal amount on such interest payment dates.

Pala Debt Consolidation

The Company and Pala amended and restated the Company’s credit facility with Pala that was originally entered into in February 2021 (the "2021 A&R Pala Credit Facility", as amended and restated, the "2022 A&R Pala Credit Facility"). The 2022 A&R Pala Credit Facility had a principal amount of approximately $76.1 million, which included the outstanding principal and accrued interest balance under the 2021 A&R Pala Credit Facility (approximately $54.8 million), the outstanding principal and accrued interest balance under the May 2022 Promissory Note (as defined below) (approximately $20.5 million) and a 4% deferred financing fee with respect to the May 2022 Promissory Note amount (approximately $0.8 million).

In connection with the 2022 A&R Pala Credit Facility, 398,723,212 common share purchase warrants of the Company were issued to Pala (“Pala Warrants”). Each Pala Warrant entitles Pala to acquire one common share of the Company at an exercise price of C$0.2592. The Pala Warrants will expire on January 31, 2026 unless all amounts under the 2022 A&R Pala Credit Facility are repaid at an earlier time, in which case the Pala Warrants would expire. Upon the exercise of the Pala Warrants, the exercise price would be payable by way of deemed repayment and set-off of the outstanding amounts under the 2022 A&R Pala Credit Facility.

In the event that the Company elects not to pay such interest in cash, Pala has the option to either: (i) receive the amount of such interest payment through the issuance of common shares of the Company based on the market price (as defined in the policies of the TSX) of the common shares at the time of such interest payment; or (ii) add the amount of such interest payment to the then outstanding principal amount of the 2022 A&R Pala Credit Facility. In addition, subject to the prior approval of the TSX, additional Pala Warrants (the "Interest Warrants") will be issued to Pala if interest payments are added to the principal amount of the 2022 A&R Pala Credit Facility in an amount equal to the amount of such interest payment divided by the market price of the common shares of the Company at the time. The Interest Warrants will have an exercise price equal to the market price of the common shares of the Company at the time and will have all other terms as the initial Pala Warrants.

Backstop Support

Pala provided the Company with a backstop funding commitment of up to $25 million for future funding to be provided in exchange for issuances of common shares, convertible and/or non-convertible debt of the Company (the "Backstop"). The amount available pursuant to the Backstop will be reduced, from time to time, by amounts raised by the Company pursuant to alternative financings after the closing of the Restart Financing Package. In connection with the Backstop, Pala received 6,271,759 common shares of the Company at a price equal to C$0.2160 representing a 4% commitment fee.

Deferral under the Working Capital Facility

Concord Resources Limited ("Concord") deferred interest and principal payments under the working capital facility with Concord (the "Working Capital Facility"). The new long stop payment dates agreed are August 25, 2023, September 25, 2023, October 25, 2023 and November 25, 2023 for the outstanding advance amounts of $3.3 million, $5.8 million, $6.2 million and $2.9 million due on June 25, 2022, July 25, 2022, August 25, 2022 and September 25, 2022, respectively.

The Company, also agreed to pay in four equal installments, due on each long stop payment date, the outstanding amount of $1.1 million pursuant to the final invoicing for 2022 shipments. In addition, the Company will reimburse legal fees amounting to $0.3 million incurred by Concord related to the Restart Financing Package.

Financial Hardship

In connection with the Restart Financing Package, the Company was granted a "financial hardship" exemption from the TSX requirements to obtain shareholder approval of certain components of the Restart Financing Package. As a consequence, the TSX placed the Company under remedial delisting review, which is normal practice when a listed issuer seeks to rely on this exemption. The TSX has extended the initial review timeframe. Although the Company believes that it will be in compliance with all continued listing requirements of the TSX after giving effect to the Restart Financing Package and raising additional capital, no assurance can be provided as to the outcome of such review or continued qualification for listing on the TSX.

Underground Mine

Mine Development

As of the date hereof, the Underground Mine is in restart of operations with construction of critical infrastructure being expected to be completed prior to the restart of stope mining and milling activities (see "Outlook" section of this MD&A).

During Q2 2022, an unidentified weak rock structure in the main ramp to the East South Zone ("ES Zone") delayed access to planned stopes and required additional drilling and geotechnical mitigation work. As a result of the foregoing, together with limited access to the main ramp, slower than planned development and longer backfill cycles, the Company's development and mining activities were reduced during the month of June 2022.

As announced in the Company's July 1, 2022 press release, the Company suspended underground mining and development activities, as well as milling activities and took measures to significantly reduce Underground Mine site and operation expenditures with only limited operational activities being undertaken to protect the Company’s assets. The Underground Mine contractor at the time significantly reduced their workforce, retaining only a small crew for hoist operations and pump management. Near the end of Q3 2022, the Company replaced the contractor with the Company's own workforce.

Restart Plan

During Q3 2022 and Q4 2022, the Company advanced planning for the restart of operations at the Underground Mine. The Restart Plan is expected to be executed in three phases:

- Phase 1 - Completion of the remaining dike crossings, construction of certain critical underground capital projects and workforce development;
- Phase 2 - Resumption of underground lateral development and establishment of developed stope inventory; and
- Phase 3 - Commencement of stope mining and mill start-up

The Company completed the detailed Restart Plan in Q3 2022 that outlines this phased approach to the restart of the Underground Mine, the recruitment plan, capital projects management, and risks mitigation, including key learnings from the previous operating periods.

In late Q3 2022, the Company began Phase 1 activities by reinitiating development activities with one mining crew focused on completing the second dike crossing. In Q4 2022, the Company completed the second dike crossing and added a second mining crew focused on advancing beyond the second dike, initiating the third dike crossing and other underground projects such as completion of the underground mobile maintenance shop. In Q4 2022, the Company awarded Dumas a construction contract to complete the critical underground capital projects.

The following are the key components for the restart of the Underground Mine:

Mine Plan Optimization

Wood has completed an optimized LOM plan that focuses on accessing the larger ore stopes of the EN Zone to bring value forward in the mine life. This optimized plan forms the Company's development and mine planning in preparation for restart of mining operations.

Dike Crossings

With the completion of the second dike crossing, the Company is advancing development into the EN Zone which provides access to larger ore stopes, which is expected to significantly improve operating efficiencies. The rock quality being encountered beyond the dike as development headings are progressed into the EN Zone is competent and consistent with the geotechnical model. The third and final dike crossing is nearing completion.

Definition Drilling

Definition drilling of the initial ore stopes that feed the restart of milling operations in Q3 2023 have been completed and assayed, and confirm rock quality, grade and geometry represented by the geologic and reserve models.

Capital Projects

Certain capital projects are necessary to support sustained production once the Underground Mine is restarted.

- *Vent shaft stripping and fans* – This project establishes required LOM ventilation capacity by stripping remnant construction materials from the shaft and commissioning permanent surface fans and completing the original design for the shaft. Dumas began performing this work early in Q1 2023.
- Underground crusher and ore handling system – Excavation and ground support was in progress prior to the suspension of the Underground Mine in 2022. Engineering is nearing final design for the ore handling project, which includes ore storage, ore crushing utilizing a conventional jaw crusher and conveyance to hoist loading. The project has been turned over to Dumas and excavation activities recommended in Q1 2023. The Company received the jaw crusher in February 2023.
- LOM permanent de-watering system - This system provides pumping capacity from the mine bottom to handle expected LOM water volumes and integrates into existing infrastructure Dumas also began performing this work in Q1 2023.
- Surface paste plant - While the original design of the paste plant was a combination of thickened tails and rehandled dry stack tails, simple modifications can enable a single thickened tails flow sheet which would be expected to lower mill operating costs and improve operating performance. The design change potentially is expected to increases mill throughput by reducing the volume of tails that require filtering. This project is expected to be completed in Q2 2023.
- Cold clean water – A system to deliver cold clean water to improve operating efficiency and reliability of the underground mining equipment is being completed.

Open Pit Project

The Company has paused work on the Open Pit Project as it dedicates all of its management and financial resources to the successful restart of the Underground Mine. The Open Pit Project remains one of the largest permitted copper development projects in the continental United States with estimated proven and probable copper mineral reserves of 3,590 million pounds from 385.7 million tons grading 0.47% copper.

Exploration

The Company has continued to evaluate its extensive mineral landholdings at and around Pumpkin Hollow. Review of detailed aeromagnetic surveys and continued surface reconnaissance will provide a broader understanding of the geologic model and targeting across Nevada Copper's land package.

The review will help direct exploration activities on newly acquired lands and targets around the existing deposits. Surface mapping and sampling has begun on the new ground which will target areas for trenching and follow-up drilling. The areas of work include Copper Ridge, Porphyry, Tedeboy, Mountain View, and Black Mountain targets. Geophysical and structural targets around the existing deposits are expected to be followed up with drilling.

The Company expects to continue to advance its high-priority targets in 2023 in accordance with funding availability.

OUTLOOK

Nevada Copper's principal objective for 2023 is to have the Underground Mine operating at nameplate milling capacity of 5,000 tons per day by year end with all critical underground infrastructure complete and sufficient advance development to support sustained operations at such capacity.

Critical path activities to achieve this objective include completing the original design of the vent shaft by April 2023 to enable commencement of underground development, construction and commissioning of the underground crush and convey system and commissioning of the paste plant are each required for the restart of stope mining operations, which is targeted for August 2023. 24,000 feet of underground lateral development is planned for 2023 to establish capital headings and stope development.

Mill restart is scheduled for late Q3 2023 at an expected rate of approximately 3,500 tons per day. The mill will be re-commissioned on low-grade stockpiled ore. Mill capacity and grade are expected to increase through the balance of 2023, however, milled grades will remain lower than stope mined grades, as lower grade development ore constitutes a higher percentage of mill feed through these early months.

While the Company has current cash on hand of $9 million and the Backstop is available, further funding will be required to complete the Restart Plan. There can be no assurance that the actual costs to complete the Restart Plan will not be greater than expected by the Company or that further significant Restart delays will not occur. In the absence of sufficient financing being arranged, the Company may not be able to complete the Restart Plan or continue to carry on business in the ordinary course.

BOARD AND MANAGEMENT CHANGES

Effective November 1, 2022, the Company appointed Randy Buffington (President and Chief Executive Officer of the Company) to the board of directors of the Company.

Effective November 4, 2022, Guillaume de Dardel, Head of Energy Transition Metals at Mercuria, was appointed to the board of directors of the Company.

Effective November 21, 2022, the Company appointed Mr. Greg Martin as Executive Vice President and Chief Financial Officer of the Company. Mr. Martin is a Certified Professional Accountant (C.G.A.), holds an MBA from the University of Western Ontario and a Bachelor of Applied Science from the University of British Columbia. Mr. Martin has nearly 30 years of experience in various financial and business development roles, primarily in the mining sector. He has held senior finance roles in several multinational mining and mining-related companies including SSR Mining Inc.

Effective December 5, 2022, Carolyn "Lina" Tanner was appointed General Counsel of the Company. Lina has over 25 years of legal experience, with a focus on the energy and natural resource sectors representing both public and private entities including serving as Senior Deputy Attorney General for the Nevada Division of Environmental Protection, and Division of Water Resources. In private practice, she served as advisor to large mining companies, municipalities, and county governments on natural resource and energy policies.

Subsequent to the end of Q4 2022, effective February 28, 2023, Ms. Kate Southwell resigned as a member of the Board of Directors of the Company to pursue other career opportunities.

SELECTED ANNUAL INFORMATION

The following table sets forth selected annual financial information extracted from the Company's audited Consolidated Financial Statements, which have been prepared in accordance with IFRS, for the years noted:

	December 31, 2022	**December 31, 2021**	**December 31, 2020**
Total revenue ($000s)	$9,086	$11,140	$7,211
Loss and comprehensive loss ($000s)	$(357,946)	$(27,875)	$(25,341)
Basic and diluted (loss) per share	$(0.74)	$(0.14)	$(0.23)
Total assets ($000s)	$647,769	$914,623	$762,848
Total non-current financial liabilities ($000s)	$383,505	$294,649	$256,838
Copper sold (klb)	2,011	3,188	1,664
Average copper realize price ($/lb sold)	$3.96	$3.31	$2.83

During the year ended December 31, 2022, the Company recognized

- a non-cash impairment of $299.0 million related to the carrying value of the Project;
- debt extinguishment loss of $3.0 million resulting from amendments to the 2021 Pala Credit Facility;
- a debt modification gain of $1.4 million resulting from amendments to the KfW IPEX-Bank Facility; and
- a net gain on the fair valuation of derivatives including warrants of $19.1 million driven by a decrease in the share price of the Company's common shares and the expiration of certain warrants.

The suspension of Underground Mine operations in the second half of 2022 resulted in care and maintenance expenses of $23.0 million and non-capitalization of interest and finance costs of $20.3 million.

During the year ended December 31, 2021, the Company recognized a debt extinguishment loss of $2.8 million resulting from the amendments to the 2021 Pala Credit Facility and a net gain of $11.6 million on the fair valuation of derivatives, driven by a decrease in the share price of the Company's common share and the expiration of certain warrants.

During the year ended December 31, 2020, the Company recognized a debt extinguishment loss of $6.4 million on the settlement of the convertible loan facility with Pala and a net loss of $7.9 million on fair valuation of derivatives driven by increases in the share price of the Company's common shares.

DISCUSSION OF OPERATIONS

(Expressed in thousands of USD, except per share amounts)	**Year Ended December 31,**	
	2022	**2021 (Restated)**
Revenue	$9,086	$11,140
Cost of Sales		
Production costs	31,117	35,853
Transportation	2,025	2,534
Royalty and stream	476	1,467
Total cost of sales	33,618	39,854
Gross loss	(24,532)	(28,714)
Operating Expenses		
Care and maintenance expenses	23,034	—
General and administrative expenses	5,744	5,254
Stock-based compensation	1,068	(341)
Loss on forward sales contract	—	3,075
Impairment of mineral properties development costs	298,975	—
Plant and equipment written off	632	—
Loss from operations	(353,985)	(36,702)
Interest income	36	56
Interest and finance expenses	(20,321)	—
Financing related transaction costs	(1,466)	—
Derivative fair value gain	19,057	11,573
Debt extinguishment loss	(2,998)	(2,764)
Debt modification gain	1,373	3
Foreign exchange gain (loss)	358	(41)
Loss and comprehensive loss	($357,946)	($27,875)
Loss per share		
Basic and diluted	($0.74)	($0.14)

For the year ended December 31, 2022, the Company reported a net loss of $357.9 million (or $0.74 basic and diluted loss per common share), compared to a net loss of $27.9 million for the year ended December 31, 2021 (or $0.14 basic and diluted loss per common share). The change in the net loss is primarily due to the following:

- **Revenue -** The Company recognized pre-operational revenue of $9.1 million for the year ended December 31, 2022, compared to $11.1 million during the year ended December 31, 2021. Concentrate sales totaled 4,501 tons of copper concentrate in the year ended December 31, 2022 compared to 7,343 tons of copper concentrate in the year ended December 31, 2021. The average realized copper price for the year ended December 31, 2022 was $3.96 per pound of copper compared to $3.31 per pound of copper realized on sales in the year ended December 31, 2021. During 2021, copper sales were subject to a forward sales contract at approximately $2.90 per pound of copper; whereas in 2022, sales were at the prevailing market price of the metal.
- **Cost of sales** - Cost of sales totaled $33.6 million for the year ended December 31, 2022 compared to $39.9 million for the year ended December 31, 2021. The lower cost of sales was primarily due to lower concentrate sales during the year ended December 31, 2022 as a result of

operational issues and liquidity constraints that resulted in the suspension of mining and processing operations.

- **Care and maintenance** - During Q3 2022, the Company suspended development, mining and milling operations at the Underground Mine to significantly reduce underground mine site and operational expenditures, with only limited operational activities being undertaken with a view of protecting the Company's assets. Expenditures totaling $23.0 million incurred during the year were recognized as care and maintenance expenses in the statement of operations and comprehensive loss.
- **Impairment of mineral properties development costs** - During Q3 2022, the Company recognized a non-cash impairment of $298.9 million related to the carrying value of the Project assets in the consolidated statements of operations and comprehensive loss.
- **General and administrative expenses** - General and administrative expenses totaled $5.7 million for the year ended December 31, 2022 which increased from $5.3 million for the year ended December 31, 2021 due to higher legal costs.
- **Share-based compensation** - During the year ended December 31, 2022, the Company recognized share-based compensation expenses totaling $1.1 million compared to a gain of $0.3 million for the year ended December 31, 2021. During the year ended December 31, 2021, the share price of the Company's common shares reduced significantly which resulted in a share-based compensation gain for the Company's cash-settled awards.
- **Derivative fair value gain** - A non-cash mark-to-market fair value gain of $19.1 million was recorded for the year ended December 31, 2022 (December 31, 2021 - gain of $11.6 million), related to the derivative liability of the Company’s warrants. The derivative fair value gain during the year ended December 31, 2022 and December 31, 2021 was primarily driven by a decrease in the share price of the Company's common shares and the expiration of the warrants issued in July 2020 and January 2021. The derivative fair value gain during the year ended December 31, 2022 was partially offset by the expense on the fair valuation of the warrants issued by the Company to Pala and Mercuria on closing of the Restart Financing Package on October 28, 2022.
- **Interest and finance expenses** - Commencing in Q3 2022, as development of the Underground Mine was temporarily suspended, the interest and finance expenses incurred were recognized as an expense in the statement of operations and comprehensive loss. Previously interest and finance expenses were capitalized to the Project.
- **Debt extinguishment loss** - During Q4 2022, the amendment in the Company's credit facility with Pala resulted in the recognition of a loss on extinguishment of $3.0 million. During Q4 2021, the Company recognized a $2.8 million loss on extinguishment of certain promissory notes issued to Pala.
- **Debt modification gain** - During Q4 2022, the Company and KfW agreed to defer the interest payments under the KfW IPEX-Bank Facility due on July 31, 2022, January 31, 2023 and July 31, 2023, which resulted in a gain on modification.

Pumpkin Hollow Project Expenditures

Project costs capitalized for the period ended December 31, 2022, consisted of the following (expressed in $'000):

	December 31, 2022	**2022 Additions**	**December 31, 2021 (Restated)**	**2021 Additions (Restated)**	**December 31, 2020 (Restated)**
Property payments	$1,961	$—	$1,961	$—	$1,961
Water rights	3,050	95	2,955	188	2,767
Drilling	42,820	518	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	14,294	49	14,245	516	13,729
Underground access, hoist, head frame, power & related	387,772	44,358	343,414	72,801	270,613
Processing plant – engineering procurement	134,819	—	134,819	—	134,819
Surface infrastructure	33,435	1,591	31,844	2,127	29,717
Site costs	67,326	4,865	62,461	21,570	40,891
	$721,541	**$51,476**	**$670,065**	**$97,202**	**$572,863**
Depreciation	22,094	3,925	18,169	7,768	10,401
Asset retirement obligation	4,251	(806)	5,057	(248)	5,305
Capitalized interest	106,796	7,457	99,339	16,101	83,238
Stock-based compensation	5,997	235	5,762	(309)	6,071
Stream accretion	37,010	5,736	31,274	11,085	20,189
Total	**$897,689**	**$68,023**	**$829,666**	**$131,599**	**$698,067**
Less: Impairment	**($298,865)**	**($298,865)**	**$—**	**$—**	**$—**
Total after impairment	**$598,824**	**($230,842)**	**$829,666**	**$131,599**	**$698,067**

During the first quarter of 2022, Nevada Copper retrospectively adopted the Amendments to IAS 16. The amended standard prohibits the Company from deducting any sales proceeds realized while bringing that asset to an operating state in the manner intended by management from the cost of that asset. With the adoption of the amended standard, revenue from sales of copper concentrate and related costs during the pre-commercial production period 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 - Inventories. The restated amounts in the table above reflect the impact of the adjustments required by the Amendments to IAS 16.

For the year ended December 31, 2022, the Company incurred $68.0 million of Project-related expenditures compared to $131.6 million in the year ended December 31, 2021. During the year ended December 31, 2022, prior to suspension of operations at the Underground Mine, project costs were related to capitalized underground development and construction of critical infrastructure. After the suspension was implemented, limited activities were undertaken with a focus to protect the Company's assets with moderate spending in Q4 2022 related to the restart activities at the Underground Mine.

During Q3 2022, the Company updated the LOM plan for the Underground Mine, wherein the Company noted a small decrease in estimated recoverable copper and an increase in costs over the LOM. The above factors, in addition to the decline in the Company's market capitalization relative to net assets as at September 30, 2022 and suspension of mining, development and milling activities at the Underground Mine were identified as impairment indicators. As a result, management performed an impairment assessment on the Pumpkin Hollow CGU (a group of assets that generate independent cash flows) as at September 30, 2022. The recoverable amount of the CGU was based on a fair value less cost of disposal method using a discounted cash flow model. The determination of the recoverable amounts included the following significant assumptions: production based on quantities of recoverable reserves and resources, future metal prices, capital and operating costs, discount rate and the estimated timing of Restart of production for the Underground Mine and the timing of a development decision for the Open Pit Project.

Management's estimates of the quantity of recoverable reserves and resources were based on information compiled by Qualified Persons. The estimate of the recoverable amount as at September 30, 2022 was based upon an estimated restart of milling operations at 3,500 tons per day by the third quarter of 2023.

The recoverable amount was calculated taking into account a number of LOM options. As studies progress, this will lead to the selection of a preferred option with detailed cost, scheduling, and production assumptions, which may lead to a change in management's estimate of recoverable amount. As a result of the Company's impairment assessment, a non-cash impairment of $298.9 million was recognized in the consolidated statements of operations and comprehensive loss.

The impairment model was most sensitive to the estimated long-term copper prices, the discount rate, estimated operating costs, the timing of the ramp-up of the Underground Mine and the timing of a development decision for the Open Pit Project.

Metal prices

The metal prices used to calculate recoverable amounts at September 30, 2022 were based on analysts' consensus price estimates and are summarized in the following table:

Metal prices	2023 - 2025	Long term
Copper price ($/lb)	$3.70	$3.60

Operating and capital costs

Underground Mine operating costs and capital expenditures are based on LOM plans and forecasts using management's best estimates as at September 30, 2022 considering that the Underground Mine had not yet reached commercial production. Such estimates included a comparison to historical costs, where applicable. Operating costs and capital expenditures at the Open Pit Project were based on LOM plans and forecasts using management's best estimates with reference to the Company's most recently filed technical report.

Reserves and resources

Future estimated production was based on mineral reserves and resources estimates by Qualified Persons when preparing the most recently filed technical report, or management's latest LOM model as at September 30, 2022.

Discount rate

Discount rates used for the present value of the LOM cash flows were based on the weighted average cost of capital for similar companies and adjusted for risk and current market information. The Company used a 11% real after-tax discount rate for the Underground Mine and 12% real after-tax discount rate for the Open Pit Project in the calculation of the recoverable value of the CGU as at September 30, 2022.

Sensitivity analysis

The Company performed the following sensitivity analysis -

	a 5% change in long term copper price	a 5% change in operating costs	a 1% change in discount rate	6 months delay in ramp-up of the Underground Mine	1 year delay in the development decision for the Open Pit Project
Change in recoverable amount	+/-\$138,081	+/-\$76,737	+/-\$72,153	-\$30,394	-\$32,231

SUMMARY OF QUARTERLY RESULTS

(Expressed in thousands of USD, except per share amounts)	**Three Months Ended December 31,**	
	Q4 2022	**Q4 2021 (Restated)**
Revenue	$—	$2,701
Cost of Sales		
Production costs	—	8,684
Transportation	—	612
Royalty and stream	—	308
Total cost of sales	—	9,604
Gross loss	—	(6,903)
Operating Expenses		
Care and maintenance expenses	6,816	—
General and administrative expenses	2,051	1,747
Stock-based compensation	1,482	(219)
Loss from operations	(10,349)	(8,431)
Interest income	32	15
Interest and finance expenses	(11,155)	(12)
Financing related transaction costs	(1,466)	—
Derivative fair value loss	(1,486)	(5,025)
Debt extinguishment loss	(2,998)	(2,764)
Debt modification gain	1,373	3
Foreign exchange gain (loss)	35	(2)
Loss and comprehensive loss	($26,014)	($16,216)
Loss per share		
Basic and diluted	($0.04)	($0.06)
Weighted average number of common shares	597,062,159	276,422,641

In Q4 2022, the Company reported a net loss of $26.0 million (or $0.04 basic and diluted loss per common share), compared to a net loss of $16.2 million in Q4 2021 (Restated) (or $0.06 basic and diluted loss per common share). The change is primarily due to the following:

- **Revenue -** As mining and milling operations at the Underground Mine were suspended during the second half of 2022, there were no concentrate sales during Q4 2022. During Q4 2021, the Company sold 1,403 tons of copper concentrate.
- **Cost of sales** - As mining and milling operations at the Underground Mine were suspended during the second half of 2022, there was no concentrate sales, and therefore, no cost of sales during Q4 2022.
- **General and administrative expenses** - General and administrative expenses totaled $2.1 million during Q4 2022 an increase from $1.7 million during Q4 2021 due to an increase in legal fees.
- **Share-based compensation** - During Q4 2022, the Company recognized share-based compensation expense of $1.5 million as compared to a share-based compensation gain of $0.2 million during Q4 2021. During Q4 2021, the share price of the Company's common shares reduced significantly which resulted in a share-based compensation gain.

- **Derivative fair value gain (loss)** - A non-cash mark to market fair value loss of $1.5 million was recorded during Q4 2022 (Q4 2021 - $5.0 million), related to the derivative liability of the Company’s warrants. Derivative fair value loss in Q4 2022 was primarily on the warrants issued to Pala and Mercuria on closing of the Restart Financing Package on October 28, 2022 and driven by an increase in the share price of the Company's common shares thereafter. The derivative fair value loss in Q4 2021 was primarily driven by an increase in fair value of warrants issued in a public offering of units completed in November 2022.
- **Interest and finance expenses** - As development of the Underground Mine was temporarily suspended, the interest and finance expenses incurred during Q4 2022 was recognized as an expense in the statement of operations and comprehensive loss.
- **Debt extinguishment loss** - During Q4 2022, the amendments in the Company's credit facility with Pala resulted in recognition of loss on extinguishment of $3.0 million. During Q4 2021, the Company recognized $2.8 million loss on extinguishment of the promissory notes issued to Pala.
- **Debt modification gain** - During Q4 2022, the Company and KfW agreed to defer the interest payments due under the KfW IPEX-Bank Facility on July 31, 2022, January 31, 2023 and July 31, 2023, which resulted in a gain on modification.

The following table sets forth selected unaudited quarterly financial information for the quarter ending December 31, 2022 and the prior seven most recently completed quarters:

Expressed in thousands of United States dollars, except per share amounts					Selected unaudited quarterly information restated for the adoption of the amendment to IAS 16			
	December 31, 2022	**September 30, 2022**	**June 30, 2022**	**March 31, 2022**	**December 31, 2021**	**September 30, 2021**	**June 30, 2021**	**March 31, 2021**
Revenue	$—	($1,033)	$5,027	$5,092	$2,701	$1,990	$2,063	$4,386
Net (Loss) Income	($26,014)	($325,428)	$2,321	($8,825)	($16,216)	$22,633	($23,697)	($10,595)
Net (Loss) Income per share (Basic and Diluted)	$(0.04)	$(0.73)	$0.01	$(0.02)	$(0.06)	$0.12	$(0.13)	$(0.06)
Development Property (Project expenditure)	$615,411	$614,332	$915,614	$891,592	$853,383	$892,500	$791,346	$760,619
Total Assets	$647,769	$629,717	$927,246	$906,019	$914,623	$831,646	$810,050	$784,476
Working Capital (Deficiency)	($42,382)	($380,143)	($359,352)	($95,492)	($48,972)	($260,271)	($255,706)	($109,400)
Total non-current liabilities	$383,505	$56,580	$52,507	$290,839	$294,649	$172,856	$174,909	$274,402
Shareholders’ Equity	$193,134	$182,838	$508,198	$505,640	$514,555	$394,556	$369,769	$390,783

- Financial results of the last eight quarters include the impact of the timing of previous financing transactions, variability of copper concentrate sales and capital expenditures incurred.
- During the quarter ended December 31, 2022, the Company recognized debt extinguishment loss of $3.0 million and loss on fair valuation of warrants of $1.5 million. The Company incurred care and maintenance expenses of $6.8 million and interest and finance costs of $11.2 million, which were not capitalized as the Underground Mine was under care and maintenance.
- During the quarter ended September 30, 2022, the Company recognized an impairment of $298.8 million. The Company incurred care and maintenance expenses of $16.2 million and interest and finance costs of $9.1 million, not capitalized, as the Underground Mine was under care and maintenance.
- During the quarter ended June 30, 2022 and quarter ended September 30, 2021, the Company recognized a non-cash mark to market fair value gain of $15.1 million and $27.3 million respectively.

The mark to market fair value gain for both quarters resulted from a decrease in fair market value of warrants.

- For the quarters ended June 30, 2021 and September 30, 2021, the KfW-IPEX Bank Facility was classified as a current liability. During Q4 2021 certain terms of the KfW-IPEX Bank Facility were amended resulting in the liability being classified as long term debt from December 31, 2021 onwards.
- During the quarter ended June 30, 2022 and September 30, 2022, as a result of non-payment of amounts due under the Working Capital Facility and other matters, there was a default under the Working Capital Facility and cross-defaults under the Long-Term Financing Arrangements (as defined below). Therefore, all liabilities related to the Long-Term Financing Arrangements were classified as current at June 30, 2022 and at September 30, 2022.

LIQUIDITY AND GOING CONCERN RISK, CASH FLOW AND FINANCIAL RESOURCES

Liquidity and going concern risk

Working capital deficit

(Expressed in thousands of US dollars, except per share amounts)	**As at December 31, 2022**	**As at December 31, 2021 (Restated)**
Current assets		
Cash and cash equivalents	$18,506	$51,616
Accounts receivable	37	72
Prepaid expenses and advance royalty	5,297	1,046
Inventory	4,908	3,713
Total Current Assets	28,748	56,447
Current liabilities		
Accounts payable and accrued liabilities	$26,699	$45,650
Related party payable	—	38
Share-based compensation liabilities	2,289	1,817
Warrant derivative	9,309	23,374
Current portion of stream and royalty deferral	3,655	6,138
Working Capital Facility	20,687	20,095
Current portion of long-term debt	8,491	8,307
Total Current Liabilities	71,130	105,419
Working capital deficit	($42,382)	($48,972)
Adjusted working capital deficit (See Non IFRS Measures section)	($33,073)	($25,598)

As at December 31, 2022, the Company had cash and cash equivalents of $18.5 million. The Company's working capital (current assets less current liabilities) as at December 31, 2022 was negative $42.4 million compared to negative $49.0 million as at December 31, 2021. The working capital deficit slightly decreased from December 31, 2021 due to the decrease in non-cash warrant derivative liability.

The warrant derivative liability arises as warrants outstanding are priced in Canadian dollars whereas the Company's functional currency is U.S. dollars leading to the warrants being classified, for accounting purposes, as a derivative. However, the warrants can only be converted into equity and the Company has no obligation to settle the liability. As such, while classified as current due to the exercise rights of the warrant holder, the warrant derivative liability is a non-cash liability. If the working capital is adjusted for this non-cash warrant derivative liability, the working capital deficit (the "Adjusted Working Capital Deficit") as at December 31, 2022 and December 31, 2021 was $33.1 million and $25.6 million.

During Q2 2022 and Q3 2022, the Company was in breach certain of its loan covenants under the Working Capital Facility which also resulted in cross-defaults under the KfW IPEX-Bank Facility, the 2021 A&R Pala Credit Facility and the Stream Agreement (collectively, the "Long-Term Financing Arrangements").

However, upon closing of the Restart Financing Package, Concord and the other counter parties to the Long-Term Financing Arrangements waived the defaults noted above and their rights to take, enforce or exercise any action, right, power or remedy under the respective agreements that they may otherwise have had as a result of the occurrence and continuance of such defaults. As at December 31, 2022, the Company was in compliance with the covenants under the Working Capital Facility and the Long-Term Financing Arrangements.

The long-stop completion date under the KfW IPEX-Bank Facility was June 30, 2023 and was subsequently deferred to June 30, 2024 through an amendment agreement between the Company and KfW entered on March 15, 2023. Also, on March 15, 2023, the Company and KfW agreed to add interest due and payable on the Tranche A Loans and Tranche B Loans on January 31, 2024 to the principal amount of respective loans.

In addition, the term of the Working Capital Facility has expired and the Company is in discussions with Concord to extend the maturity date of the Working Capital Facility. There can be no assurance that the Company will be successful in obtaining such extension. In the absence of such extension, the Company will not be able to draw under the Working Capital Facility.

During the year ended December 31, 2022, the Company generated insufficient cash from concentrate sales to fund underground development investments, operating costs, care and maintenance expenses and debt service costs.

As a result, to meet obligations prior to the closing of the Restart Financing Package, the Company received funding of $42.5 million pursuant to various promissory notes from Pala. On October 28, 2022, the Company closed the Restart Financing Package, which provided up to $123 million in liquidity to the Company in order to support the Restart of the Underground Mine and settle outstanding liabilities. As at December 31, 2022, the Company had received $70 million of the committed funds in the Restart Financing Package and the remaining capital available to the Company under the Restart Financing Package was $15 million under the Extension Tranche, which has now been drawn, and $25 million under the Backstop.

The ability of the Company to complete the Restart Plan and fund operations during the Restart of the Underground Mine is dependent on obtaining additional financing. While the Company is in discussions regarding securing such financing, there is no assurance that such financing will be available to the Company at the terms favorable to the Company or at all. Additionally, there can be no assurance that the Restart Plan will be completed on the schedule and at the cost currently estimated or that further significant Restart delays will not occur. In the absence of sufficient financing being arranged, the Company may not be able to complete the Restart Plan or continue to carry on business in the ordinary course. The foregoing gives rise to material uncertainties that may cast significant doubt on the Company’s ability to continue as a going concern.

Cash Flow

During the year ended December 31, 2022, cash used in operating activities was $45.8 million compared to $36.6 million used during the year ended December 31, 2021.

Cash used in investing activities during the year ended December 31, 2022, was $49.0 million compared to $98.6 million used in the year ended December 31, 2021.

Financing activities during the year ended December 31, 2022 provided $61.7 million, compared to an inflow of $164.8 million for the year ended December 31, 2021.

During the year ended December 31, 2022, financing activities consisted of the following transactions:

- The Company drew down $22.5 million under the Working Capital Facility and delivered 4,501 tons of concentrate at an average grade of 20% copper under the Working Capital Facility and made cash repayments of $16.1 million in lieu of concentrate deliveries.
- The Company drew $15 million under the accordion feature of the 2021 Pala Credit Facility.
- Pala provided interim funding of $20 million from May 2022 to July 2022 pursuant to a promissory note (the "May 2022 Promissory Note") that had a maturity date of December 31, 2023 and carried interest at 8% per annum on amounts drawn.
- Pala provided additional interim funding of $13.5 million during August 2022 to September 2022 and $9 million during October 2022 pursuant to two promissory notes (the "August 2022 Promissory Note" and the "October 2022 Promissory Note", respectively). Both the August 2022 Promissory Note and the October 2022 Promissory Note had a maturity date of November 30, 2022 and carried interest at 12% per annum on amounts drawn.
- On October 28, 2022, on the closing of the Restart Financing Package, the Company received $10 million from Mercuria, its first tranche of funding, in exchange for 62,717,593 common shares of the Company.
- On October 28, 2022, on the closing of the Restart Financing Package, the Company also received $20 million from Triple Flag, its first tranche of funding, for remaining amount of reinvestment to be received by the Company pursuant to the Stream Agreement and in consideration for the increase of its existing net smelter returns royalty on the Open Pit Project.
- On December 29, 2022, on the closing of the Restart Financing Package, the Company received $10 million from Mercuria in exchange for 63,411,540 common shares of the Company and $10 million from Triple Flag, their final tranche of funding in the Restart Financing Package. These amounts were placed in escrow on the closing of the Restart Financing Package and released to the Company on December 29, 2022
- The above transactions were offset by $2.5 million in promissory note repayments, $7.5 million of lease obligation payments and $2.5 million in interest payments.

COMMITMENTS AND CONTRACTUAL OBLIGATIONS

As at December 31, 2022, the Company had the following consolidated 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	$26,699	$26,699	$—	$—	$—
Construction contractual obligations	$2,540	$2,540	$—	$—	$—
Working Capital Facility	$23,270	$23,270	$—	$—	$—
KfW IPEX-Bank Facility	$169,534	$—	$46,430	$64,553	$58,551
Equipment leases	$17,179	$7,585	$8,627	$183	$784
2022 A&R Pala Credit Facility	$109,492	$12,005	$20,456	$77,031	$—
Asset retirement obligation	$8,604	$—	$—	$—	$8,604
Total obligations	**$357,318**	**$72,099**	**$75,513**	**$141,767**	**$67,939**

The Company's cash and cash equivalents balance and the remaining capital available to the Company under the Restart Financing Package is not expected to be sufficient to complete the Restart Plan. There can be no assurance that additional financing will be obtained when required or on terms favorable to the Company or at all.

RELATED PARTY TRANSACTIONS

Pala is a related party to the Company because of its approximate 43% (Q4 2021 - 37%) shareholding in Nevada Copper as at December 31, 2022. Additionally, as at December 31, 2022, three (as at the date hereof, two) of the nine directors of the Company were Pala executives. The Company has a committee of independent directors to review and approve related party transactions.

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

- In relation to promissory notes issued to Pala, the Company received advances of $42.5 million (2021 - $80.5 million), repaid $2.5 million (2021 - $41.6 million) in cash, settled $20.0 million (2021 - $65.8 million) by issuing common shares of the Company and added $20.0 million to the principal amount of the 2022 A&R Pala Credit Facility (2021 - Nil). The Company accrued interest of $0.9 million (2021 - $1.7 million) on promissory notes issued to Pala, settled Nil (2021 - $1.7 million) by issuing the common shares of the Company, paid $0.3 million (2021 - $0.3 million) and added $0.5 million to the principal amount of 2022 A&R Pala Credit Facility.
- In relation to the 2021 A&R Pala Credit Facility and the 2022 A&R Pala Credit Facility, the Company received advances amounting to $15.0 million (2021 - $30.0 million). The Company accrued interest of $5.8 million (2021 - $1.8 million) on the Pala Credit Facility and added $4.0 million (2021 - $1.8 million) to the principal amount of the Pala Credit Facility. In connection with the 2022 A&R Pala Credit Facility, 398,723,212 Pala Warrants were issued.
- Pala provided the Company with a backstop funding commitment of up to $25.0 million for future funding to be provided in exchange for issuances of common shares of the Company, convertible and/or non-convertible debt of the Company.
- Pala received 5,330,995 common shares of the Company in satisfaction of its reimbursable expenses.
- The Company paid a guarantee fee totaling $1.3 million (2021 - $1.3 million),

- The Company paid technical and other services fees of $1.3 million (2021 - $0.1 million)

As of December 31, 2022, the Company owed Pala nil (2021 - $0.04 million).

Effective October 28, 2022, Mercuria Energy Holdings (Singapore) Pte Ltd ("Mercuria") is a related party to the Company because of its increase in shareholding from 10.86% to 17.01% on October 28, 2022 and to 24.28% on December 29, 2022. Also, a Mercuria executive was appointed to the board of directors of the Company.

During the period ended December 31, 2022, the following transactions were entered with Mercuria:

- The Company issued 126,129,133 common shares and 127,720,000 Mercuria Warrants to Mercuria in consideration for its $20 million equity investment in the Company.
- Mercuria received 871,261 common shares of the Company in satisfaction of its reimbursable expenses.
- The Company and Mercuria entered into a commodity marketing agreement, whereby Mercuria shall provide the Company certain services to promote, market and sell the Company's product for a marketing fee of $40 per dry metric tonne of product sold.

LEGAL

There are no active litigation or regulatory enforcement proceedings as to the Company.

Cementation Claim: A lawsuit between Cementation USA, Inc ("Cementation"), which was the principal underground contractor of the Underground Mine until January 30, 2020, filed in the Second Judicial District of Nevada in 2019 for breach of contract and other claims related to the mining development contract for the Underground Mine, resolved by settlement agreement in 2021. As part of the settlement, NCI paid Cementation $1 million upon release of the related bond and agreed to pay Cementation $9 million in installments beginning in September 2021, of which $9 million was guaranteed by Pala. The Company paid Cementation $2.25 million on both September 1, 2021 and December 1, 2021. The parties agreed on amended settlement terms in December 2021, pursuant to which NCI paid $2.25 million and $2.45 million on October 13, 2022 and December 15, 2022 respectively to Cementation. Under a fee agreement between Pala and the Company, a 5% fee on the original guaranteed amount of $9 million being $0.45 million, was payable by the Company to Pala, which was satisfied by the Company through the issuance of 356,002 common shares to Pala in February 2021. This matter is concluded.

Sedgman Claim: During Q2 2022, the Company failed to make a payment of $0.5 million pursuant to a settlement agreement dated February 3, 2021 (the "Settlement Agreement") with Sedgman USA Inc. ("Sedgman"). Consequently, Sedgman filed a complaint seeking compensatory damages and pre-judgment writ of attachment against certain property belonging to the Company for the satisfaction of any judgment that may be recovered by Sedgman. The Second Judicial District Court granted the application for pre-judgment writ of attachment in favor of Sedgman on certain property of the Company, not exceeding the amount payable per the Settlement agreement. On November 28, 2022, the Company and Sedgman entered into a standstill arrangement to stay court proceedings and agreed to a revised schedule to pay the outstanding amount. Pursuant to the amendment of the Settlement Agreement as to payment schedule, NCI paid $1 million to Sedgman on December 29, 2022, $1.5 million on January 19, 2023 and $1 million on February 16, 2023.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

The Chief Executive Officer (the "CEO"), and the Chief Financial Officer (the "CFO") of the Company are responsible for establishing and maintaining the Company's disclosure controls and procedures ("DCP") including adherence to the Disclosure Policy adopted by the Company. The Disclosure Policy requires all staff to keep senior management fully apprised of all material information affecting the Company so that they may evaluate and discuss this information and determine the appropriateness and timing for public release.

The CEO and the CFO are also responsible for the design of internal controls over financial reporting ("ICFR"). The fundamental goal is ensuring all transactions are properly authorized and identified and entered into a well-designed, robust and clearly understood accounting system on a timely basis and to minimize risk of inaccuracy, failure to fairly reflect transactions, failure to fairly record transactions necessary to present financial statements in accordance with IFRS, and failure to detect unauthorized receipts, expenditures, and unauthorized acquisitions or dispositions of assets. The relatively small size of the Company makes the identification and authorization process relatively efficient and a process for reviewing ICFR has been developed. To the extent possible given the Company's small size, the internal control procedures provide for separation of duties for receiving, approving, coding and handling of invoices, entering transactions into the accounts, writing checks and wire requests and also require two signers on all payments.

The CEO and CFO evaluated the effectiveness of the Company's DCP and ICFR as required by by National Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings* issued by the Canadian Securities Administrators and concluded that as of December 31, 2022, the Company's design and operation of its DCP and ICFR were effective. The CEO and CFO also concluded that no material weaknesses existed in the design of the ICFR.

The Company continually reviews and enhances its systems of controls and procedures. However, because of the inherent limitation in all control systems, management cautions that ICFR will not prevent or detect all misstatements due to error or fraud. There have been no significant changes in the Company's internal control over financial reporting during the year ended December 31, 2022, that materially affected or are reasonably likely to materially affect the Company's internal control over financial reporting.

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not currently have any off-balance sheet arrangements.

NEW ACCOUNTING PRONOUNCEMENTS

Adoption of Amendments to IAS 16

During Q1 2022, Nevada Copper adopted the Amendment to IAS 16. The Company adopted this accounting policy retrospectively. The amended standard prohibits the Company from deducting any proceeds from selling items produced, while bringing that asset to a condition to be capable of operating in the manner intended by management from the cost of that asset. With the adoption of the amended standard, revenue from sales of copper concentrate recovered and related costs while bringing the Underground 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.

The comparative numbers and the opening balance of the deficit for 2021 were restated to reflect the impact of the Amendments to IAS 16. Accordingly, January 1, 2021, was 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	(10,827)	727,934
Deficit	(162,581)	(5,001)	(167,582)
Shareholder's Equity	370,793	(5,001)	365,792

Amounts for the year ended December 31, 2021 were restated as follows:

	Amount previously disclosed for the year ended December 31, 2021	**Impact of IAS 16 Amendment and reclass adjustment**	**Restated balance for the year-ended December 31, 2021**
Revenue	$—	$11,140	$11,140
Cost of Sales	$—	($39,854)	($39,854)
Mineral, Property Plant and Equipment	$892,500	($39,117)	$853,383
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)
Cash used in operating activities	($7,862)	($28,714)	($36,576)
Cash used in investing activities	($127,271)	$28,714	($98,557)

CRITICAL ACCOUNTING ESTIMATES

The preparation of Consolidated Financial Statements in conformity with IFRS requires management to make the following critical accounting estimates.

i) Mineral reserve and resource estimates

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

ii) Recoverable amount of mineral properties, plant and equipment

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

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

iii) Fair valuation of warrants and embedded derivatives

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

FINANCIAL INSTRUMENTS

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

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

a) 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, the Working Capital Facility and the 2022 A&R Pala Credit Facility (previously the 2021 A&R Pala Credit

Facility) currently provide for interest at a market rate plus a fixed margin. A 1% decrease or increase in market rates of interest would have impact of +/- $876 on the Company's interest expense.

ii) Foreign currency risk:

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

At December 31, 2022, the Company held C$23 (2021 - C$58,734) in cash and cash equivalents in its parent entity with a functional currency of U.S. dollars. At December 31, 2022, the Company had C$815 (2021 - C$4,308) in accounts payable. A +/- 10% change in the Canadian exchange rate would have had an immaterial impact for the year ended December 31, 2022.

b) Commodity price risk:

Fluctuations in the market price of copper and other metals may significantly adversely affect the value of the Company's securities and the ability of the Company to develop the Project.

Market prices can be affected by numerous factors beyond the Company's control, including levels of supply and demand for a broad range of industrial products, economic growth rates of various international economies, expectations with respect to the rate of inflation, the relative strength of various currencies, interest rates, speculative activities, global or regional political or economic circumstances and sales or purchases of copper or other metals by holders in response to such factors.

c) 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 $18,886 as at December 31, 2022 (2021 - $52,067), being the carrying value of cash and cash equivalents, restricted cash and amounts receivable.

c) Liquidity risk:

Liquidity risk is the risk that the Company will not be able to meet the obligations associated with its financial liabilities. The Underground Mine is in ramp-up stage and undergoing a re-start of operations and as a result has not yet generated sufficient revenue to support the Company's obligations. The Company is reliant on its current cash balance, cash flow from pre-operational production revenue and cash inflows from its financing transactions (including additional required financings) to 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 other corporate costs.

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 AIF, which is available on SEDAR at www.sedar.com.

Risks associated with the additional required financing

The Company closed the Restart Financing Package on October 28, 2022 in order to support the initial stages of the Restart Plan. In order to complete the Restart Plan, to satisfy vendor payments outstanding and service debt obligations, the Company will require additional funding. In the absence of sufficient additional funding being arranged, the Company may not be able to complete the Restart Plan or continue to carry on business in the ordinary course.

Restart of operations at the Underground Mine

In addition to challenges associated with restarting mining activities at the Underground Mine, the Restart process is by its nature subject to a variety of operational and technical risks associated with mining projects, including with respect to mine planning as described below. See "Risk and Uncertainties". These activities may also be subject to COVID-19 impacts as described in the section below. As a result, there can be no assurance that the Restart process will progress on the currently expected timeline or within expected cost parameters. It is common for projects in the Restart phase to experience unanticipated problems and for there to be unexpected costs associated with delays. Delays in Restart will likely impact the Company's revenue and cash flow. There are a number of risks and challenges associated with Restart, including unforeseen geological formations, the implementation of new mining and recovery processes, unexpected geotechnical conditions, and the underlying characteristics and quality of mineralogy of deposits. In addition, any delay in performance by the Company's contractor will delay the completion of Restart at the Underground Mine and may result in additional costs being incurred by the Company beyond those already incurred and budgeted.

The Company has to date 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 advanced its Restart to a sufficient level at the Underground Mine. The inability to successfully Restart production at the Underground Mine on time and within budget expectations is likely to have a material adverse effect on the Company.

The Company has been working to complete the crossing of a water-bearing dike structure. While the first and second crossings have been completed, the third crossings has not yet been successfully completed. The dike crossings have delayed the progress of development towards the EN Zone and resulted in increased costs.

The ability of the Company to complete the Restart of the Underground Mine is dependent on, among other things, results from operations, progress in accordance with the Company's timing and cost expectations, an increase in concentrate production and sales, favorable 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 Restart will not be greater than expected by the Company or that further significant Restart delays will not occur. If the requirements described in the paragraphs above 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 complete the Restart of the Underground Mine or continue to carry on business in the ordinary course. This may result in, among other things, its secured lenders becoming able to enforce their security over the Company's assets.

Mine Planning

In 2022, the Company utilized Wood to review and revise the development and mine plan. The new Wood plan is the basis for the Restart Plan.

The Company continues to advance its mine planning analysis, including related costs and timing implications. It is possible that the cost parameters may change over the course of the Restart and mine planning process for various reasons, including results relating to geotechnical analysis and further changes to the mine planning. If the Company requires additional funding in the future in light of revised cost projections, such funding may not be available on terms favourable to the Company or at all. In the absence of any required financing, the Company may not be able to continue operations.

COVID-19

Future impacts of COVID-19 may adversely affect the Company's ability to complete the Restart and operation of the Underground Mine and to comply with its covenants under its contracts, including under the KfW IPEX-Bank Facility, the Working Capital Facility, the 2022 A&R Pala Credit Facility and other credit facilities/financing arrangements.

OUTSTANDING SHARE DATA

As of March 20, 2023, there were 723,508,700 common shares of the Company issued and outstanding, 4,470,936 share options outstanding, 7,405,454 deferred share units outstanding, 21,988,177 restricted share units outstanding, 1,221,910 performance share units outstanding and common share purchase warrants outstanding as per the table below:

Warrant Tranche	Number outstanding	Exercise Price
November 2021 Offering Warrants[1]	132,374,442	$1.0000
Credit Facility Warrants[1]	15,000,000	$0.8553
Triple Flag Warrants[2]	15,000,000	$0.2250
Pala October 2022 Warrants	398,723,212	$0.2592
Mercuria October 2022 Warrants	127,720,000	$0.2592

[1] – These warrants were issued after the Share Consolidation (as defined above). One warrant is required to be exercised to purchase one common share.

[2] – These warrants were issued prior to the Share Consolidation. The number of warrants outstanding following the Share Consolidation did not change. However, as a result of the Share Consolidation, the respective exercise prices of the warrants increased by a factor of 10, and ten (10) warrants are now required to be exercised to purchase one (1) common share (rather than the one (1) for one (1) exchange before the Share Consolidation).

On September 17, 2021, the Company completed a share consolidation (the "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 common shares began trading on the TSX on a post-consolidation basis on September 21, 2021. The common shares, units, per share and per unit amounts have been restated in this MD&A (other than as noted herein) to reflect the Share Consolidation for comparative purposes.

NON-IFRS MEASURES

The Adjusted Working Capital Deficit is a Non-IFRS financial measure included in this MD&A to supplement the Company's financial statements which are presented in accordance with IFRS. The Company believes that these measures provide investors with an alternate view to evaluate the liquidity of the Company. Non-IFRS financial measures do not have any standardized meaning prescribed under IFRS. The data is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

The following table provides a reconciliation of working capital per the financial statements to the Adjusted Working Capital Deficit:

Adjusted Working Capital Deficit	As at December 31, 2022	As at December 31, 2021
Working capital deficit per financial statements (refer table above)	$(42,382)	$(48,972)
Adjustments		
Non-cash Warrant derivative liability	$9,309	$23,374
Adjusted working capital deficit	**$(33,073)**	**$(25,598)**

FORWARD-LOOKING STATEMENTS

This MD&A contains "forward-looking information" and "forward-looking statements" within the meaning of applicable Canadian securities laws. All statements in this MD&A, other than statements of historical facts, are forward-looking statements. Such forward-looking information and forward-looking statements specifically include, but are not limited to, statements and information that relate to: financing requirements; the need for additional funding; Nevada Copper's plans for the Project, including the Restart Plan; the Company's mine development, production and Restart plans and activities (including as may be affected by ongoing future technical work) and the expected timing, costs and results thereof; expected commencement of positive cash flow from operating activities; the ongoing and future exploration activities and the objectives and results thereof; the impacts of the COVID-19 pandemic on the global economy and the Company; future ore and concentrate production rates; and the other plans of Nevada Copper with respect to the exploration, development, construction and commercial production at the Project.

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: requirements for additional capital and no assurance can be given regarding the availability thereof; the outcome of discussions with vendors; the ability of the Company to complete the Restart of the Underground Mine within the expected cost estimates and timeframe; 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 Restart, including the ability of the Company to address underground development and process plant issues; ground conditions; cost overruns relating to development, construction and Restart 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; dependence on management information systems and cyber security risks; 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 the AIF and in the section "Risk and Uncertainties" of this MD&A. The forward-looking statements and information contained herein are based upon assumptions management believes to be reasonable, including, without limitation: no adverse developments in respect of the property or operations at the Project; no material changes to applicable laws; the Restart of operations at the Underground Mine in accordance with management's plans and expectations; no material adverse impacts from COVID-19 going forward; the Company will be able to obtain sufficient additional funding to complete the Restart of the Underground Mine; 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 (or as otherwise indicated). The Company disclaims any intent or obligation to update forward-looking statements or information except as required by law. 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 information and statements, there may be other factors that could cause actions, events or results not to be as anticipated, estimated or intended. Specific reference is made to "Risk and Uncertainties" herein and "Risk Factors" in the AIF for a discussion of factors that may affect forward-looking statements and information. Should one or more of these risks or uncertainties materialize, should other risks or uncertainties materialize or should underlying assumptions prove incorrect, actual results and events may vary materially from those described in forward-looking statements and information. For more information on the Company and the risks and challenges of its business, investors should review the Company's filings that are available at www.sedar.com. The Company 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.