COMMITMENT – ALIGNMENT - PERFORMANCE

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three months ended March 31, 2023

May 11, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS
For the three months ended March 31, 2023

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS
For the three months ended March 31, 2023

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 11, 2023. Information herein is provided as of March 31, 2023, unless otherwise noted. The following discussion of performance, financial condition and outlook should be read in conjunction with the unaudited condensed consolidated interim financial statements for the year ended March 31, 2023 and 2022 ("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") and International Accounting Standard 34 – Interim Financial Reporting.

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.

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 AIF at www.sedar.com.

HIGHLIGHTS

Highlights for the quarter ended March 31, 2023 ("Q1 2023") relating to the Company's Pumpkin Hollow Underground Mine (the "Underground Mine") include:.

- **Restart activities at the Underground Mine**
  - **Capital Projects** - Dumas Contracting USA Inc. ("Dumas"), a leading mining construction company, was mobilized to site in January 2023 and started working on critical underground capital projects including the stripping of remanent construction works from the vent shaft and connection of the surface 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. As of March 31, 2023, the ventilation project was approximately 51% complete, the underground ore handling system was approximately 27% complete and the work on the Geho de-watering system had commenced. As of the date of this MD&A, the ventilation project was fully complete, the underground ore handling system was approximately 40% complete and the Geho de-watering system was approximately 15% complete.
  - **Underground Development** - During Q1 2023, 496 feet ("ft") of lateral development were completed by the Company on critical headings to prepare for handover to a development contractor. All development completed in Q1 2023 was in the East North Zone ("EN Zone") beyond the first two completed dike crossings. Ground conditions beyond the dikes are

competent and consistent with the geotechnical model, enabling conventional development and ground support. Additionally, 18,656 tons of material were hoisted, including approximately 8,451 tons of development ore.

- ◦ **EN Zone Ventilation Raise** - During Q1 2023, the Company completed development to the intersection at the top of the first EN Zone ventilation raise and was nearing the intersection at the bottom level. This raise provides ventilation to the first level of stopes to be mined in the EN Zone. This raise is planned for completion in Q2 2023.
- ◦ **Final Dike Crossing** - The Company continued to advance on the third and final dike crossing for the current life of mine ("LOM") plan, which is not critical for 2023 ore delivery. The crossing is expected to be completed in Q2 2023;
- ◦ **Development Contractor** - Subsequent to the end of Q1 2023, the Company entered into a contract with Small Mining Development, LLC ("SMD"), a leading US based contractor, for lateral development mining. SMD is expected to mobilize in mid-May 2023.
- ◦ **Technical and Mining Team** - During the quarter, Nevada Copper continued to fill out its technical and mining engineering and operating capabilities, as part of its restart planning to build the internal management and supervision skills to support lateral development and the restart of stope mining.

- **Corporate**
  - **Debt Funding** - During Q1 2023, $15 million was drawn under the new tranche (the "KfW Tranche A-2 Loan") of the Company's senior credit facility (the “KfW IPEX-Bank Facility”) with KfW IPEX-Bank GmbH (“KfW”).
  - **KfW Amendment** - On March 15, 2023, the Company and KfW entered into an amendment agreement to extend the development completion date of the project (the "Project Completion Long Stop Date") under the KfW IPEX-Bank Facility by one year to June 30, 2024 and add interest due and payable on January 31, 2024 to the principal amount under the KfW IPEX-Bank Facility. These amendments support the Company's activities to advance the Restart Plan (as defined below).
  - **2023 Promissory notes** - Subsequent to the end of Q1 2023, Pala Investments Limited ("Pala") provided additional funding of $5.55 million through promissory notes.
  - **Working Capital Facility** - Subsequent to the end of Q1 2023, Concord Resources Limited ("Concord") and the Company entered into an amendment agreement to the working capital facility to extend the term for three years after mill restart, upon satisfaction of certain conditions.
  - **Public equity offering of Units** - On May 9, 2023, the Company entered into an agreement with Scotia Capital Inc. (“Scotiabank”), on behalf of a syndicate of underwriters (collectively, the “Underwriters”), to purchase on a bought deal basis 173,705,000 units of the Company (the “Units”) at a price of C$0.27 per Unit (the “Offering Price”) for aggregate gross proceeds of approximately C$47 million (the “2023 Offering”). Each Unit will consist of one common share of the Company and one-half of one Common Share purchase warrant. Further details are provided in the "Business Development" section of this MD&A. The 2023 Offering is subject to the receipt of all necessary regulatory and stock exchange approvals.

- **2023 Financing Package** - On May 9, 2023, the Company, Pala Investments Limited ("Pala"), Mercuria Energy Holdings (Singapore) PTE. Ltd ("Mercuria") and TF R&S Canada Ltd ("Triple Flag") entered into a financing agreement to support the Restart Plan and ramp-up of the Underground Mine (the "2023 Financing Package") providing additional liquidity of $80 million to the Company, subject to the Company satisfying certain terms and conditions. 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"). The Property is located 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 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 through 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 operational inefficiencies and to achieve full production. Work related to the Restart Plan commenced with the close of the Restart Financing Package (as defined below) in Q4 2022 and continued through Q1 2023.

BUSINESS DEVELOPMENT

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.

Restart Plan

During Q3 and Q4 2022, the Company advanced planning for the restart of operations at the Underground Mine. Restart activities began in Q4 2022 and are being 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 the 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.

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 and rehabilitation of the second ore pass.

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

Mine Plan Optimization

During Q4 2022, John Wood Group Plc. ("Wood") completed an optimized LOM plan that focused 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 the restart of mining operations.

Dike Crossings

With the completion of the second dike crossing in Q4 2022, the Company is advancing development beyond dike structure into the EN Zone, which provides access to larger ore stopes and is expected to significantly improve operating efficiencies. The Company is completing a ventilation raise to open a ventilation loop between the first and second mining levels to provide the ventilation for continued development as well as starting stope mining. 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.

During Q1 2023, the Company made progress on the third and final dike crossing, which is expected to be completed in the second quarter of 2023. The Company commenced grouting programs and installations of spiles, as it advances through this final dike crossing. Similar to the previous two dike crossings, mining will be advanced under the grouted spiling and steel sets.

Definition Drilling

Definition drilling of the initial ore stopes that feed the restart of milling operations in Q3 2023 has been completed and assayed which confirm the rock quality, grade, and geometry represented by the geologic and reserve models. Definition drilling of the next set of ore stopes is in progress with drilling planned to continue through the year targeting subsequent areas for definition drilling and near development resource growth.

Capital Projects

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

- *Vent shaft stripping and surface fans* – This project establishes the required LOM ventilation capacity by stripping remnant construction materials from the vent shaft, commissioning permanent surface fans, and completing the original design for the shaft. During Q1 2023, Dumas completed the vent shaft stripping and started work for the decommissioning of the existing hoist system and rental headframe and the installation of new headframe.

- *Underground crusher and ore handling system* – Final engineering design was completed for the ore handling project, which includes ore storage, ore crushing utilizing a conventional jaw crusher and conveyance to hoist loading. During Q1 2023, Dumas advanced the excavation activities and commenced installation of final ground support. The jaw crusher and feeder were received 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 commenced this work in Q1 2023 and during the quarter completed the backfill for installation of the monorail for the overhead crane and initiated review for the pipe routing to shaft.
- *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 is expected to lower mill operating costs and improve operating performance. The design change potentially increases mill throughput by reducing the volume of tails that require filtering. This project is expected to be completed in Q3 2023.
- *Cold clean water* – A system to deliver cold clean water to improve operating efficiency and reliability of the underground mining equipment and processing facilities is in progress.

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 continues 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 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 may advance its high-priority targets in 2023, subject to availability of funding.

Corporate

On May 9, 2023, the Company entered into an agreement with Scotiabank, on behalf of a syndicate of the Underwriters, to purchase on a bought deal basis 173,705,000 Units of the Company at the Offering Price of C$0.27 per Unit for aggregate gross proceeds of approximately C$47 million. Each Unit will consist of one common share of the Company and one-half of one Common Share purchase warrant. Each full warrant entitles the holder to purchase one Common Share at a price of $0.34 per share for a period of 16 months. Pala and Mercuria has agreed to purchase C$33.5 million and C$6.7 million of Units, respectively, under the 2023 Offering. If sufficient funds are raised in the 2023 Offering from third-party investors (other than Pala and Mercuria), Pala will not subscribe for its maximum Subscription Commitment, and may not subscribe for any Units if aggregate gross proceeds of C$40.2

million in the 2023 Offering are otherwise raised from such other third-party investors. The 2023 Offering is subject to the receipt of all necessary regulatory and stock exchange approvals.

The Company, Pala, Mercuria and Triple Flag entered into an agreement for the 2023 Financing Package on May 9, 2023. A summary of the key components of the 2023 Financing Package are described below:

- KfW Tranche A-2 Loan - Pala, Mercuria and Triple Flag committed to provide the remaining $10 million undrawn amount under the KfW Tranche A-2 Loan, in accordance with the terms and conditions. This amount was drawn in full by May 11, 2023. Also, Pala, Mercuria and Triple Flag agreed to support the expansion of the KfW Tranche A-2 Loan, subject to other lenders consents, by $10 million, to an aggregate amount of $35 million.
- Debt funding - Pala agreed to provide $10 million in debt funding, of which $5.5 million has been received through promissory notes.
- Pala 2022 Warrant exercises - Pala committed to exercise all of its warrants issued on October 28, 2022 (the "Pala 2022 Warrants") in two tranches. Concurrent with the 2023 Offering, Pala will exercise such maximum number of Pala 2022 Warrants such that Pala's ownership interest in the Company will be 49.9%. The exercise price in respect of the Pala Warrant Exercise will be paid through the extinguishment of debt under the 2022 A&R Pala Credit Facility. Promptly following closing of the 2023 Offering, Pala and the Company will submit customary filings to applicable U.S. governmental authorities pursuant to the *United States Hart-Scott-Rodino Antitrust Improvements Act of 1976* to permit Pala to exceed a 49.9% ownership interest in the Company (the “**HSR Filings**”). Following submission of the HSR Filings, an approximate 30-day regulatory review period will commence. Pala has committed to exercise the balance of their remaining outstanding Pala 2022 Warrants promptly following expiry of the review period or clearance by the applicable regulatory authorities, whichever occurs earliest. On May 10, 2023, Pala exercised 46 million Pala 2022 Warrants, wherein the amount for subscription of warrants was paid by way of deemed repayment and set-off of $8.9 million of the credit facility with Pala.
- Mercuria 2022 Warrant exercises - Mercuria has agreed to exercise $5 million of the warrants issued on October 28, 2022 (the "Mercuria 2022 Warrants"), which Mercuria exercised on May 11, 2023.
- Deferred funding commitment - Pala and Mercuria have agreed to enter into a deferred funding agreement in favor of the Company, pursuant to which Pala and Mercuria will provide up to $15 million and $10 million, respectively, subject to certain conditions, to be drawn pro rata by the Company, if required, until June 30, 2024.
- Mercuria Copper option - the Company has agreed to grant Mercuria an option to acquire, for an aggregate purchase price of $5 million, call options on a portion of the Company’s copper production on market terms to be agreed between the Company and Mercuria (the “**Copper Option**”). The Copper Option is subject to compliance with regulatory requirements (including any required approvals by the TSX), any required third-party consents (including the Company’s lenders, if required) and the approval by the independent directors of the Company.

Financial Hardship

In connection with the Restart Financing Package, the Company was granted a “financial hardship” exemption from the Toronto Stock Exchange ("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. During Q1 2023, the TSX confirmed that no remedial action is required by the Company in respect of the delisting review and that it satisfied the TSX’s applicable requirements for continued listing. As a result of the foregoing, the delisting review has now been lifted by the TSX.

DISCUSSION OF OPERATIONS

(Expressed in thousands of USD, except per share amounts)	**Three Months Ended March 31,**	
	2023	**2022 (Restated)**
Revenue	$—	$5,092
Cost of Sales		
Production costs	562	15,543
Transportation	—	987
Royalty and stream	—	155
Total cost of sales	562	16,685
Gross loss	(562)	(11,593)
Operating Expenses		
Care and maintenance expenses	9,789	—
General and administrative expenses	1,783	1,236
Stock-based compensation	2,102	88
Plant and equipment written off	—	280
Loss from operations	(14,236)	(13,197)
Interest income	53	—
Interest and finance expenses	(12,253)	(3)
Derivative fair value (loss) gain	(9,449)	4,551
Debt modification gain	487	—
Foreign exchange loss	(2)	(176)
Loss and comprehensive loss	($35,400)	($8,825)
Loss per share		
Basic and diluted	($0.05)	($0.02)

For the three months ended March 31, 2023, the Company reported a net loss of $35.4 million (or $0.05 basic and diluted loss per common share), compared to a net loss of $8.8 million for the three months ended March 31, 2022 (or $0.02 basic and diluted loss per common share). The change in the net loss is primarily due to the following:

- **Revenue -** With mining and milling operations at the Underground Mine suspended, there were no concentrate sales during the three months ended March 31, 2023. During the three months ended March 31, 2022, the Company sold 2,099 tons of copper concentrate.

- **Cost of sales** - During the quarter, the Company recognized net realizable value ("NRV") adjustment of $0.6 million for development ore mined during the quarter. The Company recognized cost of sales of $16.7 million for concentrate sold during the three months ended March 31, 2022.
- **Care and maintenance** - With mining and milling operations at the Underground Mine suspended, expenditures totaling $9.8 million incurred during the three months ended March 31, 2023 were recognized as care and maintenance expenses in the statement of operations and comprehensive loss. No similar costs were recognized in the comparative quarter as the mine was in development.
- **General and administrative expenses** - General and administrative expenses totaled $1.8 million for the three months ended March 31, 2023, a small increase from $1.2 million for the three months ended March 31, 2022.
- **Share-based compensation** - During the three months ended March 31, 2023, the Company recognized share-based compensation expenses totaling $2.1 million compared to a gain of $0.1 million for the three months ended March 31, 2022. During the three months ended March 31, 2023, the share price of the Company's common shares increased which resulted in a share-based compensation expense for the Company's restricted share units and deferred share units.
- **Derivative fair value (loss) gain** - A non-cash mark-to-market fair value loss of $9.4 million was recorded for the three months ended March 31, 2023 (March 31, 2022 - gain of $4.6 million). Derivative fair value loss recognized during the three months ended March 31, 2023 was related to the derivative liability of the Company’s warrants and embedded derivatives in the Company's credit facility with Pala and was primarily driven by an increase in the share price of the Company's common shares. Derivative fair value gain recognized during the three months ended March 31, 2022 was related to the derivative liability of the Company’s warrants and was driven by a decrease in the share price of the Company's common shares and the expiration of the warrants issued in July 2020.
- **Interest and finance expenses** - Commencing in Q3 2022, as 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. The interest and finance expenses incurred during the three months ended March 31, 2022 were capitalized to the Project.
- **Debt modification gain** - Debt modification gain during the three months ended March 31, 2023, related to capitalization of interest due on January 31, 2024 into the principal amount under the KfW IPEX-Bank Facility and the deferral of interest payment under the credit facility with Pala from March 31, 2023 to June 30, 2023 .

Pumpkin Hollow Project Expenditures

For the three months ended March 31, 2023, the Company incurred $7.2 million of project expenditures compared to $35.4 million in the three months ended March 31, 2022. During the three months ended March 31, 2023, the Company focused on the restart related capital projects, the final dike crossing and lateral development beyond the dike.

Asset impairments

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

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

SUMMARY OF QUARTERLY RESULTS

The following table sets forth selected unaudited quarterly financial information for the quarter ended March 31, 2023 and the prior seven most recently completed quarters:

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

	March 31, 2023	December 31, 2022	September 30, 2022	June 30, 2022	March 31, 2022	December 31, 2021	September 30, 2021	June 30, 2021
Revenue	$—	$—	($1,033)	$5,027	$5,092	$2,701	$1,990	$2,063
Net (Loss) Income	($35,400)	($26,014)	($325,428)	$2,321	($8,825)	($16,216)	$22,633	($23,697)
Net (Loss) Income per share (Basic and Diluted)	$(0.05)	$(0.04)	$(0.73)	$0.01	$(0.02)	$(0.06)	$0.12	$(0.13)
Mineral properties, plant and equipment	$621,296	$615,411	$614,332	$915,614	$891,592	$853,383	$892,500	$791,346
Total Assets	$645,135	$647,769	$629,717	$927,246	$906,019	$914,623	$831,646	$810,050
Working Capital (Deficiency)	($59,954)	($42,382)	($380,143)	($359,352)	($95,492)	($48,972)	($260,271)	($255,706)
Total non-current liabilities	$404,963	$383,505	$56,580	$52,507	$290,839	$294,649	$172,856	$174,909
Shareholders' Equity	$157,786	$193,134	$182,838	$508,198	$505,640	$514,555	$394,556	$369,769

- 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 March 31, 2023:
  - the Company recognized a derivative fair value loss of $9.4 million driven by a increase in the share price of the Company's common shares, and
  - the Company incurred care and maintenance expenses of $9.8 million and interest and finance costs of $12.3 million, which were not capitalized as the mining and milling operations at the Underground Mine were suspended.
- During the quarter ended December 31, 2022:
  - the Company recognized debt extinguishment loss of $3 million related to the amendment in the Company's credit facility with Pala,
  - the Company recognized a derivative fair value loss of $1.5 million on fair valuation of warrants, and
  - 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 the 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 KfW IPEX-Bank Facility, the credit facility with Pala and the stream agreement with Triple Flag Precious Metals Corp. (collectively the "Long-Term Financing Arrangements"). 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 March 31, 2023**	**As at December 31, 2022**
Current assets		
Cash and cash equivalents	$6,938	$18,506
Accounts receivable	126	37
Prepaid expenses and advance royalty	10,069	5,297
Inventory	5,299	4,908
Total Current Assets	22,432	28,748
Current liabilities		
Accounts payable and accrued liabilities	$23,562	$26,699
Related party payable	551	—
Share-based compensation liabilities	3,993	2,289
Warrant derivative	13,394	9,309
Current portion of stream and royalty deferral	7,241	3,655
Working Capital Facility	21,587	20,687
Current portion of long-term debt	12,058	8,491
Total Current Liabilities	82,386	71,130
Working capital deficit	($59,954)	($42,382)
Adjusted working capital deficit (See Non IFRS Measures section)	($46,560)	($33,073)

As at March 31, 2023, the Company had cash and cash equivalents of $6.9 million. The Company's working capital (current assets less current liabilities) as at March 31, 2023 was negative $60.0 million compared to negative $42.4 million as at December 31, 2022. The working capital deficit slightly increased from December 31, 2022 due to the increase in the non-cash warrant derivative liability and the increase in the current portion of stream and royalty payments.

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 March 31, 2023 and December 31, 2022 was $46.6 million and $33.1 million. See "Non IFRS Measures" section.

During Q1 2023, through an amendment agreement between the Company and KfW entered on March 15, 2023, the Project Completion Long Stop Date under the KfW IPEX-Bank Facility was extended by one year to June 30, 2024. Also, on March 15, 2023, the Company and KfW agreed to add interest due and payable on January 31, 2024 to the principal amount of the loans.

Subsequent to the end of Q1 2023, the Company and Concord entered into an amendment agreement to the Working Capital Facility to extend the term for three years from the mill restart date, upon satisfaction of certain conditions.

On October 28, 2022, the Company and its key financing partners closed a financing package (the "Restart Financing Package") to support the Restart Plan and settle outstanding liabilities. As at March 31, 2023, the Company had received $85 million of the committed funds in the Restart Financing Package and the remaining capital available to the Company under the Restart Financing Package is limited to $25 million under the backstop commitment from Pala ("Backstop"). It is expected that the obligations under the Backstop will be satisfied through the 2023 Offering that is being completed.

Subsequent to the end of Q1 2023, Pala provided additional funding of $5.55 million through promissory notes. The promissory notes have a maturity date of October 31, 2023 and bear interest at 12% per annum with such amounts being an advance on the 2023 Financing Package.

Subsequent to the end of Q1 2023, on May 9, 2023, the Company entered into an agreement with Scotiabank to close the 2023 Offering for aggregate gross proceeds of approximately C$47 million. The 2023 Offering is subject to the receipt of all necessary regulatory and stock exchange approvals. Also, on May 9, 2023, the Company, Pala, Mercuria and Triple Flag entered into an agreement for the 2023 Financing Package providing additional liquidity of $80 million to the Company, subject to the Company satisfying certain terms and conditions.

The ability of the Company to complete the Restart Plan and fund operations during the restart of the Underground Mine is dependent on receiving funds expected to be received in the 2023 Offering and the 2023 Financing Package. There can be no assurance that the Company will be able to complete the Restart Plan of the Underground Mine in accordance with the Company's timing and cost expectations, resume concentrate production and sales, and satisfy the terms and conditions applicable to the 2023 Financing Package. 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 three months ended March 31, 2023, cash used in operating activities was $11.4 million compared to $15.6 million used during the three months ended March 31, 2022.

Cash used in investing activities during the three months ended March 31, 2023, was $14.0 million compared to $22.5 million used in the three months ended March 31, 2022.

Financing activities during the three months ended March 31, 2023 provided $13.8 million, compared to an outflow of $1.2 million for the three months ended March 31, 2022.

During the three months ended March 31, 2023, financing activities consisted of the draw of the $15 million available under the KfW IPEX Bank Facility.

COMMITMENTS AND CONTRACTUAL OBLIGATIONS

As at March 31, 2023, 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	$24,113	$24,113	$—	$—	$—
Construction contractual obligations	$15,982	$15,982	$—	$—	$—
Working Capital Facility	$21,587	$21,587	$—	$—	$—
KfW IPEX-Bank Facility	$210,457	$—	$66,707	$68,677	$75,073
Equipment leases	$16,042	$8,442	$6,756	$60	$784
2022 A&R Pala Credit Facility	$110,709	$15,044	$95,665	$—	$—
Asset retirement obligation	$8,604	$—	$—	$—	$8,604
Total obligations	**$407,494**	**$85,168**	**$169,128**	**$68,737**	**$84,461**

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 significant shareholding in the Company. Additionally, as at March 31, 2023, two of the eight directors of the Company were Pala executives.

During the three months ended March 31, 2023, the Company entered into the following transactions with Pala:

- In relation to the 2021 A&R Pala Credit Facility and the 2022 A&R Pala Credit Facility, the Company accrued interest of $2.6 million (2022 - $0.9 million) and added nil (2022 - $0.9 million) to the principal amount of the Pala Credit Facility.
- The Company recognized an expense of $0.3 million (2022 - $0.3 million) for guarantee fees and nil (2022 - $0.1 million) for technical and other services.
- The Company received $5 million from Pala, its share of the drawdown under the KfW Tranche A-2 Loan.

As of March 31, 2023, the Company owed Pala $0.6 million for accrued fees for technical and other services and certain guarantees, (2022 - nil) including fees accrued in connection with the indemnity agreements relating to bonding arrangements and the guarantee provided by Pala in connection with the KfW IPEX- Bank Facility.

Effective October 28, 2022, 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 three months ended March 31, 2023, the following transactions were entered with Mercuria:

- The Company received $5 million from Mercuria, its share of the drawdown under the KfW Tranche A-2 Loan.

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

LEGAL

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

As to historical actions, the claim advanced by Sedgman USA Inc. ("Sedgman") has been addressed as follows: During Q1 2023, the Company, pursuant to the standstill agreement entered on November 28, 2022, paid $1.5 million on January 19, 2023 and $1 million on February 16, 2023. The Company and Sedgman agreed to defer the final payment of $1.2 million due on March 21, 2023 to May 31, 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 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. Given the Company's small size, the internal control procedures established 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 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 three months ended March 31, 2023, that materially affect 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.

CRITICAL ACCOUNTING ESTIMATES

The Company's significant accounting policies are presented in Note 2 of the Company's audited Consolidated Financial Statements for the year ended December 31, 2022. The preparation of Consolidated Financial Statements in accordance with IFRS requires management to establish accounting policies and to make judgements, estimates and assumptions that affect both the amount and timing of assets, liabilities, income and expenses. Some of these estimates require judgments about matters that are inherently uncertain.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the significant judgments and estimates that management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in the Consolidated Financial Statements:

- Mineral reserve and resource estimates
- Recoverable amount of mineral properties, plant and equipment
- Fair valuation of warrants and embedded derivatives

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 an 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 March 31, 2023, the Company held C$204 (2022 - C$23) in cash and cash equivalents in its parent entity with a functional currency of U.S. dollars. At March 31, 2023, the Company had C$656 (2022 - C$815) in accounts payable. A +/- 10% change in the Canadian exchange rate would have had an immaterial impact for the three months ended March 31, 2023.

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 $7,420 as at March 31, 2023 (2022 - $18,886), being the carrying value of cash and cash equivalents, restricted cash and amounts receivable.

d) 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 the ramp-up stage and undergoing a re-start of operations and as a result has not yet generated sufficient revenue to support the Company's obligations. The Company is reliant on its current cash balance, cash flow from pre-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.

Financing the ramp-up of the Underground Mine

The ability of the Company to complete the Restart Plan and fund operations during the restart of the Underground Mine is dependent on receiving the funds expected to be received in the 2023 Offering and the other components of the Financing Package. However, the Company may require further funding to complete the ramp-up of the Underground Mine, including due to cost overruns, delays, inflationary pressures and other factors. If further funding is required to complete the ramp-up, there can be no assurance that the Company will be able to obtain such financing on terms favourable to the Company or at all. In addition, if the Subsequent Pala Warrant Exercise is not completed due to failure to receive the HSR Clearance, certain indebtedness will remain outstanding under the 2022 A&R Pala Credit Facility.

The ability of the Company to complete the ramp-up 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 and favourable copper market conditions. There can be no assurance that these requirements will be achieved.

If the requirements described in the paragraphs above are not achieved or other material adverse events or delays occur, in the absence of sufficient financing being arranged, the Company may not be able to complete the ramp-up of the Underground Mine or continue to carry on business in the ordinary course. This may result in, among other things, the Company's secured lenders enforcing their security over the Company's assets.

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.

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 Plan 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 May 11, 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, 21,792,193 restricted share units outstanding, 1,160,586 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	132,374,442	$1.0000
Credit Facility Warrants	15,000,000	$0.8553
Triple Flag Warrants	1,500,000	$2.2500
Pala 2022 Warrants[1]	398,723,212	$0.2592
Mercuria 2022 Warrants[2]	127,720,000	$0.2592

[1]The outstanding number of warrants have not been adjusted for the 46,000,000 Pala 2022 Warrants exercised by Pala on May 10, 2023, for which common shares of the Company were not yet issued as of May 11, 2023.

[2]The outstanding number of warrants have not adjusted for the 25,848,765 Mercuria 2022 Warrants exercised by Mercuria on May 11, 2023, for which common shares of the Company were not yet issued as of May 11, 2023.

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 March 31, 2023**	**As at December 31, 2022**
Working capital deficit per financial statements (refer table in section "Liquidity and going concern risk" above)	$(59,954)	$(42,382)
Adjustments		
Non-cash Warrant derivative liability	$13,394	$9,309
Adjusted working capital deficit	**$(46,560)**	**$(33,073)**

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.