NEVADA COPPER

COMMITMENT – ALIGNMENT - PERFORMANCE

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the year ended December 31, 2023

April 2, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS
For the year ended December 31, 2023

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INTRODUCTION

This Management's Discussion and Analysis ("MD&A") of Nevada Copper Corp. (the "Company" or "Nevada Copper") has been prepared by management as at April 2, 2024. Information herein is provided as at December 31, 2023, 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, 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").

Additional information relevant to the Company's activities, including the Company's Annual Information Form dated April 2, 2024 (the "AIF"), can be found on SEDAR+ at www.sedarplus.ca. All amounts expressed herein are in United States Dollars unless otherwise indicated. Amounts expressed in C$ refer to Canadian dollars.

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

HIGHLIGHTS

Highlights for the quarter ended December 31, 2023 ("Q4 2023") relating to the Company's Pumpkin Hollow underground copper mine (the "Underground Mine") include:

- **Process Plant Restart** - The Company restarted the ore processing operations in October 2023 which operated intermittently throughout Q4 2023. The milling and flotation circuits operated well, achieving expected recoveries during periods of stable operations, however, unanticipated bottlenecks were encountered in the thickener and tails filter presses that caused repeated mill shutdowns. With the assistance of a technical consultant, upgrades to the filter presses, thickener equipment and operating protocols were made through December 2023 and into January 2024. Commissioning of the paste plant, utilizing thickened tails, occurred in February 2024 as stope mining resumed.
- **Concentrate shipping** - Mill operations successfully produced concentrate of saleable grade, moisture, and quality from the low-grade ore processed. During Q4 2023, the Company reactivated its concentrate logistics and sold 2,621 wet metric tonnes ("wmt") of copper concentrate. Concentrate shipments have continued through the first quarter of 2024 ("Q1 2024").
- **Capital Projects** - During Q4 2023, the Geho pumps, which provide the life-of-mine ("LOM") dewatering requirements, were successfully commissioned, providing an additional 1,000 gallons per minute ("gpm") of dewatering capacity. The construction of the underground crusher and ore handling system was delayed due to high water levels encountered in the Underground Mine prior to the commissioning of the Geho dewatering system. The upper portion of the project consisting of

the truck dump and grizzly, rock breaker, and coarse ore handling bin has been commissioned as a supplementary ore pass. With all project excavation and concrete foundations complete, the mechanical and electrical installation of the crushing and conveying equipment is being tendered under a fixed price agreement.

- **Underground Development** - During Q4 2023, Small Mining Development, LLC ("SMD") continued to ramp-up lateral development completing 3,115 feet of development. As at December 31, 2023, 10 ore stopes were fully developed containing an estimated 192,000 tons of ore that are available for stope mining.
- **Underground Mining and Hoisting** - Approximately 104,088 tons of material was hoisted during Q4 2023, including approximately 91,700 tons of development ore. Ore stockpiled on the surface and available for milling as at December 31, 2023 was estimated at 105,096 tons. Stope mining resumed in mid-February 2024 and has continued to date.
- **Liquidity** - The Company requires further funding to complete the commissioning and ramp-up of the Underground Mine and continue carrying on business in the normal course. While Pala has continued to support the Company by providing additional advances, it is under no obligation to continue to do so and the amount of such funding has been decreasing, resulting in an accumulation of trade payables. Additional funding or negotiating a deferral of debt payments is required as the Company has debt and other contractual obligations owed in the next twelve months. Refer to "COMMITMENTS AND CONTRACTUAL OBLIGATIONS SECTION" below. The Company has entered into an exclusivity agreement with a third-party regarding a proposal for additional financing and a potential change of control transaction. There can, however, be no assurance that additional financing will be obtained and that such transaction will be entered into or completed. In the absence of securing sufficient funding in the near term, the Company will not be able to continue carrying on business.

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 the third quarter of 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 commissioning 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 ("Q3 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 the fourth quarter of 2022 ("Q4 2022") to identify critical projects required to address operational inefficiencies and to achieve commercial production. Work related to the Restart Plan commenced with the closing of the Restart Financing Package (as defined below) in Q4 2022 and continued throughout

2023. SMD, Nevada Copper's mining development contractor, mobilized and commenced underground lateral development activities in the second quarter of 2023 ("Q2 2023") and the process plant was restarted in Q4 2023.

BUSINESS DEVELOPMENT

The Company's principal focus through 2023 was to complete infrastructure projects and underground development to position the Underground Mine to operate sustainably. Nevada Copper restarted processing operations and concentrate sales in Q4 2023. However, the process plant was periodically paused to address commissioning bottlenecks particularly in respect of the tailings filter presses and to stabilize operating conditions. As a result, continuous processing operations were not sustained to the point of being able to declare commercial production in Q4 2023.

In determining whether commercial production is achieved, management considers a number of factors including substantial completion of the processing plant, surface site infrastructure and underground infrastructure necessary to support sustained production, and achievement of operating targets for a defined period.

Capital Projects

LOM dewatering system - This system provides pumping capacity from the underground to handle expected LOM water volumes and integrates into the existing piping infrastructure. During Q4 2023, the Geho pumps were successfully commissioned, providing an additional 1,000 gpm of dewatering capacity, thereby significantly improving water management capabilities at the Underground Mine. Existing pumping infrastructure continues to be operational to provide additional capacity, if needed. With the commissioning of the Geho system and existing infrastructure, the Company now expects to have sufficient pumping capacity to manage expected LOM dewatering needs.

Underground crusher and ore handling system – The underground ore crushing and handling project was advanced during Q4 2023 with all excavations completed and the upper ore loading pocket, grizzly and rock breaker completed. Progress on the lower portions of the project including the crushing and ore handling infrastructure was impacted by limited access due to high water levels encountered prior to the Geho pumps being commissioned. Early in January 2024, the upper portion of the project was commissioned so the facility could be utilized as an ore pass to improve rock handling capability. Also, through January 2024, all major concrete pours for the ore handling and crushing equipment were completed. The project scope was suspended at that point to enable the Company to complete a bidding process for a fixed price contract for remaining mechanical and electrical installation. The surface crusher remains in place to continue crushing material until the underground crusher is constructed and commissioned. The bidding and contractor selection remains in process at the time of this MD&A.

LOM fuel delivery system - During Q4 2023, the Company completed drilling of the fuel delivery hole and expects to complete installation of the fuel handling equipment in the second quarter of 2024 ("Q2 2024").

EN Paste supply - The Company commenced drilling a large diameter cased hole for delivery of paste to East North Zone ("EN Zone") stoping areas. Drilling was completed in Q1 2024 and surface pumping and piping installation is expected to commence in 2024 following the completion of a detailed design.

Definition Drilling

During Q3 2023, the 2023 EN Zone and East South ("ES") Zone underground drill programs were completed, which were focused on stope definition drilling and near-mine resource expansion targets. The Company completed twenty holes for approximately 7,968 feet of drilling. Results of drilling indicate mineralization extension in the ES Zone. (Refer to the Company's press release dated July 26, 2023).

The Company expects to continue with further underground drilling in 2024. The deposit remains open in all directions.

Underground Mine Mineral Reserves and Resources

Mineral resources:

Tetra Tech was retained by the Company to update the East Deposit Mineral Resource for the Underground Mine.

Since the 2019 Resource estimate, mining commenced at the site and definition drilling was performed from underground drill stations. Lithology and mineral shells were updated to reflect drill results and used for the estimation update. Updated drilling information was incorporated from holes drilled since development mining commenced from 170 infill and definition drilling holes within the deposit, totaling 59,400 feet. All former sampling and QA/QC procedures were maintained for the additional drilling. The composites were reduced from 10 feet on the previous model estimation, to 5 feet, to represent the sampling distances more accurately. All other modeling parameters were retained, and the model update aligns with the prior resource estimation. The E2 Deposit has no additional drilling or model update.

Mineral resource estimate with an effective date of December 31, 2023 are summarized below:

Category	Cutoff Grade %Cu	Tons (million)	Grade % Cu	Contained Cu lb (million)	Grade Au oz/st	Contained Au ozs (thousand)	Grade Ag oz/st	Contained Ag ozs (thousand)	Grade % Fe	Contained Fe lbs (millions)
Measured	0.75	16.3	1.43	466	0.005	87	0.14	2282	18.23	5936
Indicated	0.75	54.3	1.25	1353	0.004	195	0.098	5348	15.69	17049
Measured + Indicated	0.75	70.6	1.29	1820	0.004	282	0.108	7630	16.28	22895
Inferred	0.75	37.3	1.18	882	0.002	59	0.058	2147	11.52	8582

Notes:

(1) Columns may not total due to rounding.

(2) Material mined through Dec 31, 2023, has been removed from the estimate.

(3) Cu and Fe grades are reported in percent (%), Au and Ag grades are reported in oz per ton (opt), oz are troy oz.

(4) All tonnages are reported in short tons, which are equivalent to 2000 lbs.

(5) This Mineral Resource estimate was prepared by Kira Johnson of Tetra Tech, an independent Qualified Person.

The Qualified Person is not aware of any known environmental, permitting, legal, title, taxation, metallurgical, socio-economic, marketing, political or other factors other than those discussed in the Company's technical report filed for the Pumpkin Hollow Property in April 2019 (the "2019 Technical Report") that could materially affect the Underground Mineral Resource estimate.

Increases in items such as mining cost, processing cost and selling cost or a decrease in the copper price could result in decrease to the Underground Mineral Resources. An increase in the copper price, or decreases in items such as mining cost, processing cost and selling cost could result in an increase to the Underground Mineral Resources.

Wood Canada Limited ("Wood") was retained by the Company to update the mineral reserves for the Underground Mine based on the updated resource, current metals prices, and costs. Mine design remains consistent with the 2019 Technical Report with only minor changes in mine design. The mine execution strategy remains consistent with the 2019 Technical Report.

Mineral reserves estimate with an effective date of December 31, 2023 are summarized below:

Category	Tons (million)	Grade % Cu	Contained Cu lb (million)	Grade Au oz/st	Contained Au ozs (thousand)	Grade Ag oz/st	Contained Ag ozs (thousand)
E2							
Proven	1	1.90 %	40	0.0120	12.6	0.25	258
Probable	4.9	1.51 %	147	0.0085	41.5	0.19	921
Total	**5.9**	**1.58 %**	**187**	**0.0092**	**54.1**	**0.20**	**1,180**
East Main							
Proven	8.1	1.43 %	231	0.0050	40.2	0.13	1,089
Probable	11.8	1.29 %	302	0.0038	44.8	0.11	1,338
Total	**19.8**	**1.34 %**	**533**	**0.0043**	**85.0**	**0.12**	**2,427**
Stockpile							
Proven	0.1	0.40 %	1	0.0050	0.5	0.15	16
Total	**0.1**	**0.40 %**	**1**	**0.0050**	**0.5**	**0.15**	**16**
Total Pumpkin Hollow Underground							
Proven	9.2	1.47 %	272	0.0058	53.3	0.15	1,363
Probable	16.6	1.35 %	449	0.0052	86.3	0.14	2,259
Total	**25.8**	**1.39 %**	**721**	**0.0054**	**139.5**	**0.14**	**3,623**

Notes:

(1) Input assumptions to constrain the Pumpkin Hollow estimate include metal prices of $3.60/lb copper, $1,700/oz gold, $22/oz silver, process recoveries of 92% copper, 78% gold, 70% silver, royalties of 6% copper, 5% gold, 5% silver, incremental development cut-off grade of 0.5% copper, production cut-off grade of 1.0-1.2% copper equivalent, mining costs of $38.39/t, process costs of $11.89/t, G&A costs of $6.37/t, treatment and refining costs of $13.28/t, internal dilution of 35%, external dilution of 7.8%, and 95% mining recovery.

(2) Figures may not sum due to rounding

(3) Mineral Reserves are effective December 31, 2023

(4) This Mineral Reserves estimate was prepared by Lewis Kitchen, P. Eng of Wood, an independent Qualified Person.

The Qualified Person (QP) is not aware of any known environmental, permitting, legal, title, taxation, metallurgical, socio-economic, marketing, political or other factors other than those discussed in the 2019 Technical Report that could materially affect the Underground Mineral Reserve estimate.

Open Pit Project

The Company has paused work on the Open Pit Project as it dedicates 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 3.6 billion pounds from 385.7 million tons grading 0.47% copper.

Exploration

The Company completed its 2023 surface drill program with a total of 11 holes (approximately 3,305 feet) drilled on the Copper Ridge target and 9 holes (approximately 1,653 feet) drilled on the Dimples target. Preliminary assays continue to be received and analyzed by the Company and indicate that mineralization and alteration found at surface has been intersected in the drill holes. Final assays are expected to be received by the end of Q1 2024.

Funding

The Company was financed during 2023 through the following funding activities:

- On May 30, 2023, the Company completed a public offering of 196,038,400 units of the Company ("Units"), at a price of C$0.27 per Unit, for aggregate gross proceeds of approximately $38.9 million (the "2023 Unit Offering"). Each Unit consisted of one common share of the Company and one-half of one common share purchase warrant (each full warrant, a "2023 Warrant"). Each 2023 Warrant is exercisable for one common share at a price of C$0.34 per common share until September 30, 2024. Pala Investments Limited ("Pala"), the Company's largest shareholder, purchased an aggregate of 108,442,714 Units and Mercuria Holding (Singapore) Pte Ltd ("Mercuria"), another significant shareholder of the Company, purchased 24,814,814 Units under the 2023 Unit Offering.
- KfW Tranche A-2 Loan - Pala, Mercuria and an affiliate of Triple Flag Precious Metals Corp. ("Triple Flag") provided the remaining $25 million amount 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 ("KfW"), in accordance with the terms and conditions of the KfW IPEX-Bank Facility. Also, Pala, Mercuria and Triple Flag supported the expansion of the KfW Tranche A-2 Loan by $10 million to an aggregate amount of $35 million. During Q4 2023, the Company received $3.3 million of this tranche from each of Pala, Mercuria and Triple Flag.
- Prior to the 2023 Unit Offering, Pala provided $5.5 million in debt funding through promissory notes (the "2023 Promissory Notes"). The 2023 Promissory Notes were refinanced into the Third A&R Pala Credit Facility as discussed below.
- On May 10, 2023, and June 22, 2023, Pala exercised 46,000,000 common share purchase warrants and 352,723,212 common share purchase warrants, respectively, that were issued on October 28, 2022 (the "Pala 2022 Warrants"). The amount for subscription of warrants was paid by way of deemed repayment and set-off of $76.1 million payable under the Company's credit facility with Pala.
- On May 11, 2023, Mercuria exercised 25,848,765 common share purchase warrants that were issued on October 28, 2022 (the "Mercuria 2022 Warrants") for exercise proceeds of $5 million in cash.
- Stream financing - Triple Flag agreed that certain metal deliveries that become due under the Company's stream agreement with Triple Flag will be financed through advances from Triple Flag under the KfW Tranche A-2 Loan up to a maximum of $15 million for 2023, and, subject to certain conditions, for 2024. During Q4 2023, the Company obtained approval from KfW to settle in

common shares. when required, up to $15 million of the existing KfW Tranche A-2 Loan to make available draw room to finance stream payments. During Q4 2023, the Company issued common shares of the Company at the market price of the common shares at the time to Pala, Mercuria and Triple Flag to settle an aggregate of $3 million outstanding under the KFW Tranche A-2 Loan ($1 million in respect of each party).

- Pala and Mercuria entered into a deferred funding agreement in favor of the Company, pursuant to which Pala and Mercuria agreed to provide up to $15 million and $10 million, respectively (the "Deferred Funding Facility"). This amount was drawn in full in Q4 2023. Also, during Q4 2023, through December 21, 2023, Pala provided the Company with an additional funding of $14 million pursuant to a new commitment (the "Incremental Funding Commitment"). On December 21, 2023, the Company entered into separate loan agreements with Pala and Mercuria (together referred as the "Unsecured Loans" and individually as the "Unsecured Loan") with respect to:

  i. The outstanding amount of $29.5 million including interest accrued of $0.5 million payable to Pala under the Deferred Funding Facility and the Incremental Funding Commitment; and

  i. The outstanding amount of $10.3 million including interest accrued of $0.3 million payable to Mercuria under the Deferred Funding Facility.

  The Unsecured Loans mature on December 21, 2024 and carry interest at adjusted Term Secured Overnight Financing Rate ("Term SOFR") plus margin with interest payable on maturity. Adjusted Term SOFR equals Term SOFR plus 0.15%. The margin is 9% for the amounts received pursuant to the Deferred Funding Facility and 10% for the amounts received pursuant to the Incremental Funding Commitment. A 5% disbursement fee is payable on the amounts drawn pursuant to the Incremental Funding Commitment, which is added to the principal amount when amounts are drawn. The Company issued 280,044,832 common share purchase warrants to Pala (together with any additional warrants issued to Pala in relation to the Unsecured Loan, the "Pala Unsecured Loan Warrants") and 95,122,130 common share purchase warrants to Mercuria (the "Mercuria Unsecured Loan Warrants"), with an exercise price of C$0.14 per warrant expiring on December 21, 2024. Upon exercise of these warrants, the exercise price is payable by way of deemed repayment and set-off of outstanding amounts under the Unsecured Loans. Exercise of the foregoing warrants are subject to the Company obtaining shareholder approval, which it plans to seek at its next annual meeting of shareholders.

- On December 21, 2023, the Company and Pala agreed to amend and restate the credit facility with Pala (the "2022 A&R Pala Credit Facility") that was entered into on October 28, 2022 (as amended and restated, the "Third A&R Pala Credit Facility") on substantially the same terms as the 2022 A&R Pala Credit Facility, including a maturity date of January 31, 2026. The outstanding balance of $6.0 million including accrued interest of $0.5 million payable pursuant to the 2023 Promissory Notes was added to the Third A&R Pala Credit Facility and the 2023 Promissory Notes were cancelled. In connection with the Third A&R Pala Credit Facility, the Company issued 55,610,514 common share purchase warrants (the "Third A&R Pala Credit Facility Warrants") of the Company to Pala, with an exercise price of C$0.14 per warrant and expiring on January 31, 2026. On exercise of these warrants, the exercise price would be payable by way of deemed repayment and set-off of outstanding amounts under the loan from Pala. Exercise of these warrants by Pala is subject to the Company obtaining shareholder approval, which it plans to seek at its next annual meeting of shareholders.

- Pala may opt to provide, when requested by the Company, additional advances to the Company pursuant to and subject to the terms and conditions of the Unsecured Loan with Pala ("Additional Advances"). During Q4 2023, the Company received Additional Advances of $4.3 million, with $20.7

million of Additional Advances being received after December 31, 2023. While Pala has continued to support the Company, it is under no obligation to do so.

- Also, subsequent to December 31, 2023, the Company received $3.9 million pursuant to the Third A&R Pala Credit Facility.

OUTLOOK

Nevada Copper made significant progress during 2023 on its restart plan. However, as previously noted, operating constraints in the mill caused stope mining to be deferred until stable mill operations ensured the availability of paste backfill. The combination of these factors resulted in a lower than expected production and revenues.

The Company has been systematically addressing these operating constraints through Q1 2024 as well as strengthening the leadership of the process operations team. This work has identified certain minor capital projects required to manage process plant water balance and provide operating flexibility to help achieve nameplate capacity. These projects are expected to be completed through Q1 2024 whereby, prior to completion, the Company expects the process plant to operate at lower throughput. The Company anticipates ramping-up processing operations to nameplate capacity of 5,000 tons per day through the balance of the year.

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, 2023	December 31, 2022	December 31, 2021
Total revenue ($000s)	$4,570	$9,086	$11,140
Loss and comprehensive loss ($000s)	$(60,891)	$(357,946)	$(27,875)
Basic and diluted (loss) per share	$(0.06)	$(0.74)	$(0.14)
Total assets ($000s)	$703,372	$647,769	$914,623
Total non-current financial liabilities ($000s)	$354,357	$383,505	$294,649

During the year ended December 31, 2023, the Company recognized the following in the consolidated statement of operations and comprehensive loss:

- a debt extinguishment loss of $3.1 million resulting from amendments to the 2022 A&R Pala Credit Facility;
- a gain on the fair valuation of derivatives of $27.7 million relates to the embedded derivative in the credit facility with Pala and warrants derivative, and driven by a decrease in the share price of the Company's common shares and the expiration of certain warrants;
- a net realizable value ("NRV") loss of $25.3 million in relation to development ore stockpile; and
- care and maintenance and restart expenses of $24.9 million and interest and finance costs of $25.4 million, which were not eligible to be capitalized in accordance with IAS-16 when the Underground Mine operations were suspended in first half of 2023.

During the year ended December 31, 2022, the Company recognized a non-cash impairment of $299.0 million, a debt extinguishment loss of $3.0 million resulting from the amendments in the credit facility with Pala, a debt modification gain of $1.4 million resulting from amendments to the KfW IPEX-Bank Facility and a net gain of $19.1 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, 2021, the Company recognized a debt extinguishment loss of $2.8 million on the settlement of the convertible loan facility with Pala and a net loss of $11.6 million on fair valuation of derivatives driven by increases in the share price of the Company's common shares.

DISCUSSION OF OPERATIONS

Lateral Development

		Three Months Ended December 31,		Year Ended December 31,	
		2023	2022	2023	2022
Capital and operating development	feet	3,115	0	8,401	6,170

Lateral development

During Q2 2023, the Company awarded a 24-month 66,000-foot unit rate lateral development contract to SMD. During Q4 2023, the Company continued to advance ramp and stope development, primarily in the EN zone with secondary stope development completed in the ES zone. During Q4 2023, the Company completed 3,115 feet of development as compared to 3,366 feet completed in Q3 2023.

In early Q4 2023, a water bearing structure was encountered in the EN zone. This restricted access to certain areas of the mine for a portion of the quarter while the structure was grouted and water was pumped out of the lower levels of the mine. This negatively impacted the rate of lateral development and overall underground operations in Q4 2023 until the commissioning of the Geho pumps, which subsequently increased water handling capacity. Rock quality being encountered beyond the dikes, as development headings are progressed into the EN Zone, is competent and consistent with the geotechnical model.

With the development completed to date, the Underground Mine has 10 stopes available with top and bottom development completed representing approximately 192,000 tons of ore available for future stope mining.

SMD continues to focus efforts to steadily increase their rate of development as required for ramp and stope development during 2024.

Mining operations

		Three Months Ended December 31,		Year Ended December 31,	
		2023	2022	2023	2022
Ore hoisted	tons	91,700	—	197,700	189,528
Copper grade	%	0.5 %	—	0.6 %	0.8 %

During Q4 2023, the Company hoisted 91,700 tons of development ore as compared to 70,233 tons of development ore hoisted in Q3 2023. Hoisting in both quarters was impacted by higher water levels and build-up of material in the shaft bottom, which limited hoist capacity. During Q4 2023, the Underground Mine returned to hoisting full skip loads after the commissioning of the Geho pumps enabled the shaft bottom to be de-watered and remediated. As a result of these impacts and the intermittent mill operations, during Q4 2023, mining operations were redirected from stope ore mining to rehandling and hoisting of accumulated underground ore to improve underground access, provide operational flexibility and build surface ore stockpile to support mill operations. Stope mining was delayed due to its dependency on consistent mill operation to provide paste fill necessary to meet geotechnical design requirements.

Ore Stockpile

As at December 31, 2023, the surface ore stockpile was approximately 105,096 tons with an estimated average grade of 0.40% Cu. During Q1 2024, the ore stockpiled underground was hoisted to surface and is now available for milling. The majority of stockpiled ore is low-grade development ore, and available for milling.

Operations

		Three Months Ended December 31,		Year Ended December 31,	
		2023	2022	2023	2022
Ore milled	tons	101,237	—	101,237	189,528
Copper grade	%	0.8 %	—	0.8 %	0.8 %
Copper recovery	%	91.2 %	—	91.2 %	86.8 %
Concentrate grade	%	22.10 %	—	22.10 %	22.70 %
Copper produced	klb	1,450	—	1,450	2,011
Copper sold	klb	1,188	—	1,188	2,011

On October 3, 2023, the Company recommenced processing operations at an initial target feed rate to the mill of 3,000 tpd to allow the process team to commission the mill, optimize reagent addition, and establish and reinforce operating procedures to achieve consistent operations. The mill is being commissioned on lower grade ore stockpiles and will transition to a combination of mined stope ore and stockpiled ore.

During Q4 2023, mill stoppages were required to address operational and maintenance issues that arose principally within the tailings filter presses. Importantly, through the operating periods in Q4 2023, the plant demonstrated that target throughput could be achieved, recoveries were consistent with the geometallurgical models and copper concentrate produced could meet quality specifications for sales under the Company’s offtake agreements.

During Q4 2023, the Company completed capital projects related to the processing plant including the permanent connections from the tailings thickener to the paste plant to directly draw tailings underflow into the paste system and an expansion of the containment areas to improve environmental management.

Subsequent to December 31, 2023, leadership of the mill operating team was strengthened in early 2024 and the focus since has been on systematically addressing operating constraints in the mill and improving operator training and competencies. This work has identified minor capital projects required to improve management of the mill water balance and improve operating flexibility. Those projects are in-progress and completion is expected to enable continued ramp up of the mill to nameplate capacity of 5,000 tpd.

Concentrate sales

The Company reactivated its concentrate sales transportation network in Q4 2023 establishing a new two-year concentrate trucking agreement, restarting its rail transload facility and entering into a revised two-year service agreement with Union Pacific Railway.

During Q4 2023, all copper concentrate was sold to Concord Resources Limited ("Concord") under the Company's existing offtake agreements. Concentrate was shipped to the port of Vancouver, Washington for export with future exports expected to revert to the port of Stockton, California now that concentrate handling facilities have been re-established at that port facility.

FINANCIAL RESULTS

Financial results for the year ended December 31, 2023:

(Expressed in thousands of USD, except per share amounts)	Year Ended December 31,	
	2023	**2022**
Revenue	$4,570	$9,086
Cost of Sales		
Production costs	6,721	28,844
Net realizable value adjustment	25,270	2,273
Depreciation	666	—
Transportation	475	2,025
Royalty and stream	216	476
Total cost of sales	33,348	33,618
Gross loss	(28,778)	(24,532)
Operating Expenses		
Care and maintenance and restart expenses	24,889	23,034
General and administrative expenses	6,398	5,744
Stock-based compensation	1,779	1,068
Impairment of mineral properties development costs	—	298,975
Plant and equipment written off	—	632
Loss from operations	(61,844)	(353,985)
Interest income	421	36
Interest and finance expenses	(25,350)	(20,321)
Financing related transaction costs	—	(1,466)
Derivative fair value gain	27,721	19,057
Debt extinguishment loss	(3,089)	(2,998)
Debt modification gain	410	1,373
Other income	814	—
Foreign exchange gain	26	358
Loss and comprehensive loss	($60,891)	($357,946)
Loss per share		
Basic and diluted	($0.06)	($0.74)

The Company was in a pre-commercial production state through 2022 and 2023. For the year ended December 31, 2023, the Company reported a net loss of $60.9 million (or $0.06 basic and diluted loss per common share), compared to a net loss of $357.9 million for the year ended December 31, 2022 (or $0.74 basic and diluted loss per common share). The change in the net loss was primarily due to the following:

- **Revenue -** During the year ended December 31, 2023, the Company sold 2,621 wmt of copper concentrate for net revenue of $4.6 million as compared to 4,501 wmt of copper concentrate for net revenue of $9.1 million during the year ended December 31, 2022. The mill operated intermittently for three months during 2023 as compared to six months during 2022.
- **Cost of sales** - During the year ended December 31, 2023, the Company recognized cost of sales of $33.3 million, including an NRV adjustment of $25.3 million for development ore mined during the year, as compared to $33.6 million during the year ended December 31, 2022.
- **Care and maintenance and restart expenses** - During the year ended December 31, 2023, the Company incurred care and maintenance and restart expenditures of $24.9 million as compared to $23.0 million for the year ended December 31, 2022, which were not eligible to be capitalized in accordance with IAS-16. In July 2022, mining and milling activities were suspended. In June 2023, mining activities resumed after mobilization of SMD. Milling activities resumed in October 2023.
- **General and administrative expenses** - General and administrative expenses totaled $6.4 million for the year ended December 31, 2023, an increase from $5.7 million for the year ended December 31, 2022, primarily due to increases in legal and general corporate expenses.
- **Share-based compensation** - During the year ended December 31, 2023, the Company recognized share-based compensation expenses totaling $1.8 million compared to stock-based compensation expenses of $1.1 million for the year ended December 31, 2022. During the year ended December 31, 2023, share-based compensation increased on account of restricted share units and deferred share units granted during 2023. However, stock-based compensation expense during the years ended December 31, 2022 and December 31, 2023 was offset by mark-to-market adjustments resulting from the decrease in the share price of the Company's common shares.
- **Impairment of mineral properties development costs** - During Q3 2022, the Company recognized a non-cash impairment of approximately $298.9 million in the consolidated statements of operations and comprehensive loss.
- **Interest and finance expenses** - Interest and finance expenses of $25.4 million were recognized during the year ended December 31, 2023 as compared to $20.3 million recognized during the year ended December 31, 2022. Due to the temporary suspension of mining and processing activities, interest and finance expenses incurred during the year ended December 31, 2022 and December 31, 2023 were capitalized to the Project for the six months during each period. Higher interest and finance expenses during the year ended December 31, 2023 resulted from higher debt and interest rates in 2023.
- **Derivative fair value gain** - A non-cash mark-to-market fair value gain of $27.7 million was recorded for the year ended December 31, 2023 as compared to $19.1 million for the year ended December 31, 2022. Derivative fair value gain recognized during the year ended December 31, 2023 and December 31, 2022 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 a decrease in the share price of the Company's common shares and the expiration of warrants.

- **Debt extinguishment loss -** Debt extinguishment loss, during the year ended December 31, 2023, was related to the settlement of the amounts payable under the Company's credit facility with Pala. Debt extinguishment loss, during the year ended December 31, 2022, was related to the significant amendments in the Company's credit facility with Pala.

Underground Mine Capital Expenditures

For the year ended December 31, 2023, the Company incurred $75.3 million of project expenditures compared to $35.4 million during the year ended December 31, 2022. Project expenditures incurred year ended December 31, 2023, included i) $48.9 million incurred for restart related capital projects and capitalized lateral development and ii) $0.6 million incurred for drilling.

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 December 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 December 31, 2023.

Financial results for the quarter ended December 31, 2023:

(Expressed in thousands of USD, except per share amounts)	**Three Months Ended December 31,**	
	2023	**2022**
Revenue	$4,570	$—
Cost of Sales		
Production costs	6,721	—
Net realizable value adjustment	4,883	—
Depreciation	666	—
Transportation	475	—
Royalty and stream	216	—
Total cost of sales	12,961	—
Gross loss	(8,391)	—
Operating Expenses		
Care and maintenance and restart expenses	—	6,816
General and administrative expenses	1,831	2,051
Stock-based compensation	(122)	1,482
Loss from operations	(10,100)	(10,349)
Interest income	21	32
Interest and finance expenses	—	(11,156)
Financing related transaction costs	—	(1,466)
Derivative fair value gain	1,895	(1,486)
Debt extinguishment loss	—	(2,998)
Debt modification gain	(77)	1,373
Other income	398	—
Foreign exchange gain	—	35
Loss and comprehensive loss	($7,863)	($26,015)
Loss per share		
Basic and diluted	($0.01)	($0.04)

In Q4 2023, the Company reported a net loss of $7.9 million (or $0.01 basic and diluted loss per common share), compared to a net loss of $26.0 million in Q4 2022 (or $0.04 basic and diluted loss per common share). The change is primarily due to the following:

- **Revenue -** During Q4 2023, the Company sold 2,621 wmt of copper concentrate for net revenue of $4.6 million. There were no concentrate sales during Q4 2022, as milling operations were suspended.
- **Cost of sales** - During Q4 2023, the Company recognized cost of sales of $13.0 million, including an NRV adjustment of $4.9 million for development ore mined during the quarter. The net realizable value adjustment resulted from higher production costs in the pre-commercial production period. No ore was mined during Q4 2022.
- **Care and maintenance and restart expenses** - As both mining and milling activities resumed there were no care and maintenance expenditures during Q4 2023. During Q4 2022, both mining and milling operations were suspended, and the Company incurred $6.8 million of care and maintenance expenditures.

- **General and administrative expenses** - General and administrative expenses totaled $1.8 million during Q4 2023, a small decrease from $2.1 million during Q4 2022.
- **Share-based compensation** - During Q4 2023, the Company recognized a share-based compensation gain of $0.1 million, compared to a share-based compensation expense of $1.5 million during Q4 2022. Stock based compensation gain during Q4 2023 resulted from a decrease in the share price of the Company's common shares. During Q4 2022, the Company issued new RSU's.
- **Interest and finance expenses** - During Q4 2023, an interest and finance expense of $11.8 million was capitalized in mineral properties, plant and equipment. As development of the Underground Mine was temporarily suspended, interest and finance expenses of $11.2 million during Q4 2022 were recognized as an expense in the statement of operations and comprehensive loss.
- **Derivative fair value gain** - A non-cash mark-to-market fair value gain of $1.9 million was recorded during Q4 2023, as compared to mark-to-market fair value loss of $1.5 million in Q4 2022, related to the derivative liability of the Company's warrants. The share price of the Company's common shares decreased in Q4 2023 as compared to a small increase in Q4 2022.
- **Debt extinguishment loss -** Debt extinguishment loss, during Q4 2022, was related to the significant amendments in the Company's credit facility with Pala.

SUMMARY OF QUARTERLY RESULTS

The following table sets forth selected unaudited quarterly financial information for Q4 2023 and the prior seven most recently completed quarters:

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

	December 31, 2023	**September 30, 2023**	**June 30, 2023**	**March 31, 2023**	**December 31, 2022**	**September 30, 2022**	**June 30, 2022**	**March 31, 2022**
Revenue	$4,570	$—	$—	$—	$—	($1,033)	$5,027	$5,092
Net (Loss) Income	($7,863)	($16,272)	($1,314)	($35,400)	($26,014)	($325,428)	$2,321	($8,825)
Net (Loss) Income per share (Basic and Diluted)	$(0.01)	$(0.01)	$0.00	$(0.05)	$(0.04)	$(0.73)	$0.01	$(0.02)
Mineral properties, plant and equipment	$686,193	$657,713	$632,865	$621,296	$615,411	$614,332	$915,614	$891,592
Total Assets	$703,372	$676,239	$681,673	$645,135	$647,769	$629,717	$927,246	$906,019
Working Capital Deficit	($83,584)	($61,881)	($36,170)	($59,954)	($42,382)	($380,143)	($359,352)	($95,492)
Total non-current liabilities	$354,357	$344,665	$336,401	$404,963	$383,505	$56,580	$52,507	$290,839
Shareholders' Equity	$248,632	$251,547	$260,674	$157,786	$193,134	$182,838	$508,198	$505,640

- 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 Q4 2023:
    - the Company recognized a derivative fair value gain of $1.9 million driven by a decrease in the share price of the Company's common shares; and
    - the Company recognized an NRV adjustment of $4.9 million in relation to development ore mined.

- During Q3 2023:
  - the Company recognized a derivative fair value gain of $4.1 million driven by a decrease in the share price of the Company's common shares; and
  - the Company incurred care and maintenance and restart expenses of $3.1 million and recognized an NRV adjustment of $16.3 million in relation to development ore mined.
- During Q2 2023:
  - the Company recognized a derivative fair value gain of $31.2 million driven by a decrease in the share price of the Company's common shares; and
  - the Company incurred care and maintenance and restart expenses of $12.0 million and interest and finance costs of $12.7 million, which were not eligible to be capitalized in accordance with IAS-16.
- During Q1 2023:
  - the Company recognized a derivative fair value loss of $9.4 million driven by an 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 eligible to be capitalized in accordance with IAS-16.
- During Q4 2022:
  - the Company recognized a debt extinguishment loss of $3.1 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 the 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 eligible to be capitalized in accordance with IAS-16.
- During Q3 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, which were not capitalized, as the operations at the Underground Mine were suspended.
- During Q2 2022, the Company recognized a non-cash mark to market fair value gain of $15.1 million resulting from a decrease in the fair market value of common share purchase warrants of the Company.
- During Q2 2022 and Q3 2022, as a result of non-payment of amounts due under the Company's working capital facility with Concord Resources Limited ("Concord") (the "Working Capital Facility") and other matters, there was a default under the Working Capital Facility with Concord and cross-defaults under the KfW IPEX-Bank Facility, the credit facility with Pala and the stream agreement with Triple Flag (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 December 31, 2023**	**As at December 31, 2022**
Current assets		
Cash and cash equivalents	$739	$18,506
Accounts receivable	244	37
Prepaid expenses and advance royalty	8,179	5,297
Inventory (Note 4)	7,637	4,908
Total Current Assets	16,799	28,748
Current liabilities		
Accounts payable and accrued liabilities	$18,974	$26,699
Related party payable	1,957	—
Share-based compensation liabilities	1,641	2,289
Warrant derivative	1,921	9,309
Current portion of stream and royalty deferral	11,580	3,655
Working Capital Facility	8,624	20,687
Short-term debt	42,910	—
Current portion of long-term debt	12,776	8,491
Total Current Liabilities	100,383	71,130
Working capital deficit	($83,584)	($42,382)
Adjusted working capital deficit (See Non IFRS Measures section)	($81,663)	($33,073)

As at December 31, 2023, the Company had cash and cash equivalents of $0.7 million. The Company's working capital (current assets less current liabilities) as at December 31, 2023 was negative $83.6 million compared to negative $42.4 million as at December 31, 2022. The working capital deficit increase from December 31, 2022 was due to a decrease in cash as at December 31, 2023 and an increase in debt payable within twelve months.

The warrant derivative liability arises as certain warrants outstanding are priced in Canadian dollars, whereas the Company's functional currency is U.S. dollars, leading to those 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, 2023 and December 31, 2022 was $81.7 million and $33.1 million, respectively. See the "Non IFRS Measures" section.

During Q3 2023 and Q4 2023, the Company received $25 million pursuant to the Deferred Financing Facility from Pala and Mercuria and $14 million pursuant to the Incremental Funding Commitment from Pala. Additionally, Pala may opt to provide, when requested by the Company, Additional Advances to the Company pursuant to and subject to terms and conditions of the Unsecured Loan with Pala. During Q4 2023, the Company received Additional Advances of $4.3 million with $20.7 million of Additional Advances being received subsequent to December 31, 2023. There can be no assurance that further funding will be provided by Pala. Refer to the "Business Development" section of this MD&A.

During Q4 2023, the Company obtained approval from KfW to settle up to $15 million of the KfW Tranche A-2 Loan by issuing common shares of the Company to make available draw room under the KfW Tranche A-2 Loan to finance stream payment. Also, during Q4 2023, the Company issued common shares of the Company at the market price at the time to settle $3 million outstanding under the KFW Tranche A-2 Loan ($1 million to each of Pala, Mercuria and Triple Flag).

During Q2 2023, the Company completed the 2023 Unit Offering, whereby it issued 196,038,400 Units of the Company for aggregate gross proceeds of approximately $38.9 million. Also, in connection with the 2023 Unit Offering, the Company, Pala, Mercuria and Triple Flag entered into a financing package agreement. The Company has received all of the committed funds from financing package agreement.

During Q2 2023, the Company and Concord entered into an amendment agreement to the revolving 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 certain outstanding liabilities. The Company received all committed funds from the Restart Financing Package. Pala's obligation under its backstop commitment, provided under the Restart Financing Package, was satisfied through its participation in the 2023 Unit Offering.

The Company currently has limited financial resources and the aggregate amount of capital and operating costs (net of cash inflows from the sale of concentrate) for the next twelve months, combined with residual vendor payments, debt service costs, and corporate costs, exceeds the amount of cash and funding currently available to the Company. Subsequent to December 31, 2023, the Company received $24.7 million from Pala. The Company requires further funding to complete the commissioning and ramp-up of the Underground Mine and continue carrying on business in the normal course. While Pala has continued to support the Company by providing additional advances, it is under no obligation to continue to do so and the amount of such funding has been decreasing, resulting in an accumulation of trade payables. Additional funding or negotiating a deferral of debt payment is required as the Company has significant current debt and contractual obligations owed in the twelve months. Refer to "COMMITMENTS AND CONTRACTUAL OBLIGATIONS SECTION" below.

The Company has entered into an exclusivity agreement with a third-party regarding a proposal for additional financing and a potential change of control transaction. There can, however, be no assurance that additional financing will be obtained and that such transaction will be entered into or completed. In the absence of securing sufficient funding in the near term, the Company will not be able to continue carrying on business.

The ability of the Company to continue as a going concern, to realize the carrying value of its assets, and to discharge its liabilities when due, are dependent on, amongst other things, positive cash flow being generated from operations, the ability to complete the commissioning and ramp-up the Underground Mine to its nameplate milling capacity of 5,000 tpd in accordance with the Company's timing and cost expectations, an increase in copper concentrate production and sales, favorable copper market conditions and securing further funding. There can be no assurance that these requirements will be achieved and in the absence of additional funding being arranged, the Company may not be able to continue to carry on business in the ordinary course. The combination of these factors give rise to material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern.

Cash Flow

Year to date cash flow

During the year ended December 31, 2023, cash used in operating activities was $66.1 million compared to $45.8 million used during the year ended December 31, 2022.

Cash used in investing activities during the year ended December 31, 2023, was $55.3 million compared to $49.0 million used in the year ended December 31, 2022.

Financing activities during the year ended December 31, 2023 provided $103.6 million, compared to $61.7 million for the year ended December 31, 2022.

During the year ended December 31, 2023, financing activities included $35.4 million drawn under the KfW Tranche A-2 Loan, approximately $38.9 million received through the 2023 Unit Offering, $5.0 million for the exercise of warrants, $5.6 million received pursuant to the 2023 Promissory Notes, $25.0 million pursuant to the Deferred Funding Facility, and $14.0 million and $4.3 million under the Incremental Funding Commitment and the Unsecured Loans, respectively. The Company also repaid $17.0 million of the Working Capital Facility and $7.5 million of lease liabilities.

Quarterly cash flow

During Q4 2023, cash used in operating activities was $10.8 million compared to $8.4 million used during Q4 2022.

Cash used in investing activities during Q4 2023 was $16.7 million, compared to $1.8 million used in Q4 2022.

Financing activities during Q4 2023 provided $31.5 million, compared to $21.1 million during Q4 2022.

During Q4 2023, financing activities included the draw of $0.4 million available under the KfW Tranche A-2 Loan, the draw of $22.3 million under the Deferred Funding Facility, the draw of $18.3 million under the Unsecured Loans, the repayment of $11.7 million of the Working Capital Facility, and the repayment of $1.9 million of lease liabilities.

COMMITMENTS AND CONTRACTUAL OBLIGATIONS

As at December 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	$20,931	$20,931	$—	$—	$—
Construction contractual obligations	$5,702	$5,702	$—	$—	$—
Working Capital Facility	$8,624	$8,624	$—	$—	$—
KfW IPEX-Bank Facility	$249,248	$12,229	$75,247	$67,892	$93,880
Equipment leases	$9,119	$7,195	$1,924	$—	$—
Third A&R Pala Credit Facility	$7,874	$—	$7,874	$—	$—
Pala Unsecured Loan	$40,081	$40,081	$—	$—	$—
Mercuria Unsecured Loan	$11,782	$11,782	$—	$—	$—
Asset retirement obligation	$5,474	$—	$—	$—	$5,474
Total obligations	**$358,835**	**$106,544**	**$85,045**	**$67,892**	**$99,354**

The Company currently has limited financial resources and the aggregate amount of capital and operating costs (net of cash inflows from sale of concentrate) for the next twelve months combined with residual vendor payments, debt service costs and corporate costs exceeds the amount of cash and funding currently available to the Company. The Company will require further funding to complete the commissioning and ramp-up of the Underground Mine and continue carrying on business in the normal course. While Pala has continued to support the Company by providing additional advances, it is under no obligation to continue to do so and the amount of such funding has been decreasing, resulting in an accumulation of trade payables. Additional funding or negotiating a deferral of debt payments is required as the Company has significant current debt obligations and contractual obligations owed in next twelve months. The Company has entered into an exclusivity agreement with a third-party regarding a proposal for additional financing and a potential change of control transaction. There can, however, be no assurance that additional financing will be obtained and that such transaction will be entered into or completed. In the absence of securing sufficient funding in the near term, the Company will not be able to continue carrying on business.

RELATED PARTY TRANSACTIONS

Pala is a related party to the Company because of its significant shareholding (61.7% as at December 31, 2023) in the Company. Additionally, as at December 31, 2023, two of the nine directors of the Company were Pala executives.

During the year ended December 31, 2023, the Company entered into the following transactions with Pala:

- In relation to the 2022 A&R Pala Credit Facility, the Company accrued interest of $5.1 million (2022 $5.8 million) and added nil (2022 - $4.0 million) to the principal amount of the credit facility.
- In relation to the Third A&R Pala Credit Facility, the Company accrued interest of $0.02 million.
- The Company received $5.6 million pursuant to the 2023 Promissory Notes and accrued interest of $0.5 million. During the year ended December 31, 2022, the Company received $42.5 million

pursuant to promissory notes (the "2022 Promissory Notes") and accrued interest of $0.9 million on the 2022 Promissory Notes.

- The Company recognized an expense of $1.4 million (2022 - $1.3 million) for guarantee fees and $0.02 (2022 - $1.3 million) for technical and other services.
- The Company received $11.7 million from Pala, its share of the drawdown under the KfW Tranche A-2 Loan and repaid $1 million by issuing common shares of the Company.
- Pala purchased 108,442,714 units in the 2023 Unit Offering for gross proceeds of approximately $21.5 million.
- Pala exercised 448,657,920 common share purchase warrants resulting in the settlement of principal debt and accrued interest amounting to $71.0 million payable to Pala.
- The Company received $15 million from Pala pursuant to drawdown under the Deferred Funding Facility and $18.3 million pursuant to the Incremental Funding Commitment, and accrued interest of $0.5 million in relation to these advances. On December 21, 2023, the full balance of $29.5 million was added to the Unsecured Loan. The Company also received $4.3 million pursuant to the Unsecured Loan and accrued interest of $0.13 million.

As of December 31, 2023, the Company owed Pala $1.4 million (2022 - $0.2 million) for fees accrued in connection with the guarantee provided by Pala for the KfW IPEX- Bank Facility and $0.02 million for reimbursement of expenses incurred by Pala on the Company's behalf.

Effective October 28, 2022, Mercuria is a related party because of its significant shareholding (16.6% as at December 31, 2023) in the Company. Also, a Mercuria executive is a director of the Company.

During the year ended December 31, 2023, the following transactions were entered with Mercuria:

- The Company received $11.7 million from Mercuria, its share of the drawdown under the KfW Tranche A-2 Loan, and repaid $1 million by issuing common shares of the Company.
- Mercuria purchased 24,814,814 units in the 2023 Unit Offering for gross proceeds of $5.0 million.
- Mercuria exercised 25,848,765 common share purchase warrants of the Company for the exercise proceeds of $5.0 million.
- The Company received $10.0 million from Mercuria pursuant to drawdown under the Deferred Funding Facility and accrued $0.3 million in interest. On December 21, 2023, the Company entered into the Unsecured Loan agreement with Mercuria for the outstanding amount of $10.3 million payable to Mercuria under the Deferred Funding Facility and accrued $0.04 million in interest.

As of December 31, 2023, the Company owed its Directors $0.3 million (2022 - nil) for accrued Directors fees.

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.

Key Management Personnel Compensation

The remuneration of the chief executive officer, chief financial officer and directors, being those persons having authority and responsibility for planning, directing, and controlling activities of the Company, are as follows (expressed in thousands of United States dollars):

	2023	2022
Salary and benefits	**$1,350**	$1,224
Stock-based compensation	**556**	102
Directors fees and director equity awards	**345**	1,718
Total	**$2,251**	$3,044

LEGAL

There are no material active litigation proceedings.

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 CEO and CFO evaluated the effectiveness of the Company's DCP and ICFR as required 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, 2023, 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.

OFF-BALANCE SHEET ARRANGEMENTS

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

CRITICAL ACCOUNTING ESTIMATES AND SIGNIFICANT JUDGMENTS

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). Mineral reserves are used in the calculation of depreciation, impairment assessment, and for forecasting the timing of mine closure, reclamation, and rehabilitation costs. There are uncertainties inherent in estimating mineral 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 test 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 ("LOM") and/or production plans. FVLCD will 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) Provision for reclamation and remediation

The Company assesses its provision for reclamation and remediation on an annual basis or when new material information becomes available. Mining and exploration activities are subject to various laws and regulations governing the protection of the environment.

In general, these laws and regulations are continually changing, and the Company has made, and intends to make in the future, expenditures to comply with such laws and regulations. Accounting for reclamation and remediation obligations requires management to make estimates of the future costs the Company will incur to complete the reclamation and remediation work required to comply with existing laws and regulations. Actual costs incurred may differ from those amounts estimated. Also, future changes to environmental laws and regulations could increase the extent of reclamation and remediation work required to be performed by the Company. Increases in future costs could materially impact the amounts charged to operations for reclamation and remediation. The provision represents management's best estimate of the present value of the future reclamation and remediation obligation. The actual future expenditures may differ from the amounts currently provided.

iii) Fair valuation of warrants and embedded derivatives

The fair value of warrant derivatives that are not traded in an active market is determined using various other valuation techniques. The Company uses its judgment to select a method for valuation of warrant 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.

The areas that require significant judgment are as follows:

i) Going concern

The assessment of the Company's ability to continue as a going concern and to generate or raise sufficient funds to pay its ongoing operating and capital expenditures and to meet its liabilities for the ensuing year, involves significant judgment based on historical experience and other factors, including the impact of management's expectations for other future events that are believed to be reasonable under the circumstances.

ii) Assessment of impairment indicators for mineral properties, plant and equipment

Significant judgement is required in assessing whether certain factors would be considered an indicator of impairment. In determining whether any indicator for impairment exists, management considers external sources of information such as a significant decline in the Company's market capitalization, changes in future metal prices, and potential impact of changes in interest rates; and internal sources of information such as quantity of recoverable mineral reserves and resources, changes in capital or operating costs, timing of ramp-up of the Underground mine, and timing of a development decision for the open pit mining project.

iii) Achievement of commercial production

In determining whether commercial production is achieved, management considers number of factors including substantial completion of the processing plant, surface site infrastructure and underground infrastructure necessary to support sustained production, and achievement of operating targets for a defined period. Once the commercial production is achieved, depreciation of capitalized costs begins. Significant judgment is required to determine if commercial production is achieved. At December 31, 2023, commercial production had not been achieved in relation to the Underground Mine.

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 with Concord, the Unsecured Loans and the Third A&R Pala Credit Facility with Pala 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 +/- $2.5 million 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, 2023, the Company held C$0.04 million (2022 - C$0.02 million) in cash and cash equivalents in its parent entity with a functional currency of U.S. dollars. At December 31, 2023, the Company had C$0.4 million (2022 - C$0.8 million) in accounts payable. A +/- 10% change in the Canadian exchange rate would have had an immaterial impact for the year ended December 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 $1.3 million as at December 31, 2023 (2022 - $18.9 million), 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 future financing transactions 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.sedarplus.ca.

Financing the ramp-up of the Underground Mine

The Company requires further funding to complete the ramp-up of the Underground Mine. The Company has entered into an exclusivity agreement with a third-party regarding a proposal for additional financing and a potential change of control transaction. There can, however, be no assurance that additional financing will be obtained or that such transaction will be entered into or completed. In the absence of securing sufficient funding in the near term, the Company will not be able to continue carrying on business.

The ability of the Company to complete the ramp-up of the Underground Mine is also dependent on, among other things, capital projects completion and costs, 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. This may result in, among other things, the Company's secured lenders enforcing their security over the Company's assets.

Ramp-up of operations at the Underground Mine to its nameplate capacity

The ramp-up 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. As a result, there can be no assurance that the ramp-up process will progress on the currently expected timeline or within expected cost parameters. It is common for projects in the ramp-up 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. The risks and challenges associated with ramp-up, include unforeseen geological formations, the implementation of new mining and recovery processes, unexpected geotechnical conditions, unexpected hydrological conditions and maintaining water pumping capabilities 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 the ramp-up 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 ramped up its operations to a sufficient level at the Underground Mine. The inability to successfully ramp-up its operations at the Underground Mine on time and within budget expectations is likely to have a material adverse effect on the Company.

Mine Planning

In 2022, the Company utilized Wood to review and revise the development and mine plan. The Wood plan is the basis for the Restart Plan. Since completion of the Wood plan, short term mine planning has been completed by internal Company resources.

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.

OUTSTANDING SHARE DATA

As of April 2, 2024, there were 1,429,567,214 common shares of the Company issued and outstanding, 9,143,743 share options outstanding, 12,505,160 deferred share units outstanding, 26,204,458 restricted share units outstanding, 3,313,767 performance share units outstanding and common share purchase warrants outstanding as per the table below:

Warrant Tranche	Number outstanding	Exercise Price [C$]
2023 Unit Offering	98,019,200	$0.3400
Credit Facility Warrants	15,000,000	$0.8553
Triple Flag Warrants	1,500,000	$2.2500
Mercuria 2022 Warrants	101,871,235	$0.2592
Pala 2023 Credit Facility Warrants	55,610,514	$0.1446
Pala 2023 Unsecured Loan Warrants	280,044,832	$0.1446
Mercuria 2023 Unsecured Loan Warrants	95,122,130	$0.1446
Total	**647,167,911**	

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 (expressed in thousands of United States dollars):

Adjusted Working Capital Deficit	**As at December 31, 2023**	**As at December 31, 2022**
Working capital deficit per financial statements (refer table in section "Liquidity and going concern risk" above)	$(83,584)	$(42,382)
Adjustments		
Non-cash Warrant derivative liability	$1,921	$9,309
Adjusted working capital deficit	**$(81,663)**	**$(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: a potential transaction regarding additional financing and a potential change of control; financing requirements; the need for additional funding; Nevada Copper's plans for the Project, 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; 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: the need for additional capital and no assurance can be given regarding the availability thereof; the ability of the Company to complete the restart and ramp-up of the Underground Mine within the expected cost estimates and timeframe; results of exploration programs; the impact of the effects of COVID-19 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 and ramp-up, including the ability of the Company to address unexpected challenges; ground conditions; water management; cost overruns relating to development, construction and restart and ramp-up of the Underground Mine; loss of material properties; interest rate increases; 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 and ramp-up of operations at the Underground Mine in accordance with management's plans and expectations; no material adverse impacts from the effects of COVID-19 going forward; the Company will be able to obtain sufficient additional funding to complete the restart and ramp-up 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.sedarplus.ca. 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.