Management’s Discussion and Analysis
For the three months ended March 31, 2019
NEVADA COPPER CORP.
Management’s Discussion & Analysis
For the three months ended March 31, 2019

Contents

General........................................................................................................................................... - 3 -
Highlights....................................................................................................................................... - 3 -
Description of the Business ........................................................................................................... - 4 -
Project Activities and Outlook....................................................................................................... - 5 -
Corporate Developments ............................................................................................................... - 8 -
Financial Results............................................................................................................................. - 8 -
Liquidity, Cash Flow and Capital Resources.................................................................................. - 10 -
Summary of Quarterly Results....................................................................................................... - 13 -
Transactions with Related Parties.................................................................................................. - 13 -
Commitments and Contractual Obligations..................................................................................... - 14 -
Off-Balance Sheet Arrangements .................................................................................................. - 14 -
Disclosure Controls and Procedures and Internal Controls over Financial Reporting .............. - 14 -
New Accounting Pronouncements.................................................................................................. - 14 -
Critical Accounting Estimates........................................................................................................ - 15 -
Risk Factors ................................................................................................................................... - 17 -
Share Data...................................................................................................................................... - 17 -
Forward-Looking Statements......................................................................................................... - 17 -

- 2 -
General

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 10, 2019. This MD&A should be read in conjunction with the Company’s interim condensed consolidated financial statements and notes thereto for the three months ended March 31, 2019 (“Q1 2019”). The financial statements were prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (“IFRS”). The information contained within this MD&A is current to May 10, 2019.

All amounts are expressed in US Dollars unless otherwise indicated. Additional information relevant to the Company’s activities, including the Company’s current Annual Information Form dated March 29, 2019 (the “Annual Information Form”), can be found on SEDAR at www.sedar.com.

Robert McKnight, P.Eng, David Swisher, PE, and Greg French, PG are non-independent Qualified Persons under National Instrument 43-101 – Standards of Disclosure for Mineral Projects (“NI 43-101”), and have approved the scientific and technical information in this MD&A.

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

Highlights

During Q1 2019, the Company:

• Continued construction of the underground mine (the “Underground Project”) of the Pumpkin Hollow Copper Project (the “Project”);
• Announced plans for a $3 million exploration program at the Project; and
• Completed and filed a new pre-feasibility study in respect to the open pit portion of the Project (the “Open Pit Project”), which includes improved economics, a simplified build and phased expansion. This pre-feasibility study advances the Open Pit Project, towards a potential feasibility study and, ultimately, towards a construction decision.

Subsequent to Q1 2019, the Company implemented the following Financing Arrangements (as defined below):

(i) On May 7, 2019, the Company entered into, through its wholly-owned subsidiary, Nevada Copper, Inc. (“NCI”), a $115 million credit agreement with KfW IPEX-Bank (“KfW IPEX-Bank”) to provide an attractive, long-term, project finance senior debt facility supported by a loan guarantee issued by the Federal Republic of Germany through Euler Hermes (the “KfW IPEX-Bank Facility”) for the Underground Project.

(ii) Concurrently, NCI has also entered into complementary financing and offtake arrangements in connection with the Underground Project, including:

   o A $35 million working capital facility (the “Working Capital Facility”) with Concord Resources Limited (“Concord”);
   o Offtake agreements with Aurubis AG and Aurubis Bulgaria AD (collectively, “Aurubis”) and Concord (collectively, the “Offtake Agreements”), and
   o A $26.4 million cost overrun facility (“COF”) to be provided by the Company to NCI, which will be partially funded by proceeds from a $30 million public offering and concurrent private placement (the “Equity Offering”) of common shares of the Company (the “Common Shares”) that launched on May 7, 2019, with the remainder to be covered by a third-party guarantee and backstopped by an equity standby facility (the “Equity Standby Facility”).

The agreements referred to in items (i) and (ii) above are collectively referred to as the “Financing Arrangements”.

- 3 -
Funding under the KfW IPEX-Bank Facility will occur following the repayment of the Company’s existing senior debt facility from Red Kite Mine Finance (“Red Kite”). By replacing the Company’s existing senior debt facility from Red Kite with an attractive bank project finance, the Company will significantly reduce its debt service costs, extend its senior debt maturity, and substantially enhance its financial flexibility to manage construction and ramp-up of the Underground Project, which remains on target for production in Q4 2019.

In conjunction with the Financing Arrangements, including to satisfy certain conditions thereunder, the Company launched the Equity Offering, the net proceeds of which are expected to be used to (i) partially fund the COF, satisfy the KfW IPEX-Bank Facility’s minimum equity to debt funding requirement and cover a portion of the costs associated with the Financing Arrangements, construction and ramp-up of the Underground Project and general corporate requirements, and (ii) facilitate the acceleration of the Company’s 2019 exploration program in light of the previously-announced significant potential demonstrated by the mineralization discovered at its newly staked claims and extensions to the deposits at the Open Pit Project.

See “Liquidity, Cash Flow and Capital Resources” for further details relating to these Financing Arrangements.

Description of the Business

Nevada Copper was incorporated on June 16, 1999 under the Business Corporations Act (Yukon). The Company was continued into British Columbia under the Business Corporations Act (British Columbia) on November 16, 2006. The Company’s Common Shares are listed on the Toronto Stock Exchange (“TSX”) under the symbol “NCU”. The principal asset of the Company is the 100%-owned Pumpkin Hollow Copper Property (the “Property”), which comprises both the Underground Project and the Open Pit Project, located in north-western Nevada, approximately 60 miles southeast of Reno, Nevada, near Yerington. The Property consists of approximately 23,200 acres of contiguous mineral rights including approximately 10,700 acres of private land and leased patented claims. The Property contains two adjacent but unconnected copper, gold and silver deposits separated by approximately two miles. Since the Property was acquired by Nevada Copper in 2006, these deposits have been extensively drilled and the subject of several previous technical reports.

The eastern-most deposits are viewed as too deep for open pit mining and modelling by previous engineering studies has presented them as being amenable to mining by underground methods. The western-most deposits are larger and shallower than the eastern deposits, and modelling by previous engineering studies has presented them as being amenable to mining by open pit methods.

The Company has obtained all material permits and approvals for the development and operation of the Project (both the Underground Project and the Open Pit Project) that are required at this time. Certain of those permits and approvals may need to be renewed as a result of the passage of time and certain of those permits and approvals may need to be modified in order to accommodate design changes and other optimizations. It is also possible that the Company may determine that it requires additional supporting permits and approvals as the development of the Project advances, including due to the foregoing, as well as in the event of regulatory changes or developments. There can be no assurance that those renewals, modifications and other permits and approvals will be obtained on a timely basis, if at all. See “Risk Factors” in the Annual Information Form.

As described above, Nevada Copper is currently engaged in the development and construction of the Underground Project. The Company has obtained all material permits and approvals for the development and operation of the Underground Project that are required at this time, including construction of the concentrator and associated infrastructure. The Underground Project is currently under construction and is expected to commence production in the fourth quarter of 2019 (“Q4 2019”).

Project Activities and Outlook

Construction Update

Underground mine and surface development at the Underground Project will continue throughout 2019 with completion and initial production from the Underground Project expected in Q4 2019. The fixed price nature of the Engineering and Procurement Contract (the “EPC Contract”) provides the Company with significant cost protection for Underground Project delivery and the use of a leading mineral processing EPC contractor with knowledge of the Underground Project, which further de-risks execution during ramp-up at the Project.

Recent milestones include:

- Strong progress with lateral development on the 2850 and 2770 levels, advancing over 1200 feet on both levels and now just a few hundred feet from reaching the bottom of the East-North Vent Shaft (the “EN Vent Shaft”);
- Fully-mechanized mining on both the 2850 and 2770 levels;
- Installation of 1000KV transformers on both levels and completion of all sumps on the shaft bottom, 2770 level and 2850 levels and a modified sump in place on the 2940 level;
- Development of several utility bays on the 2850 level, including the temporary shop;
- Sinking of EN Vent Shaft to 600 ft. below surface;
- Completion of SAG and ball mill foundations;
- The foundations for the thickener and fresh water areas have been completed and several pieces of critical components and equipment have arrived on site;
- SAG and ball mill components have been fabricated and are being shipped, or already delivered to site;
- Structural steel is starting to be erected;
- Dry stack tailings cell one is complete and is in the process of being lined. The ore stockpile and surface water run off pond have been lined and completed; and
- There is approximately 13,000 tons of ore stockpiled on the surface.

The surface works will include construction of ore and waste stacking conveyance system from the headframe to stockpiles; crushing and grinding circuit; flotation and thickening circuit; filtering circuit; dry stack waste disposal; concentrate loading facility; paste-fill plant to return waste underground and fill open cuts; all electrical, instrumentation and communications equipment; and parking, administrative buildings and maintenance facilities.

Mine and surface development will continue throughout 2019 and completion and initial production from the Underground Project is expected in Q4 2019. The construction of the Underground Project is proceeding substantially in accordance with the construction capital expenditure estimate of $197 million.

Open Pit Update

The PFS in respect of the Open Pit Project (the “Open Pit PFS”) demonstrates enhanced economics for the Open Pit Project as it continues to advance the project towards an ultimate construction decision. The Open Pit PFS continues to apply the Company’s philosophy of phased development and low-capital intensity growth. The Open Pit Project has all the material permits and approvals for mine construction and operations that are required at this time. However, certain of those permits and approvals may need to be renewed as a result of the passage of time and certain of those permits and approvals may need to be modified in order to accommodate design changes and other optimizations. It is also possible that the Company may determine that it requires additional supporting permits and approvals as the development of the Open Pit Project advances, including due to the foregoing, as well as in the event of regulatory changes or developments. There can be no assurance that those renewals, modifications and other permits and approvals will be obtained on a timely basis, if at all. See “Risk Factors” in the Annual Information Form.

The PFS proposes development of the Open Pit Project independently from the Company’s Underground Project.
currently under construction. The Open Pit Project was studied with a phased approach with an initial 37kstpd mining rate, with later expansion to 70kstpd. This phased development plan for the Open Pit Project yields a substantially lower upfront capital cost compared to previous studies. This plan is aligned with the Company’s philosophy of focusing on capital efficiency and maximizing economic returns by staged development and a similar “margin-over-tons” philosophy that has been used to optimize the Underground Project.

The PFS utilizes data gathered over the recent years on drilling, metallurgy, environmental design, with a focus on delivering maximum project value and economic returns. The proposed project plan in respect of the Open Pit Project includes additional drilling in areas that have mineralization open within the pit boundary that are currently Inferred Resources, as well as areas where the boundary of mineralization remains open.

Open Pit PFS Highlights:

- Further improved the estimated project economics versus previous studies:
  - Project internal rate of return (“IRR”) increased to 23% pre-tax (21% post-tax)
  - Net present value (“NPV”) increased to 5% of US$1.042 million pre-tax (US$829 million post-tax)
  - Earnings before interest, tax, depreciation and amortization (“EBITDA”) $252 million per annum life of mine average (excluding ramp-up period)
  - Peak annual copper production of 111,000 tonnes (244 million lbs)
  - Copper grades of 0.69% Cu-eq. over first five years
  - C1 Cash Costs of US$1.73/lb net of by-product credits
  - Continued focus on low operational risk, including traditional mining methods and dry stack tailings
  - Life of mine over 19 years

- Demonstrated scope for deposit expansion:
  - The 2018 drilling has successfully extended the deposit, to the north and west (within and beyond as per the figure below) the North pit shell and demonstrated further expansion potential in multiple directions
  - Open pit Inferred Resources have increased as a result of the new resource estimate
  - As previously announced in connection with the 2019 exploration program, further drilling is planned to test the full extent of the open pit deposit and to seek to upgrade Inferred Resources for inclusion in the mine plan in respect of the Open Pit Project

- Favourable upfront cost, simplified build and phased expansion:
  - Initial capex of US$672 million
  - Low capital intensity of US$9.544/annual tonne Cu-eq. production
  - Phased production growth comprising an initial production scale of 37kstpd with expansion to 70kstpd and flexibility over timing of expansion
  - Potential to fund ongoing development work and construction through future cash flows from the stand-alone Underground Project

- Attractive combined economics in respect of the Property (both stand-alone Underground Project and stand-alone Open Pit Project):
  - Combined IRR of 24% pre-tax (22% post-tax)

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1 References to Inferred, Indicated and Measured Resources are based on the Canadian Institute of Mining (CIM) definitions.
3 Utilizes analyst consensus long-term copper price of $3.20/lb.
4 References to Inferred, Indicated and Measured Resources are based on the Canadian Institute of Mining (CIM) definitions.
5 References to Inferred, Indicated and Measured Resources are based on the Canadian Institute of Mining (CIM) definitions.
6 Based on 37kstpd mill feed period of copper production, after ramp-up.
7 Cu-eq. calculated using prices with process recoveries based on pit location: Cu $3.20/lb with 90% process recovery for North ore and 88% process recovery for South ore; Au $1,325/Oz & 67.3% process recovery for both North and South ore; and Ag $20.01/Oz & 56.3% process recovery for both North and South ore.
8 kstpd = thousand short tons per day.
9 Economic input assumptions draw from the details provided throughout the New Technical Report for each stand-alone underground and open pit component of the Property. The assumed timeline for the Underground Project assumes production commencing in Q4 2019 and assumes Open Pit Project construction starting in 2021 with production ramping up in 2023. The results are based on a combination of production, revenue, costs and cashflows as in each stand-alone economic model. The “Combined NPVs” are the arithmetic sum of the individual case NPVs; however, the NPVs have differing start dates and will not match the NPV of the combined annual net cashflows.
- Combined NPV of US$1,320M pre-tax (US$1,062M post-tax)
- Combined Cu-eq production of 150,000 tonnes (330 million lbs) per annum at peak production.

Open Pit Mineral Resources

The Mineral Resource estimate used as the basis for the Open Pit PFS is summarized below. Mineral Resources are subdivided into classes of Measured, Indicated and Inferred, with the level of confidence reducing with each class, respectively. Mineral Resources are reported as in situ tonnage and are not adjusted for mining losses or mining recovery. The Mineral Resources reported are inclusive of those reported in Mineral Reserves. The reader is cautioned that Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.

<table>
<thead>
<tr>
<th>Confidence Category</th>
<th>Ore (Mst)</th>
<th>Average Ore Grades</th>
<th>Contained Metal</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Cu (%)</td>
<td>Au (oz/st)</td>
</tr>
<tr>
<td>Measured Mineral Resources</td>
<td>134</td>
<td>0.561</td>
<td>0.002</td>
</tr>
<tr>
<td>Indicated Mineral Resources</td>
<td>419</td>
<td>0.417</td>
<td>0.001</td>
</tr>
<tr>
<td>Measured and Indicated Mineral Resources</td>
<td>553</td>
<td>0.452</td>
<td>0.002</td>
</tr>
</tbody>
</table>

Note: Effective date of Open Pit Mineral Resources is January 21, 2019.

CIM industry best practices were followed in the development of Mineral Resources:
- Totals may not total due to rounding.
- Cu Eq. calculated Mineral Resources were estimated at a cutoff grade of 0.12% Cu.
- Resources were contained within a pit shell produced using a Cu price of $3.75/lb, Au $1,343/Troy Oz and Ag at $19.86/Troy Oz.
- Includes North, South and South-East deposits.
- Excludes materials that are oxidized, transition or volcanics.
- Columns using prices / recoveries: Cu $3.20/lb & 89.3%; Au $1,325/Oz & 67.3%; and Ag $20.01/Oz & 56.3%.

The updated resource model has resulted in an increased amount of Inferred Resource tonnage compared to previous resource estimates. This material may potentially be upgraded to Indicated Resources with further technical work, but there is no certainty that Inferred Resources will ever be upgraded.

Open Pit Mineral Reserves

The tons, grades, and classification of the Mineral Reserves estimate in the Open Pit PFS mine plan are tabled below.

<table>
<thead>
<tr>
<th>Confidence Category</th>
<th>Ore (Mst)</th>
<th>Average Ore Grades</th>
<th>Contained Metal</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Cu (%)</td>
<td>Au (oz/st)</td>
</tr>
<tr>
<td>Proven Mineral Reserves (North)</td>
<td>75.4</td>
<td>0.65</td>
<td>0.002</td>
</tr>
<tr>
<td>Proven Mineral Reserves (South)</td>
<td>31.3</td>
<td>0.36</td>
<td>0.002</td>
</tr>
<tr>
<td>Proven Mineral Reserves (North + South)</td>
<td>106.6</td>
<td>0.57</td>
<td>0.002</td>
</tr>
<tr>
<td>Probable Mineral Reserves (North)</td>
<td>147.4</td>
<td>0.48</td>
<td>0.001</td>
</tr>
<tr>
<td>Probable Mineral Reserves (South)</td>
<td>131.7</td>
<td>0.37</td>
<td>0.002</td>
</tr>
<tr>
<td>Probable Mineral Reserves (North + South)</td>
<td>279.1</td>
<td>0.43</td>
<td>0.001</td>
</tr>
<tr>
<td>Proven and Probable Mineral Reserves</td>
<td>385.7</td>
<td>0.47</td>
<td>0.002</td>
</tr>
</tbody>
</table>

Note: Effective date of Open Pit Mineral Reserve is January 21, 2019.
- CIM industry best practices were followed in the development of the Mineral Reserve.
- Inferred Mineral Resource was considered waste for the open pit reserve estimate.
- The cutoffs: 0.129% Cu for the North Pit and 0.132% Cu for the South Pit are based on the copper processing recoveries (90% for the North Pit, 88% for the South Pit) and costs. Dilution was assumed 5% and mining recovery of 98%.
- Calculations used price forecast/recoveries: Cu $2.75/lb & described above, Au $1,343/Oz & 67%, and Ag $19.86/Oz & 56%.
- A selling cost of $0.55/lb was applied to the Cu in concentrate to account for NSR. No selling costs were applied to Au or Ag. NSR and CuEq calculations.
Exploration Activity Update

The Company announced plans for a $3 million exploration program in 2019 at the Project. The program has the following goals:

- **On newly-staked land**: Exploration to drill-test high-priority areas including “Tedeboy” and East targets where areas of both porphyry and skarn-style copper mineralization have been identified at surface;
- **Open Pit exploration**: Drill-test open extensions to the Open Pit ore body and follow up on successful 2018 results; and
- **Open Pit advancement**: Infill drilling of in-pit Inferred Resource material with the objective of increasing resource tonnage and grades.

Corporate Developments

2019 Executive Appointments

Effective as of March 28, 2019, Mr. David Swisher has been promoted to Senior Vice President, Operations, of the Company. In this capacity, Mr. Swisher will be responsible for the management and oversight of all construction and technical activities on site at the Project. Mr. Swisher is a highly-qualified professional mining engineer with over 23 years of experience in developing and operating both underground and open pit mines. He has held multiple senior operating roles at mines in North America and has overseen the development of numerous mining projects globally. Most recently, Mr. Swisher was Mine Manager at the East Boulder Mine in Montana for Sibanye-Stillwater. Mr. Swisher has led the Underground Project development from study stage through construction.

2019 Director Appointments

Mr. Phillip Day transitioned from his role as Chief Operating Officer of the Company to a non-executive position on the board of directors. In his role as a director, Mr. Day will also join the Company’s Technical Advisory Committee and continue to provide strategic support and direction in respect of the ongoing construction of the Underground Project. Mr. Day has significant project delivery and operating experience, and brings key project management skills required to advance the Underground Project into construction phase. Mr. Day’s project construction experience includes senior roles with AEC Americas, where he managed a number of major projects, including the brownfields expansion of the Corrego do Sito Gold Project and the $1 billion Gramalote gold study for AngloGold Ashanti. Previously, Mr. Day worked in managerial, operational and technical roles for BHP Billiton and WMC Resources as well as commissioning and operation of the Minara Resources Murrin Nickel Laterite project. Mr. Day is presently Head of Technical and Operations at Pala Investments Limited (“Pala”), the Company’s largest shareholder.

Financial Results

<table>
<thead>
<tr>
<th>Expenses</th>
<th>Three Months Ended March 31, (Expressed in thousands of US dollars, except per share amounts)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2019</td>
</tr>
<tr>
<td>Consulting and remuneration</td>
<td>$153</td>
</tr>
<tr>
<td>Public company expenses</td>
<td>523</td>
</tr>
<tr>
<td>Administration expenses</td>
<td>222</td>
</tr>
<tr>
<td>Professional fees</td>
<td>527</td>
</tr>
<tr>
<td>Business development</td>
<td>-</td>
</tr>
<tr>
<td>Stock-based compensation</td>
<td>1,557</td>
</tr>
<tr>
<td>Depreciation expense</td>
<td>9</td>
</tr>
<tr>
<td></td>
<td>(2,991)</td>
</tr>
<tr>
<td>Interest income</td>
<td>556</td>
</tr>
<tr>
<td>Interest and finance expenses</td>
<td>-</td>
</tr>
<tr>
<td>Derivative fair value change</td>
<td>100</td>
</tr>
<tr>
<td>Other income (expense)</td>
<td>27</td>
</tr>
<tr>
<td>Debt extinguishment loss, net</td>
<td>-</td>
</tr>
<tr>
<td>Foreign exchange loss</td>
<td>(60)</td>
</tr>
<tr>
<td></td>
<td>623</td>
</tr>
<tr>
<td>Loss and comprehensive loss</td>
<td>($2,368)</td>
</tr>
<tr>
<td>Loss per common share - Basic and diluted</td>
<td>($0.00)</td>
</tr>
</tbody>
</table>
For the three months ended March 31, 2019, the Company reported a net loss of $2.4 million (or $0.0 basic and diluted loss per Common Share), as compared to a net loss of $12.6 million for the corresponding period in 2018 (“Q1 2018”) (or $0.05 basic and diluted loss per Common Share). The $10.3 million decrease in net loss is primarily driven by the Company’s refinancing and restructuring initiatives completed in Q1 2018, including the following:

- $7.7 million was recorded as a debt extinguishment loss as a result of the refinancing of the long term debt with Red Kite in Q1 2018;
- $2.2 million was recorded as a derivative fair value loss in Q1 2018, as compared to a gain of $0.1 million in Q1 2019 as a result of recognizing a new embedded derivative liability in the refinanced Red Kite long-term loan that had a fair value of $1.2 million as at March 31, 2018, and $1.0 million was recorded as a derivative fair value loss on the convertible derivative option in the Company’s convertible debt facility with Red Kite prior to its subsequent conversion to Common Shares;
- a $0.9 million decrease was recorded in consulting and remuneration, from $1.1 million in Q1 2018 to $2.2 million in Q1 2019, primarily due to the payment of benefits under an employment contract of a senior officer during Q1 2018;
- a $1.5 million increase in stock-based compensation due to stock-based payments incurred in Q1 2019 as compared to Q1 2018; and
- a $0.4 million decrease in other expenses resulting from a settlement of a claim related to an expired option agreement in Q1 2018.

Pumpkin Hollow Project Expenditures

Project costs capitalized for the three-month period ended March 31, 2019 on the Property consist of the following:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Property payments</td>
<td>$1,961</td>
<td>$-</td>
<td>$1,961</td>
<td>$1,961</td>
<td>$-</td>
<td>$1,961</td>
</tr>
<tr>
<td>Advance royalty payments</td>
<td>4,926</td>
<td>300</td>
<td>4,626</td>
<td>3,529</td>
<td>366</td>
<td>3,163</td>
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<tr>
<td>Water rights</td>
<td>2,485</td>
<td>47</td>
<td>2,438</td>
<td>2,297</td>
<td>47</td>
<td>2,250</td>
</tr>
<tr>
<td>Drilling</td>
<td>42,302</td>
<td>-</td>
<td>42,302</td>
<td>41,832</td>
<td>675</td>
<td>41,157</td>
</tr>
<tr>
<td>Geological consulting, exploration &amp; related</td>
<td>8,459</td>
<td>-</td>
<td>8,459</td>
<td>8,459</td>
<td>536</td>
<td>7,923</td>
</tr>
<tr>
<td>Feasibility, engineering &amp; related studies</td>
<td>26,089</td>
<td>771</td>
<td>25,318</td>
<td>22,585</td>
<td>1,223</td>
<td>21,362</td>
</tr>
<tr>
<td>Permits/ environmental</td>
<td>12,707</td>
<td>213</td>
<td>12,494</td>
<td>11,707</td>
<td>63</td>
<td>11,644</td>
</tr>
<tr>
<td>East deposit underground project</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Underground access, hoist, head frame, power, &amp; related</td>
<td>127,655</td>
<td>21,316</td>
<td>106,339</td>
<td>79,247</td>
<td>346</td>
<td>78,901</td>
</tr>
<tr>
<td>Engineering procurement</td>
<td>71,147</td>
<td>26,014</td>
<td>45,133</td>
<td>10,550</td>
<td>-</td>
<td>10,550</td>
</tr>
<tr>
<td>Surface infrastructure</td>
<td>7,560</td>
<td>1,764</td>
<td>5,796</td>
<td>3,804</td>
<td>-</td>
<td>3,804</td>
</tr>
<tr>
<td>Site costs</td>
<td>21,618</td>
<td>1,726</td>
<td>19,892</td>
<td>16,012</td>
<td>668</td>
<td>15,344</td>
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<tr>
<td></td>
<td>326,909</td>
<td>52,151</td>
<td>274,758</td>
<td>201,983</td>
<td>3,924</td>
<td>198,059</td>
</tr>
<tr>
<td>Depreciation</td>
<td>920</td>
<td>170</td>
<td>750</td>
<td>703</td>
<td>13</td>
<td>690</td>
</tr>
<tr>
<td>Asset retirement obligation</td>
<td>909</td>
<td>-</td>
<td>909</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Capitalised interest</td>
<td>59,976</td>
<td>2,523</td>
<td>57,453</td>
<td>51,317</td>
<td>3,358</td>
<td>47,959</td>
</tr>
<tr>
<td>Stock-based compensation</td>
<td>7,334</td>
<td>1,431</td>
<td>5,903</td>
<td>4,498</td>
<td>-</td>
<td>4,498</td>
</tr>
<tr>
<td>Stream accretion</td>
<td>4,706</td>
<td>2,093</td>
<td>2,613</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Development Costs</strong></td>
<td><strong>$400,754</strong></td>
<td><strong>$58,368</strong></td>
<td><strong>$342,386</strong></td>
<td><strong>$258,501</strong></td>
<td>7,295</td>
<td><strong>$251,206</strong></td>
</tr>
</tbody>
</table>

For the three-month period ended March 31, 2019, the Company incurred $58.4 million of Project-related expenditures compared to $7.3 million during the same period in 2018. The $51.1 million increase reflects the Company’s full scale construction and procurement activities during Q1 2019. The focus during the comparative period in 2018 was
primarily related to commencement of drilling activities, engineering design work, site preparation and construction pre-works activities.

**Liquidity, Cash Flow and Capital Resources**

**Financial Condition**

*(Expressed in thousands of US dollars)*

<table>
<thead>
<tr>
<th></th>
<th>March 31, 2019</th>
<th>December 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$62,756</td>
<td>$108,055</td>
</tr>
<tr>
<td>Other current assets</td>
<td>149</td>
<td>263</td>
</tr>
<tr>
<td>Deferred financing fees</td>
<td>1,084</td>
<td>-</td>
</tr>
<tr>
<td>Other assets</td>
<td>5,733</td>
<td>4,453</td>
</tr>
<tr>
<td>Mineral properties, plant, and equipment</td>
<td>429,234</td>
<td>363,224</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td><strong>$498,956</strong></td>
<td><strong>$475,995</strong></td>
</tr>
<tr>
<td>Accounts payable and accrued liabilities</td>
<td>$32,144</td>
<td>$19,258</td>
</tr>
<tr>
<td>Stock-based compensation liabilities</td>
<td>220</td>
<td>212</td>
</tr>
<tr>
<td>Current portion of long term debt</td>
<td>809</td>
<td>28</td>
</tr>
<tr>
<td><strong>Current liabilities</strong></td>
<td><strong>33,173</strong></td>
<td>19,498</td>
</tr>
<tr>
<td>Stock based compensation liabilities – long term portion</td>
<td>998</td>
<td>-</td>
</tr>
<tr>
<td>Long term debt</td>
<td>96,340</td>
<td>89,759</td>
</tr>
<tr>
<td>Stream deferral</td>
<td>74,707</td>
<td>72,613</td>
</tr>
<tr>
<td>Asset retirement obligation</td>
<td>1,822</td>
<td>1,822</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td><strong>207,040</strong></td>
<td><strong>183,692</strong></td>
</tr>
<tr>
<td><strong>Shareholders’ Equity</strong></td>
<td><strong>291,916</strong></td>
<td><strong>292,303</strong></td>
</tr>
<tr>
<td><strong>Total equity</strong></td>
<td><strong>$498,956</strong></td>
<td><strong>$475,995</strong></td>
</tr>
</tbody>
</table>

As of March 31, 2019, the Company had a cash balance of $62.8 million, excluding restricted cash. The Company’s working capital (current assets less current liabilities) as at March 31, 2019 was $30.8 million compared to a working capital of $88.8 million as at December 31, 2018.

The decrease in the Company’s working capital in Q1 2019 was due to full scale construction and procurement activities at the Project in Q1 2019.

During Q1 2019, cash used in operations was $0.7 million as compared to $4.4 million in Q1 2018. The decrease was primarily due to restructuring activities in Q1 2018.

Cash used in investing activities in Q1 2019 was $43.5 million as compared to $3.9 million in Q1 2018. The increase was primarily due to construction and procurement activities at the Project in Q1 2019.

The $6.6 million increase in long-term debt was primarily due to the recognition of lease liabilities in Q1 2019 as a result of the adoption of IFRS 16 *Leases* effective January 1, 2019. See “New Accounting Pronouncements”.

There was $1.1 million in financing activities in Q1 2019 from deferred financing fees incurred for the Financing Arrangements completed subsequent to Q1 2019, as compared to the following financing activities completed it Q1 2018:

- Equity offering completed in January 2018 for aggregate gross proceeds of $102.9 million, through the issuance of 256,410,256 Common Shares at a price of C$0.50 per Common Share;
- $42 million was repaid to Red Kite (in partial satisfaction of the previous loan facility provided by it) from proceeds of the January 2018 equity offering. This reduced the Red Kite long-term debt outstanding to $95 million (the “Refinanced Loan”). $80 million of the Refinanced Loan balance consists of two tranches of $40 million each and the remaining $15 million tranche was converted into 32,885,000 Common Shares
Concurrent with the completion of an equity financing in July 2018 for aggregate gross proceeds of $108.5 million through the issuance of 180,771,021 Common Shares at a price of C$0.60 per Common Share. The Company and its subsidiaries have provided security for the performance of the obligations under the Refinanced Loan over all of their respective assets.

- The Company also repaid the entire $3.5 million bridge loan that was advanced by Pala to the Company on November 14, 2017 (the “Pala Bridge Loan”). The Pala Bridge Loan was repaid in full, along with accrued interest, upon completion of the January 2018 equity offering. In addition, the convertible debt in favour of Pala owing under the third amended and restated loan and security agreement between the Company and Pala dated February 23, 2017 (the “Pala Convertible Debt”) was converted into Common Shares at a conversion price equal to C$0.50 per Common Share. The Pala Convertible Debt balance at the time of conversion was $38.5 million (C$47.8 million). This resulted in the issuance of 95,561,944 Common Shares to Pala.

Subsequent to Q1 2019, the Company implemented the following financing arrangements:

**KfW IPEX-Bank Facility**

NCI, a wholly-owned subsidiary of the Company, and KfW IPEX-Bank have entered into a credit agreement whereby KfW IPEX-Bank has committed to fund $115 million for construction and operating costs in respect of the Underground Project (the “KfW IPEX-Bank Facility”). Funding under the KfW IPEX-Bank Facility will occur following the repayment of the Red Kite Loan. The KfW IPEX-Bank Facility will accrue interest at a significantly favourable margin compared to the Red Kite Loan Agreement. Initial repayments are scheduled to start in January 2021 with a back-weighted repayment profile, with final payment due in July 2028. In the event that less than $15 million of the COF has been drawn as of completion of the Underground Project, an amount equal to the difference between $15 million and the amount that has been drawn under the COF (defined below) will be applied by NCI to repay principal under the KfW IPEX-Bank Facility. Each of the Company, NCI and each subsidiary of NCI will grant security in favour of the collateral agent under the KfW IPEX-Bank Facility over substantially all of their respective current and future assets, including all of the assets at the Underground Project and the Open Pit Project. Closing of the KfW IPEX-Bank Facility is conditional on, among other things, completion of a minimum equity contribution (to be funded via the Equity Offering (defined below), entry into the Working Capital Facility (defined below), entry into the COF, and entry into of the offtake agreement with Aurubis (defined below), as detailed below.

**Cost Overrun Facility**

In connection with the KfW IPEX-Bank Facility, the Company will provide a cost overrun facility (the “COF”) to NCI for up to $26.4 million, which may be drawn only once all other existing sources of funding have been utilized and if construction costs at the Underground Project exceed the current estimate. The COF will be made available from the date of closing of the KfW IPEX-Bank Facility until the completion of the construction of the Underground Project. The COF will be partially funded through $15 million from the net proceeds of the Equity Offering, with the remainder to be backstopped by the Equity Standby Facility. In addition, as a condition to closing of the KfW IPEX-Bank Facility, KfW IPEX-Bank requires a corporate guarantee from Pala in respect of the COF amount (after reduction by the amounts funded from the proceeds of the Equity Offering) (the “Guaranteed Amount”) and a pledge of certain of Pala’s assets for the period until completion of the construction of the Underground Project. The Company will compensate Pala for its commitments under the corporate guarantee and pledge arrangement at a rate of 5% per annum of the remaining Guaranteed Amount.

**Working Capital Facility**

As previously-announced on December 22, 2017, the Company entered into a marketing services agreement with Concord Resources Limited (“Concord”) to source a working capital revolving facility. Following a competitive tender process, NCI has entered into a working capital facility with Concord (the “Working Capital Facility”) for a maximum principal amount of $35 million which provides for advances of up to 85% of the value of expected deliveries up to four months in advance of deliveries prior to commercial production at the Underground Project, and three months thereafter, on a revolving basis. Interest on advance payments will be payable at LIBOR plus 7.5% prior to commercial production at the Underground Project and LIBOR plus 5% thereafter, for a term of 3.5 years, unless terminated in accordance with the terms of any Offtake Agreement (as defined below). Funding under the Working Capital Facility is conditional on, among other things, funding under the KfW IPEX-Bank Facility, perfection of a first ranking pledge over concentrates produced by NCI and a third ranking pledge over the assets and shares of NCI. There is no penalty or charge for repayment in respect of the Working Capital Facility.
Offtake Arrangements

As a condition to the KfW IPEX-Bank Facility, NCI has entered into a copper concentrate sales agreement with Aurubis AG and Aurubus Bulgaria AD (collectively, “Aurubis”) whereby NCI will deliver not less than 40,000 dry metric tonne ("dmt") (+/- 5% at NCI’s option) of copper concentrate per annum to Aurubis for a term linked to the KfW IPEX-Bank Facility (the “Aurubis Offtake Agreement”). In light of logistical challenges for deliveries from the Underground Project to Aurubis’ smelters in Germany and Bulgaria, NCI and Concord may elect to deliver alternative clean copper concentrates acceptable to Aurubis pursuant to a swap agreement between NCI and Concord (the “Swap Agreement”).

Drawdowns under the Working Capital Facility will be linked to deliveries to Concord under the Swap Agreement and a separate copper concentrate sales agreement with Concord (the “Additional Volumes Offtake Contract”) for a term of 3.5 years, linked to the term of the Working Capital Facility. Under the terms of the Additional Volumes Offtake Contract, NCI will deliver not less than 30,000 dmt (+/- 10% at NCI’s option) of copper concentrate and other uncontracted volumes from the Underground Project per annum to Concord. Both the Swap Agreement and the Additional Volumes Offtake Contract provide for NCI to deliver monthly shipments to Concord at the Wabuska rail loading station, located approximately 11 miles north of the Project.

The Aurubis Offtake Agreement, Swap Agreement and Additional Volumes Offtake Contract are collectively referred to as the “Offtake Agreements”.

Equity Standby Facility

As noted above, the COF will be partially backstopped by an equity standby facility to be provided by Pala (the “Equity Standby Facility”) for an amount up to $11.4 million (the “Commitment Amount”) of the $26.4 million COF. The Commitment Amount will be reduced by the amount of any future offerings of common shares which may be completed by the Company. The Equity Standby Facility may be drawn by the Company to fund NCI’s drawings under the COF after the first $15 million of the COF has been drawn. If called by the Company, the Equity Standby Facility will, subject to certain exceptions, be drawn from time to time by way of subscriptions by Pala on a private placement basis for common shares at the current market price of the common shares at the time of the draw. The Equity Standby Facility carries an initial one time 2% implementation fee.

The KfW IPEX-Bank Facility, COF, Working Capital Facility, Offtake Agreements, and Equity Standby Facility are collectively referred to as the “Financing Arrangements”.

Equity Offering

On May 7, 2019, in connection with the transactions described above, the Company filed a preliminary prospectus supplement (the “Preliminary Prospectus Supplement”) to its short form base shelf prospectus dated June 13, 2018 in connection with a public offering of common shares on an underwritten basis through a syndicate of underwriters (the “Public Offering”). Concurrently with the Public Offering, the Company intends to enter into subscription commitments with each of Castlelake and an institutional investor, respectively, whereby (i) Castlelake would subscribe for and purchase, on a private placement basis, approximately CAD$7.2 million of common shares in order for Castlelake to maintain its pro rata ownership interest in the Company, and (ii) the institutional investor would subscribe for and purchase, on a private placement basis, approximately CAD $8.1 million of common shares, in each case at the same price and on the same terms as the Public Offering (collectively, the “Private Placements”). Subject to obtaining regulatory approval, the closing of the Private Placements are conditional upon the closing of the Public Offering and are expected to occur at the same time.

The Public Offering, together with the Private Placements, is expected to raise total gross proceeds of approximately $30 million before deducting underwriting commissions and expenses of the Public Offering and Private Placements. The Company intends to use the net proceeds from the Public Offering and the Private Placements to (i) partially fund the COF, satisfy the KfW IPEX-Bank Facility’s minimum equity to debt funding requirement and cover a portion of the costs associated with the Financing Arrangements, construction and ramp-up of the Underground Project and general corporate requirements, and (ii) facilitate the acceleration of the Company’s 2019 exploration program in light of the previously-announced significant potential demonstrated by the mineralization discovered at its newly staked claims and extensions to the deposit at the Open Pit Project.
Amendments to the Stream Agreement

In connection with the KfW IPEX-Bank Facility, the Company, NCI and Triple Flag have agreed, effective as of and conditional upon the drawdown under the KfW IPEX-Bank Facility, to amend the Stream Agreement (the “Stream Agreement”) as follows: (i) in order to accommodate the maximum drawdown under the KfW IPEX-Bank Facility, the aggregate amount of senior indebtedness that the Company is permitted to incur upon the refinancing of the Red Kite Loan Agreement will be increased from $80 million to $115 million or such lower amount outstanding from time to time, provided that if the amount of outstanding senior debt subsequently reduces below $80 million, the maximum amount of senior indebtedness that the Company may incur will be limited to a maximum $80 million; and (ii) the Company’s buyback option, exercisable on March 31, 2020, to reduce the amount of gold and silver to be delivered under the Stream Agreement will be reduced from 35% to 15% of the gold and silver production from the Underground Project (based on the fixed ratios of copper to gold and silver specified in the Stream Agreement) and the base amount payable by the Company (prior to applicable adjustments) to exercise such right will be proportionately reduced from $36 million to approximately $15.4 million.

Conditions to the Financing Arrangements

Completion of the Financing Arrangements is subject to a number of conditions. In particular, drawdowns under the KfW IPEX-Bank Facility are conditional on completion of the Equity Offering, the entering into of the guarantee and collateral arrangements with Pala as described above, the issuance of the guarantee by the Federal Republic of Germany through Euler Hermes, and other customary matters. The effectiveness of each of the other Financing Arrangements are conditional upon the drawdown under the KfW IPEX-Bank Facility being completed contemporaneously. The Company expects that all conditions to funding of the KfW IPEX-Bank Facility will be satisfied within three to four weeks following closing of the Equity Offering. However, there can be no assurance that all such conditions to funding will be satisfied in this timeframe, or at all. Until such funding occurs, the other Financing Arrangements will not become effective and the Red Kite Loan Agreement will remain in place.

The Company continuously assesses its cash requirements and sources of funds in order to optimize its financing strategy. Management believes that, based on its existing cash and financing sources and through access to additional debt and equity capital that may be available to it in the future, the Company should have access to sufficient funds to meet its requirements.

Summary of Quarterly Results

The following table sets forth selected unaudited quarterly financial information for each of the eight most recently completed quarters:

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Mar 31</td>
<td>Dec 31</td>
<td>Sep 30</td>
<td>Jun 30</td>
<td>Mar 31</td>
<td>Dec 31</td>
<td>Sep 30</td>
<td>Jun 30</td>
</tr>
<tr>
<td>Working capital</td>
<td>30,816</td>
<td>88,820</td>
<td>133,810</td>
<td>29,335</td>
<td>41,923</td>
<td>(73,917)</td>
<td>(2,717)</td>
<td>(1,032)</td>
</tr>
<tr>
<td>Total assets</td>
<td>498,956</td>
<td>475,995</td>
<td>470,803</td>
<td>313,076</td>
<td>307,827</td>
<td>262,255</td>
<td>255,544</td>
<td>250,936</td>
</tr>
<tr>
<td>Project expenditure (cumulative)</td>
<td>400,754</td>
<td>342,386</td>
<td>298,006</td>
<td>270,593</td>
<td>258,501</td>
<td>251,206</td>
<td>245,740</td>
<td>240,642</td>
</tr>
<tr>
<td>Total noncurrent liabilities</td>
<td>173,867</td>
<td>164,194</td>
<td>157,995</td>
<td>100,424</td>
<td>98,524</td>
<td>114,427</td>
<td>171,702</td>
<td>164,968</td>
</tr>
<tr>
<td>Shareholders’ equity</td>
<td>291,916</td>
<td>292,303</td>
<td>293,235</td>
<td>204,481</td>
<td>206,205</td>
<td>72,336</td>
<td>80,784</td>
<td>83,906</td>
</tr>
<tr>
<td>Net profit (loss)</td>
<td>(2,368)</td>
<td>(1,439)</td>
<td>(1,845)</td>
<td>(4,173)</td>
<td>(12,601)</td>
<td>(8,448)</td>
<td>(3,122)</td>
<td>5,277</td>
</tr>
<tr>
<td>Net profit (loss) per share</td>
<td>(0.00)</td>
<td>(0.00)</td>
<td>(0.00)</td>
<td>(0.01)</td>
<td>(0.05)</td>
<td>(0.09)</td>
<td>(0.03)</td>
<td>0.06</td>
</tr>
</tbody>
</table>

Transactions with Related Parties

Pala is a related party in relation to the Company as a result of its 36.5% ownership interest in Nevada Copper as at March 31, 2019 (41.3% as at the date hereof). Additionally, three Pala executives, Evgenij Iorich, Stephen Gill, and Phillip Day, sit on the Company’s board of directors as at March 31, 2019.

During Q1 2019, $0.1 million was incurred for technical and other services with Pala.
Subsequent to period end, the Company entered into the Equity Standby Facility with Pala.

For a description of related party transaction entered into between the Company and Pala subsequent to Q1 2019, see “Liquidity, Cash Flow and Capital Resources”.

The Company entered into management agreements with certain senior officers. In the event that there is a change of control, the Company may be required to pay severance payments ranging from six months to twenty-four months of salary for these senior officers. The amount of this contingent liability is $1.2 million (2018 - $1.2 million) and is not recorded in the consolidated statements of financial position. During Q1 2018, $1.0 million was paid to a senior officer upon his departure from the Company.

In addition, during Q1 2019, $0.1 million (2018 - $0.3 million) was incurred in director fees. As of March 31, 2019, accounts payable and accrued liabilities include director fees and expenses payable of $0.2 million (2018- $0.2 million).

13,356,706 options were also granted to directors and officers during Q1 2019.

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.

**Commitments and Contractual Obligations**

The Company has capital expenditure contracted for in the amount of $23.0 million but not recognized as liabilities as at the date of this MD&A.

**Off-Balance Sheet Arrangements**

The Company has no off-balance sheet arrangements that are not disclosed in the “Contractual Obligations” section above.

**Disclosure Controls and Procedures and Internal Controls over Financial Reporting**

Management is responsible for establishing and maintaining adequate internal controls over financial reporting (“ICFR”). Any system of ICFR, no matter how well designed, has inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. There were no material changes in the Company’s ICFR during the three months ended March 31, 2019.

**New Accounting Pronouncements**

Certain recent accounting pronouncements have been included under Note 2c in the Company’s interim condensed consolidated financial statements for the three-month period ended March 31, 2019.

IFRS 16, *Leases* (“IFRS 16”), effective for annual periods beginning on or after January 1, 2019, provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. It supersedes IAS 17, *Leases* (“IAS 17”) and its associated interpretive guidance. Significant changes were made to lessee accounting with the distinction between operating and finance leases removed and assets and liabilities recognized in respect of all leases (subject to limited exceptions for short-term leases and leases of low value assets).

The Company adopted IFRS 16 on January 1, 2019 using the modified retrospective transition approach, which does not require restatement of prior period financial statements. The reclassifications and adjustments arising from the new leasing standard are therefore recognised in the opening balance sheet on January 1, 2019.

On adoption of IFRS 16, the Company recognised lease liabilities in relation to leases which had previously been classified as ‘operating leases’ under the principles of IAS 17. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee’s incremental borrowing rate as of January 1, 2019. The weighted average lessee’s incremental borrowing rate applied to the lease liabilities on January 1, 2019 was 6%.
(in thousands of US dollars)

<table>
<thead>
<tr>
<th>Description</th>
<th>March 31, 2019</th>
<th>January 1, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mobile mining equipment</td>
<td>$4,538</td>
<td>$1,460</td>
</tr>
<tr>
<td>Properties</td>
<td>705</td>
<td>705</td>
</tr>
<tr>
<td>Total Long-Term debt</td>
<td>$5,243</td>
<td>$2,165</td>
</tr>
</tbody>
</table>

The associated right-of-use assets for property leases were measured on a retrospective basis as if the new rules had always been applied. Other right-of-use assets were measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position as at December 31, 2018. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

The recognized right-of-use assets relate to the following types of assets:

- Mobile mining equipment
- Properties

The change in accounting policy affected the following items in the statement of financial position on January 1, 2019:

- Right-of-use assets – increase by $2.2 million
- Lease liabilities – increase by $2.2 million

There was no net impact on retained earnings on January 1, 2019.

**Critical Accounting Estimates**

The preparation of the consolidated financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingencies at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting periods. Although these estimates are based on management’s expectations for the likely outcome, timing and amounts of events or transactions, actual results could differ from those estimates. Areas requiring the use of management estimates include the determination of assumptions used in valuing stock-based compensation, valuation of and the determination of the remaining life of mineral property, plant and equipment, estimating future asset retirement obligations, estimating convertible debt, and estimating accrued liabilities.

The areas that require significant estimations or where measurements are uncertain are as follows:

i) Mineral reserve estimates

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

The Company uses the Black-Scholes option pricing model to determine the fair value of stock options and share purchase warrants granted. This model requires management to estimate the volatility of the Company’s future share price, expected lives of stock options and future dividend yields. Consequently, there is significant measurement uncertainty in the fair value of stock-based compensation expense reported.

iii) Discount rate of loans

The loans are initially recognized at fair value, calculated as the net present value of the liability based upon discount rate issued by comparable issuers and accounted for at amortised cost using the effective interest rate method.

iv) 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.

The areas that require significant judgment or where measurements are uncertain are as follows:

i) Mineral properties, plant, and equipment and exploration and evaluation assets

The measurement and impairment of mineral properties, plant and equipment are based on various judgments and estimates. These include the determination of technical and commercial feasibility of these properties, which incorporates various assumptions for mineral reserves and/or resources, future mineral prices and operating and capital expenditures for the properties.

ii) Impairment review

The evaluation of asset carrying values for indicators of impairment includes consideration of both external and internal sources of information, including such factors as market and economic conditions, budgets, forecasts, and life of mine estimates. The determination of fair value less costs to sell and value in use requires management to make estimates and assumptions about expected production, sales volumes, commodity prices, mineral reserves, operating costs, taxes, restoration costs, and future capital expenditure. The estimates and assumptions are subject to risk and uncertainty; hence, there is the possibility that changes in circumstances will alter these projections, which may have an impact on the estimate of recoverable amount of the assets. In such circumstances some or all the carrying value of the assets may be impaired with the impact recorded in profit or loss.

iii) Taxation

Tax provisions are recognised to the extent that it is probable that there will be future outflow of funds to a taxation authority. Such provisions often require judgment on the treatment of certain taxation matters that may not have been reported to or assessed by the taxation authority at the date of these financial statements. Differences in judgment by the taxation authority could result in changes to actual taxes payable by the Company.
Deferred tax assets are recognised to the extent that certain taxable losses or deferred expenditures will be utilised by the Company to reduce future taxes payable. The amount of deferred tax assets recognised, if any, is based on objective evidence that the Company will generate sufficient future taxable income to utilise these deferred assets, as well as the expected future tax rates that will apply to these assets.

Changes to the Company’s ability to generate sufficient taxable income or changes to enacted tax rates could result in the recognition of deferred tax assets or liabilities.

iv) Modification verses extinguishment of financial liability

Judgment is required in applying IAS 39 and IFRS 9 Financial Instruments: Recognition and Measurement to determine whether the amended terms of the loan agreements are a substantial modification of an existing financial liability and whether it should be accounted for as an extinguishment of the original financial liability.

v) Functional currency

The determination of the functional currency for the Company and each of its subsidiaries was based on management's judgment of the underlying transactions, events and conditions relevant to each entity.

vi) Going concern

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

viii) Achievement of Production Phase

Once a mine reaches the operating levels intended by management, depreciation of capitalized costs begins. Significant judgment is required to determine when certain assets of the Company’s reach this level. Management considers several factors including, completion of a reasonable period of commissioning and consistent operating results being achieved at a pre-determined level of design capacity.

Risk Factors

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. Certain of these risks and uncertainties are described under the heading “Risk Factors” in the Company’s Annual Information Form dated March 29, 2019 which is available on SEDAR at www.sedar.com.

Share Data

Capital Structure as of May 10, 2019:

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Common shares issued and outstanding:</td>
<td>661,933,584</td>
</tr>
<tr>
<td>Total stock options outstanding:</td>
<td>37,908,834</td>
</tr>
<tr>
<td>Total warrants outstanding:</td>
<td>5,000,000</td>
</tr>
</tbody>
</table>

Forward-Looking Statements

Certain of the statements made and information contained herein contain forward-looking information within the meaning of applicable Canadian and United States securities laws. Such forward-looking statements and forward-looking information include, but are not limited to, statements concerning: the completion of the transactions described above, the anticipated size of the Equity Offering, the anticipated use of proceeds from the Equity Offering, the expected interest cost savings associated with the KfW IPEX-Bank Facility, the ongoing construction of the Underground Project, the commencement of production at the Underground Project, and other plans of Nevada Copper with respect to the development, construction and commercial production at the Project, and ongoing exploration
activities and the objectives and results thereof. There can be no assurance as to whether or when the transactions described above will be completed or whether the terms thereof will remain as expected.

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 using 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 are subject to known or unknown risks, uncertainties and other factors which may cause the actual results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or information.

Forward-looking statements and information are subject to a variety of risks and uncertainties which could cause actual events or results to differ from those reflected in the forward-looking statements or information, including, without limitation, risks and uncertainties relating to: history of losses; requirements for additional capital; dilution; adverse events relating to construction and development; ground conditions; cost overruns; loss of material properties; interest rates increase; global economy; no 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; labor 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 may differ from what is indicated and the difference may be material; legal and regulatory proceedings and community actions; accidents, title matters; regulatory restrictions; permitting and licensing; volatility of the market price of the Common Shares; insurance; competition; hedging activities; currency fluctuations; loss of key employees; other risks of the mining industry as well as those factors discussed in the section entitled “Risk Factors” in this MD&A and the Company’s Annual Information Form dated March 29, 2019. Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in forward-looking statements or information. The forward-looking statements and information are stated as of the date hereof (or as otherwise specified therein). The Company disclaims any intent or obligation to update forward-looking statements or information except as required by law. Readers are referred to the full discussion of the Company’s business contained in the Company’s reports filed with the securities regulatory authorities in Canada. Although the Company has attempted to identify important factors that could cause actual results to differ materially, there may be other factors that could cause results not to be as anticipated, estimated or intended. For more information on Nevada Copper and the risks and challenges of its business, investors should review Nevada Copper’s annual filings that are available at www.sedar.com.

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