

## **Nevada Copper Provides Update on Restart Activities at Pumpkin Hollow and the Proposed Restart Financing Package**

**September 26, 2022 – Yerington, NV: Nevada Copper (TSX: NCU) (OTC: NEVDF) (FSE: ZYTA) (“Nevada Copper” or the “Company”)** is pleased to provide an update on planned restart activities at its Pumpkin Hollow underground copper mine (the “Underground Mine”) and developments with respect to the proposed financing package that was previously announced in the Company’s news release dated August 25, 2022 (the “Prior Announcement”). The financing is expected to provide up to US\$93 million of liquidity to the Company in order to support the restart and ramp-up of the Underground Mine (the “Restart Financing Package”).

**Randy Buffington, President & CEO**, commented: “These past few weeks the team has been focused on ensuring that we are prepared for the restart of underground operations. We have made significant progress in developing the plans, recruiting the people and implementing the systems necessary to derisk the restart. We have attracted several key technical positions and built the initial underground team to be able to execute on the first critical projects, primarily the remaining two dike crossings required to access the EN zone. We believe that taking a careful, phased approach to restarting the mine removes some of the bottlenecks the operation has faced in the past and will facilitate a rapid ramp-up to nameplate capacity once the mill restarts in mid-2023. We are looking forward to completing the capital projects and bringing the underground mine up to full operations so that we can turn our attention to development of the large open pit project. I continue to appreciate the ongoing commitment and support of our team and key stakeholders as we work diligently to close this financing and get back to operations.”

### ***Operations and Mine Planning Activities Update***

As previously announced, the Company has advanced planning for the restart of operations at its Underground Mine. The Company engaged a third-party consulting firm, John Wood Group plc, to complete a mine plan focusing on accessing the larger, higher-grade stopes in the East North Zone (EN Zone). The mine plan has been completed with an optimized stoping sequence that brings value forward in the life of mine and derisks the restart by advancing development activities and building significant underground inventory ahead of restarting the mill in mid-2023. Included in the mine plan are updated operating costs, which are not expected to be materially different from previous estimates as they have not been significantly impacted by inflationary pressures.

The restart plan, as envisaged, will be executed in three phases following the closing of the Restart Financing Package:

**Phase 1** – Completion of the remaining two dike crossings and certain capital projects, workforce development

**Phase 2** – Underground stope and inventory development

**Phase 3** – Stope mining and mill start-up

In September, the Company entered Phase 1 by reinitiating development activities with one mining crew focused on completing the second dike crossing. It is anticipated that the crossing will be completed and well advanced beyond the geological dike feature within the next 30 days, at which time the crew will move onto the third and final dike crossing. In addition, the Company is preparing to issue bid packages to interested development contractors to perform underground development activities and for completion of

the remaining capital projects, including: (i) coarse ore bin 2; (ii) vent shaft stripping and surface fans installation; and (iii) Geho dewatering system.

In early 2023, the Company plans to begin rapid development with the use of a development contractor to advance into the higher-grade stopes of the EN Zone and build significant underground ore inventory. The Company will continue to recruit additional underground personnel to prepare for stope mining in the second quarter of 2023. With a significant stockpile of ore on surface and underground inventory expected to be built up, the mill is planned to start up in the third quarter of 2023.

### **Restart Financing Package Update**

As disclosed in the Prior Announcement, the key components of the Restart Financing Package are as follows:

- *Equity Investments (US\$40 million):* Pala Investments Limited (“Pala”), the Company’s largest shareholder, and Mercuria Energy (“Mercuria”), a significant shareholder of the Company, are each expected to provide US\$20 million in exchange for common shares of the Company (“Common Shares”). Pala has already advanced US\$13.5 million of such funding to the Company.
- *Stream and Royalty Financing (US\$30 million):* Triple Flag Precious Metals Corp. (“Triple Flag”) is expected to increase its existing net smelter returns royalty on the Company’s open pit project from 0.7% to 2% for a purchase price of approximately US\$26.2 million, subject to a full buyback of the increased royalty percentage. In addition, Triple Flag is expected to accelerate the approximately US\$3.8 million remaining to be funded under the Company’s existing metals purchase and sale agreement with Triple Flag.
- *KfW Facility Extension (US\$15 million committed):* The Company’s senior credit facility (the “KfW Facility”) with KfW IPEX-Bank GmbH (“KfW”) is expected to be amended to provide for a new tranche of up to US\$25 million, of which Pala, Triple Flag and Mercuria would commit the first US\$15 million as a backstop.
- *Deferrals under Senior Project Facility and Working Capital Facility (expected to be at least US\$8 million):* KfW is expected to defer three interest payments under the KfW Facility. Concord Resources Limited is expected to defer interest and principal payments under the Company’s working capital facility.

Under the Restart Financing Package, Pala is expected to consolidate approximately US\$73 million of the indebtedness currently owing to Pala by the Company into an amended or new debt instrument (the “Pala Debt Instrument”), which indebtedness would be convertible into Common Shares.

Please see the Prior Announcement for additional details regarding the Restart Financing Package.

Nevada Copper reminds shareholders that the terms of the Restart Financing Package are currently non-binding and closing is subject to, among other things, finalization of the specific terms thereof, negotiation and execution of definitive documentation and the satisfaction of various regulatory requirements. The Company and its key financing partners intend to enter into definitive documents in respect of and close the Restart Financing Package concurrently on or about October 5, 2022 (the “Closing Date”). The closing of the Restart Financing Package will be subject to the approval of the Toronto Stock Exchange (the “TSX”).

As disclosed in the Prior Announcement, there can be no assurance that binding agreements will be entered into or completed (or the required regulatory approvals obtained) on terms satisfactory to the Company and within the required timeframe, or at all. In addition, there can be no assurance that the Company will be able to raise the further funding to supplement the Restart Financing Package that will

be required to complete the restart and ramp-up process. The Company expects the costs of the restart and ramp-up process to be in the range of US\$70 million-US\$75 million. In addition, the Company needs to satisfy and/or defer various outstanding vendor payables. Together these costs and payables are expected to exceed the amount of the Restart Financing Package. As a result, the Company continues to evaluate other additional financing options, including a public offering.

The Company intends to use the available proceeds from the Restart Financing Package of approximately US\$71.5 million (representing the US\$93 million of liquidity less US\$13.5 million already advanced by Pala and less US\$8 million in deferrals under the KfW Facility and the Company's working capital facility) to fund ramp-up costs (approximately US\$15.7 million to fund capital expenditures and approximately US\$29.1 million to fund operating costs), vendor payments (approximately US\$23.5 million) and for general corporate purposes, such as overhead (approximately US\$3.2 million).

If the Restart Financing Package is not completed, absent other financing, the Company will not be able to continue carrying on business in the ordinary course and may need to pursue proceedings for creditor protection. The Company's creditors may also seek to commence enforcement action, including realizing on their security over the Company's assets.

#### ***Potential Maximum Dilution in Respect of the Restart Financing Package***

Pala currently owns 167,759,110 Common Shares, representing approximately 37% of the outstanding Common Shares on a non-diluted basis. Mercuria currently owns 48,700,000 Common Shares, representing approximately 11% of the outstanding Common Shares on a non-diluted basis.

Pala is expected to fund its equity investment of US\$20 million by the cancellation of approximately US\$13.5 million in short-term debt advanced to the Company by Pala as interim financing and by the payment of approximately US\$6.5 million on the Closing Date. The Pala Equity Investment will be at a subscription price equal to a 15% discount to the five-day volume weighted average price (the "VWAP") of the Common Shares on the TSX as of the trading day prior to the Closing Date (the "Equity Subscription Price"). By way of illustration, if the closing of the Pala Equity Investment occurred today, 120,088,496 Common Shares would be issued to Pala using a 15% discount to the five-day VWAP of C\$0.266 and then converting such VWAP into U.S. dollars using the Bank of Canada exchange rate on September 23, 2022 of C\$1.00=US\$0.7369 (the "Illustrative Equity Subscription Price"). In addition, approximately US\$1.665 million of guarantee and other fees will be satisfied by the issuance of Common Shares to Pala at the Equity Subscription Price. Based on the Illustrative Equity Subscription Price, this will result in an additional 9,999,655 Common Shares being issued to Pala. The transactions described in this paragraph together with the Pala Debt Instrument are referred to as the "Pala Equity Investment" herein.

Mercuria is expected to fund its equity investment of US\$20 million in two tranches. The first tranche of US\$10 million will be paid on the Closing Date. The second tranche of US\$10 million will be deposited into escrow on the Closing Date and will be released upon the satisfaction or waiver of certain conditions. These conditions include the completion of certain steps in the ramp-up process that the Company expects to achieve before the end of 2022. The first tranche of the Mercuria Equity Investment will be at a subscription price equal to the Equity Subscription Price. The second tranche of the Mercuria Equity Investment will be at a subscription price equal to a 15% discount to the five-day VWAP of the Common Shares on the TSX as of the trading day prior to the applicable date of closing. By way of illustration, if the closing of both tranches of the Mercuria Equity Investment occurred today, 120,088,496 Common Shares would be issued to Mercuria using the Illustrative Equity Subscription Price.

In connection with the Mercuria Equity Investment, Mercuria is expected to receive Common Share purchase warrants of the Company (the "Warrants"). Each Warrant will entitle Mercuria to, subject to satisfying certain vesting conditions, acquire one Common Share at an exercise price equal to a 20%

premium to the Equity Subscription Price. The Warrants will vest, from time to time, in conjunction with the conversion of the Pala Debt Instrument, thereby providing Mercuria with an ability to maintain its pro rata shareholding interest. The vesting of 50% of the Warrants will also be subject to the vesting condition that the second tranche of the Mercuria Equity Investment has closed. The Warrants will expire upon maturity of the Pala Debt Instrument. By way of illustration, if all Warrants vested and were exercised today, 119,205,651 Common Shares would be issued to Mercuria assuming the illustrated conversion of the Pala Debt Instrument described below. The transactions described in the foregoing two paragraphs are referred to as the “Mercuria Equity Investment” herein (the Mercuria Equity Investment together with the Pala Equity Investment are referred to herein as the “Equity Investments”).

Pala is expected to consolidate approximately US\$73 million of the indebtedness currently owing to Pala by the Company into the Pala Debt Instrument. The loans outstanding to be consolidated into the Pala Debt Instrument would include (i) the total of approximately US\$53 million outstanding under the existing credit agreement entered into by Pala and the Company in November 2021; and (ii) US\$20 million that was advanced to the Company under a promissory note in June and July 2022. In connection with the entering of the Pala Debt Instrument, a 4% fee on the US\$20 million amount referred to above will be payable to Pala and capitalized as additional principal under the Pala Debt Instrument. Amounts owing under the Pala Debt Instrument would be convertible into Common Shares, at Pala’s option, at a conversion price equal to a 20% premium to the Equity Subscription Price. By way of illustration, if all amounts owing under the Pala Debt Instrument were converted today, 374,402,808 Common Shares would be issued to Pala using a 20% premium to the Illustrative Equity Subscription Price.

Based on the above illustrations, the number of Common Shares that will be issued as a result of the Equity Investments is set out below, assuming the conversion in full of the Pala Debt Instrument and the exercise in full of the Warrants:

	Total Number of Common Shares currently held	Total Number of Common Shares that will be held after the Equity Investments <u>excluding</u> conversion of the Pala Debt Instrument and exercise of the Warrants	Total Number of Common Shares that will be held after the Equity Investments <u>including</u> conversion of the Pala Debt Instrument and exercise of the Warrants	% of Common Shares currently owned relative to Common Shares currently outstanding	% of Common Shares owned relative to Common Shares outstanding after the Equity Investments <u>excluding</u> conversion of the Pala Debt Instrument and exercise of the Warrants	% of Common Shares owned relative to Common Shares outstanding after the Equity Investments <u>including</u> conversion of the Pala Debt Instrument and exercise of the Warrants
Pala	167,759,110	297,847,261	672,250,069	37.41%	42.63%	56.39%
Mercuria	48,700,000	168,788,496	287,994,147	10.86%	24.16%	24.16%

The total number of Common Shares to be issued pursuant to the Equity Investments (excluding conversion of the Pala Debt Instrument and exercise of the Warrants) is 250,176,647, which represents approximately 56% relative to the number of Common Shares currently issued and outstanding. The total

number of Common Shares to be issued pursuant to the Equity Investments (including conversion of the Pala Debt Instrument and exercise of the Warrants) is 743,785,105, which represents approximately 166% relative to the number of Common Shares currently issued and outstanding.

### ***TSX Financial Hardship Exemption***

Nevada Copper has applied to the TSX, pursuant to the provisions of Section 604(e) of the TSX Company Manual, for a “financial hardship” exemption from the requirements to obtain shareholder approval of components of the Restart Financing Package on the basis that, absent the Restart Financing Package the Company is in serious financial difficulty due to the lack of available cash and funding resources. Moreover, the Company is currently in default under its various credit facilities and the Company’s metals purchase and sale agreement with Triple Flag. The Restart Financing Package, including the Equity Investments, are designed to improve the Company’s financial situation. The entry into of each of the definitive agreements required in respect of the Restart Financing Package will occur concurrently. The application was approved by the Special Committee (as defined below) who has determined that the transactions discussed herein are reasonable for Nevada Copper in the circumstances. Under the policies of the TSX, on the basis that the Restart Financing Package was determined to be subject to the provisions of Section 607 of the TSX Company Manual for private placements, components of the Restart Financing Package would have required shareholder approval by the Company due to: (a) the number of Common Shares (including the Common Shares issuable upon the conversion of the Pala Debt Instrument and upon exercise of the Warrants) issuable in connection with the Restart Financing Package is in excess of 25% of the number of Common Shares outstanding; (b) the number of Common Shares to be issued to insiders (assuming conversion of the Pala Debt Instrument and exercise Warrants) is greater than 10% of the number of Common Shares outstanding; and (c) the consideration (being the Equity Investments) to be received by insiders is greater than 10% of the Company’s market capitalization. The Restart Financing Package will not materially affect control of the Company given Pala’s existing level of ownership in the Company.

The board of directors of the Company (the “Board”) has formed a special committee (the “Special Committee”) consisting of members of the Board who are independent of Pala, Mercuria and management of the Company, to consider the proposed terms of the Restart Financing Package, including the terms of the Equity Investments. The Special Committee has meet continuously throughout the negotiation of the proposed terms of the Restart Financing Package.

Nevada Copper expects that as a consequence of its financial hardship application, the TSX will conduct a remedial delisting review of the Company. Although Nevada Copper believes that it will be in compliance with all continued listing requirements of the TSX upon the closing of the Restart Financing Package, no assurance can be provided as to the outcome of such review or continued qualification for listing on the TSX. There can be no assurance that the TSX will accept the application for the use of the financial hardship exemption from the requirement to obtain shareholder approval described above.

The Equity Investments will be related party transactions of the Company for purposes of Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* (“MI 61-101”) and are subject to the formal valuation and minority approval requirements thereof, unless an exemption is available. It is the intention of the Company to rely on the financial hardship exemption provided for in Sections 5.5(g) and 5.7(e) of MI 61-101.

### **Qualified Person**

The technical information and data in this news release has been reviewed by Steven Newman, Registered Member – SME, Vice President, Technical Services for Nevada Copper, who is a non-independent Qualified Person within the meaning of NI 43-101.

### **About Nevada Copper**

Nevada Copper (TSX: NCU) is a copper producer and owner of the Pumpkin Hollow copper project. Located in Nevada, USA, Pumpkin Hollow has substantial reserves and resources including copper, gold and silver. Its two fully permitted projects include the high-grade Underground Mine and processing facility, which is now in the production stage, and a large-scale open pit project, which is advancing towards feasibility status.

**Randy Buffington**  
President & CEO

*For additional information, please see the Company's website at [www.nevadacopper.com](http://www.nevadacopper.com), or contact:*

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### **Cautionary Language on Forward Looking Statements**

This news release contains "forward-looking information" and "forward-looking statements" within the meaning of applicable Canadian securities laws. All statements in this news release, 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 that relate to the completion of the funding package described above, including the terms and timing thereof, the plans and requirement for supplementary financing and the expected amounts thereof, regulatory requirements, the Company's "financial hardship" exemption application, the use of proceeds from the Restart Financing Package, creditor protection proceedings, mine planning, the execution of the mine restart plan and expected development schedule, and the expected costs of the restart and ramp-up process. There can be no assurance that the Restart Financing Package will close or that the cost estimates or allocation thereof will be accurate.

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

Such risks and uncertainties include, without limitation, those relating to: requirements for additional capital and no assurance can be given regarding the availability thereof; the outcome of discussions with creditors and vendors; potential creditor protection proceedings; the ability of the Company to complete the ramp-up of the Underground Mine within the expected cost estimates and timeframe; the impact 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 ramp-up, including the ability of the Company to address underground development and process plant issues; ground conditions; cost overruns relating to development, construction and ramp-up of the Underground Mine; loss of material properties; interest 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 Company's Management's Discussion and Analysis in respect of the year ended December 31, 2021 and the quarter ended March 31, 2022 and in the section entitled "Risk Factors" in the Company's Annual Information Form dated March 31, 2022. The forward-looking statements and information contained in this news release 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 ramp-up of operations at the Underground Mine in accordance with management's plans and expectations; no worsening of the current COVID-19 related work restrictions; reduced impacts of COVID-19 going forward; the Company will be able to obtain sufficient additional funding to complete the ramp-up, 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. 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 Factors" in the Company's Management's Discussion and Analysis in respect of the year ended December 31, 2021 and the quarter ended March 31, 2022 and "Risk Factors" in the Company's Annual Information Form dated March 31, 2022, for a discussion of factors that may affect forward-looking statements and information. Should one or more of these risks or uncertainties materialize, should other risks or uncertainties materialize or should underlying assumptions prove incorrect, actual results and events may vary materially from those described in forward-looking statements and information. For more information on the Company and the risks and challenges of its business, investors should review the Company's filings that are available at [www.sedar.com](http://www.sedar.com).

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