MANAGEMENT’S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED DECEMBER 31, 2021

MARCH 31, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS
For the Year Ended December 31, 2021

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INTRODUCTION

This Management's Discussion and Analysis ("MD&A") of Nevada Copper Corp. (the "Company" or "Nevada Copper") has been prepared by management as of March 30, 2022. Information herein is provided as of March 31, 2022, unless otherwise noted. The following discussion of performance, financial condition and outlook should be read in conjunction with the audited consolidated financial statements for the years ended December 31, 2021 and 2020 ("consolidated financial statements") and the notes thereto, prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

Additional information relevant to the Company's activities, including the Company's Annual Information Form dated March 31, 2022 (the "AIF"), can be found on SEDAR at www.sedar.com. All amounts expressed herein are in US Dollars unless otherwise indicated.

Greg French, CPG, VP Head of Exploration of the Company, Steven Newman, VP Technical Services of the Company, and Neil Schunke P.Eng., a consultant to the Company, are non-independent Qualified Persons under National Instrument 43-101 – *Standards of Disclosure for Mineral Projects*, and 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, RECENT DEVELOPMENTS, AND OUTLOOK

Q4 2021 Highlights

Set out below are highlights from 2021 relating to the Company's operations including the production ramp-up for the Company's Pumpkin Hollow Underground Mine ("the Underground Mine"), and activities related to its Pumpkin Hollow Open Pit Project (the "Open Pit Project") and broader exploration properties. An overview of certain key events that occurred in the fourth quarter of 2021 ("Q4 2021") are also discussed below.

Underground Mine Operations

- **Management Changes** – During Q4 2021, the Company continued to strengthen the management team. In October 2021, the Company hired Randy Buffington as President and Chief Executive Officer. Mr. Buffington has extensive experience in underground and open pit mining operations, both in Nevada and internationally. The Company also expanded its in-house technical team by hiring a Vice President Technical Services and a manager of Technical Services to improve both the short range and long range mine planning process. During Q1 2022 the Company also hired a new mine manager and supply chain manager, both of whom have extensive extractive industry experience.

- **Underground Mining Operations** – During Q4 2021, the Company hoisted approximately 61,829 tons of material, a 14% improvement over Q3 2021. Included in the material hoisted was approximately 8,868 tons of stope ore at an average grade of 1.11% copper out of the one stope mined. Tons mined and ore breakage from this stope were consistent with the Company's expectations. The mining of three other stopes, including in the Sugar Cube zone, has been taking place in Q1 2022.
- **Lateral Development** – Development rates continued to improve in Q4 2021. Approximately 2,400 ft of lateral development was achieved in Q4 2021, a 20% improvement over the 2,000 ft of development during Q3 2021. Two additional bolters were added during the quarter, which is expected to provide sufficient bolting capacity to reach the ultimate targeted production rate of 5,000 tons per day. Lateral development continued on multiple headings, providing access to ore mining zones in the East South orebody and advancing development towards the East North orebody. Ore tons from development during Q4 2021 was 46,931 tons, at an average grade of 0.75% copper.
- **Processing Plant** – The grinding, flotation, thickening, and concentrate filtration circuits performed well mechanically. Copper concentrate sales increased by 21% to approximately 1,403 tons of concentrate at an average copper grade of 23%, compared to 1,158 tons of concentrate at an average copper grade of 20% in Q3 2021.The Company continued to batch process ore during Q4 2021.

Corporate

- **Cash and Cash Equivalents** – As of December 31, 2021, the Company had a cash balance of $51.6 million.
- **November Offering and November Private Placement**– On November 29, 2021, the Company closed its public offering of units for approximately C$125.4 million (approximately $98.3 million), inclusive of the partial exercise of the over-allotment option by the underwriters (the "November Offering"). Under the November Offering, a total of 162,644,300 units and 2,000,000 warrants of the Company were issued at a price of C$0.77 per unit and C$0.08 per warrant, respectively. Concurrently with the closing of the November Offering, the Company completed a private placement of 98,104,584 units to Pala Investments Limited ("Pala"), its largest shareholder, at a price of C$0.77 per unit (the "November Private Placement"), the offering price in the November Offering, for aggregate gross proceeds of approximately C$75.5 million (approximately $59.2 million). The consideration for the November Private Placement was the repayment of substantially all principal and accrued and unpaid interest outstanding under the Amended June Promissory Note (as defined below), in the amount of approximately $59 million, the balance of which was added to the principal amount under the 2021 Credit Facility (as defined below). See "*November Offering and November Private Placement*" in the Liquidity, Cash Flow and Financial Resources section of this MD&A.
- **KfW IPEX-Bank Facility Amendments** – On October 11, 2021, the Company, the Company's wholly-owned subsidiary, Nevada Copper, Inc. ("NCI") and KfW IPEX-Bank ("KfW") entered into an amendment agreement (the "KfW Amendment Agreement") in respect of the Company's amended and restated senior credit agreement with KfW IPEX-Bank (as amended, the "KfW IPEX-

Bank Facility") providing for a long-term extension of the project longstop date (the final date to meet the requirements of the project completion test under the KfW IPEX-Bank Facility) (the "Project Completion Longstop Date") until June 2023 and significant payment deferrals. A condition precedent to the effectiveness of the KfW Amendment Agreement was the receipt by NCI of at least $40 million in net proceeds from debt or equity financings prior to March 31, 2022 (the "KfW Condition"), which condition the Company satisfied with the proceeds of the November Offering. See "*KfW IPEX-Bank Facility Amendments*" in the Liquidity, Cash Flow and Financial Resources section of this MD&A.

- **Restructuring of the 2021 Credit Facility** – During the first half of Q1 2021, Pala provided the Company with $30 million (inclusive of funding of the full accordion feature thereunder) under a credit facility entered into in Q1 2021 (as amended, the "2021 Credit Facility"). On November 30, 2021, in connection with the November Offering, the Company and Pala amended and restated the 2021 Credit Facility, on substantially the same terms as the original 2021 Credit Facility, other than as described below. The amended and restated 2021 Credit Facility has a principal amount of $35 million (which includes the outstanding principal and accrued interest balance under the original 2021 Credit Facility and the remaining amount of the Amended June Promissory Note (as defined below)), has an extended maturity date from January 31, 2024 (the original maturity date under the 2021 Credit Facility) to January 31, 2026, and contains an accordion feature allowing the Company to draw up to an additional $15 million under the amended and restated 2021 Credit Facility, subject to the agreement of Pala and the prior acceptance by the Toronto Stock Exchange. The outstanding principal balance of the amended and restated 2021 Credit Facility is $35.2 million as at December 31, 2021. See "*2021 Credit Facility & Amendments*" in the Liquidity, Cash Flow and Financial Resources section of this MD&A.
- **Completion of Share Consolidation** – On September 17, 2021, the Company completed a share consolidation of its issued and outstanding common shares on the basis of one (1) post-consolidation common share for every ten (10) pre-consolidation common shares (the "Share Consolidation"). The Company's common shares began trading on the Toronto Stock Exchange (the "TSX") on a post-consolidation basis on September 21, 2021. Except as otherwise stated, the share, unit, per share and per unit amounts in this MD&A have been restated to reflect the Share Consolidation for comparative purposes.

Recent Developments and Outlook

Underground Mine

Mine Development

Development rates improved in Q4 2021. Approximately 2,400 ft of lateral development was achieved in Q4 2021, a 20% improvement over the 2,000 ft of development during Q3 2021. In Q1 2022, development rates continue to improve, with approximately 3,000 ft developed to date in the quarter.

Mine development continued to advance on multiple headings during Q4 2021, providing access to ore stoping zones in the East South orebody and advancing development towards the East North orebody. The installation of electrical distribution equipment and ventilation improvement during Q3 2021 allowed for increased development rates. The construction of electrical switchgear and energization of the main underground switch-room was completed during Q4 2021.

As previously disclosed, the Company has been working to complete multiple crossings of a water-bearing dike structure. While the first crossing has been completed, two other planned crossings have not yet been successfully completed due to challenging and highly variable ground conditions. The Company is performing additional work, including drilling, to improve the understanding of the geological structure and ground conditions. This has delayed the progress of development towards the East North stoping area, which is currently proceeding through the first dike crossing. (see "*Ramp-up of operations at the Underground Mine*" in the Risk Factors section of this MD&A).

Other factors that have resulted in delays to the ramp-up of the Underground Mine include legacy bolting requirements, delays in respect of underground infrastructure development and COVID-19 related Company and contract mining labour and supply chain challenges. In addition, the focus of mining in the short term has shifted from the East South area to the East North area, requiring additional development.

As part of the Company's ground support strategy, bolts are installed in a two-pass process. Initially, friction bolts are installed to support a quicker development rate, then permanent bolts are installed within these areas. The Company commenced the process of installing the permanent bolts (referred to as "legacy bolting") during Q4 2021. The Company has hired a dedicated bolting crew to focus on installing the permanent bolts, which is expected to be completed in Q3 2022.

During Q4 2021, the bolter availability was lower than expected due to unplanned maintenance requirements and a lack of spares due to supply chain delays. The Company commenced the execution of the bolter refurbishment program and is renting two bolters from its main underground mining contractor, Redpath Mining Inc., to support both the legacy bolting and underground production requirements. Bolter availability has improved thus far in Q1 2022 as a result of the refurbishment.

The surface ventilation fans and related parts have all been received on site. The surface ventilation fan supplier has conducted an inspection of the site for installation and an inspection of the materials delivered. The Company reviewed the ventilation requirements based on the mine plan to optimize the ramp-up, resulting in to complete the installation and commissioning of the surface ventilation fans in Q2 2022.

During Q1 2022, the Company lost a scoop as a result of the side wall failure of the stope it was mining at the time. As a result, the Company was not able to process the ore expected in the quarter. This impacted productivity, required the rental of a replacement and necessitated a larger than expected make-whole payment under the Working Capital Facility.

Mining rates are expected to increase as a result of the ongoing installation of incremental underground power and ventilation upgrades, the installation of the underground paste fill reticulation system, the construction of the third ore pass, the installation of the main pumping station and the underground deployment of additional mobile fleet equipment. Hoisting rates of a combination of stope ore and development material of up to 3,000 tpd are expected to be achieved in Q2 2022 and of 4,500 to 5,000 tpd are expected to be achieved by the end of Q4 2022.

In addition to the projects listed above, management has undertaken a detailed review of the constraints encountered during Q3 2021 at the Underground Mine and is reviewing its mine planning for the remaining ramp-up and steady-state operations of the Underground Mine. As a result, a number of measures have been implemented to address operational constraints encountered, including:

- Stronger contractor management procedures combined with revised contractor key performance indicators and aligned incentive systems to drive improved mining productivity.

- Planning focused on accelerated stope delivery and prioritization of certain underground infrastructure items key to delivering higher production volumes.
- Implementation of enhanced inventory management systems and supply chain optimization to ensure critical consumables and spares are available to service mining activities.
- Optimization of equipment utilization, including revisions to the mobile equipment maintenance program.

Mine Planning

In late Q4 2021 the Company expanded its in-house technical team by hiring a Vice President Technical Services and a manager of Technical Services to improve both the short range and long range mine planning process. As part of standard on-going mine planning practices, the Company is in the process of updating the geological model with the latest drilling and geotechnical information. The model will be used to continue to optimize the stope sequencing, underground development and the overall mine plan. The revised mine plan is intended to reflect the recent experiences during mine development, including the geotechnical conditions of the East South area, the impact of the water-bearing dike structure, expected equipment utilization rates and the remaining infrastructure projects to be completed (see "*Mine Planning*" in the Risk Factors section of this MD&A).

Processing Plant

The mill continued to run on a batch processing basis during Q4 2021. The grinding, flotation, thickening, and concentrate filtration circuits performed well mechanically. During Q4 2021, 54,793 tons of ore was processed with an average feed grade of 0.84% copper, compared to 60,208 tons of ore with an average feed grade of 0.53% copper in Q3 2021. The processing plant achieved a recovery rate of 80% in Q4 2021, compared to a recovery rate of 85% in Q3 2021. The average concentrate grade produced in Q4 2021 was 23%, compared to 21% in Q3 2021. In Q4 2021 approximately 1,403 tons of concentrate was sold at an average copper grade of 23%, compared to 1,158 tons of concentrate sold at a 20% average copper grade in Q3 2021. To date during Q1 2022, approximately 95,300 tons at an average grade of 0.77% were processed yielding approximately 2,400 tons of concentrate at an average grade of approximately 23%. Approximately 2,100 tons of copper concentrate at an average grade of approximately 23% was sold during Q1 2022.

In 2021, the Company processed approximately 321,000 tons at an average grade of 0.63%, yielding 7,271 tons of copper concentrate at an average grade of 23%. Approximately 7,344 tons of concentrate at an average grade of 22% was sold during 2021. In 2020, the Company processed approximately 440,569 tons at an average grade of 0.3%, yielding 5,532 tons of copper concentrate at an average grade of 24%. Grades processed were lower than reserve grades since the Company was processing mainly development ore during 2021 and 2020. Approximately 5,630 tons of concentrate at an average grade of 25% was sold during 2020.

Commercial Production Assessment

Management considers several factors in determining when an operation has reached commercial production levels. Such factors include: the mine is substantially complete and ready for its intended use, the mine is capable of sustaining ongoing production at a steady or increasing level, the mine has reached a level of pre-determined percentage of design capacity, mineral recoveries are at or near the expected production level and a reasonable period of testing of the mine plant and equipment has been completed.

Commercial production will be declared on the first day of the calendar month following achievement of the above milestones. Once in commercial production, the capitalization of certain mine development and construction costs cease. Subsequent costs are either regarded as forming part of the cost of inventory or expensed. However, any costs relating to mining asset additions or improvements of mineable reserve development are assessed to determine whether capitalization is appropriate.

Open Pit Project

During Q4 2021, the Company completed the planning and preparation for the Open Pit Project drilling program scheduled for Q2 2022. The in-fill drilling will follow-up the last Open Pit Project drilling program, which identified significant additional mineralization and indicated the orebody extends beyond the original pit boundary and remains open in multiple directions. Drilling is expected to start in Q2 2022 and will provide updated geological information for advancing the Open Pit Project into feasibility evaluation.

The Open Pit pre-feasibility study ("PFS"), with an effective date of January 21, 2019, demonstrated enhanced economics for the Open Pit Project. The 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 required at this time for mine construction and operations. The Open Pit Project reserves currently stand at 3,590 million pounds proven and probable from 385.7 million tons grading 0.47% copper.

The Company has also progressed the planned feasibility studies for a potential solar project, with renewables consulting group Sprout Associates. Further updates on the feasibility studies will be provided upon completion of the next phase of study work and further updates on Open Pit Project advancement plans will be communicated in due course.

Exploration

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

The review will help direct exploration activities in 2022 on newly acquired lands and targets around the existing deposits subject to cash availability. The work on the new ground will include surface mapping, sampling, trenching and follow up drilling. The areas of work include the Porphyry, Tedeboy, Mountain View and Black Mountain targets. Geophysical and structural targets around the existing deposits are expected to be followed up with drilling.

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

COVID-19

During Q4 2021 and January 2022, there were increases in the number of COVID-19 cases at site. As a result, the Company increased the level of COVID-19 mitigation protocols for employees and contractors. These protocols include requirements for maintaining physical distancing, limiting the number of inperson meetings and having non-production employees work from home. Several maintenance personnel were affected. While this impacted the Company's equipment maintenance plans during Q4 2021, it had a limited impact on underground development. The number of COVID-19 cases have since reduced as more employees and contractors receive the COVID-19 vaccine. Currently, the Company has reduced the level of its COVID-19 protocols in a manner consistent with Nevada state law requirements.

During Q1 2022, the COVID-19 pandemic continued to create supply chain and labour availability challenges for the Company.

SUBSEQUENT EVENTS

As noted above, in connection with entering into the amended and restated 2021 Credit Facility and as required by the Binding Term Sheet, the Company issued 15,000,000 Credit Facility Warrants to Pala on November 30, 2021. In order for the Credit Facility Warrants to become exercisable by Pala, the TSX required that the Company obtain the approval of disinterested shareholders. The Company held a special meeting of shareholders on January 25, 2022 (the "2022 Special Meeting") for this purpose. At the 2022 Special Meeting, disinterested shareholders overwhelmingly approved an ordinary resolution authorizing the exercise of the Credit Facility Warrants. As a result, the TSX requirements were satisfied and the Credit Facility Warrants are now exercisable.

On January 28, 2022, the warrants issued in connection with the Company's public offering of units in July 2020 expired. A total of 326,863,776 warrants expired unexercised. If these warrants were exercised 32,686,378 common shares would have been issued.

DESCRIPTION OF BUSINESS

Nevada Copper is a mining company whose principal asset is the 100%-owned Pumpkin Hollow Copper Property (the "Property"). The Property is in northwestern Nevada and primarily consists of approximately 24,300 acres of contiguous mineral rights including approximately 10,800 acres of owned private land and leased patented claims. See "Description of Business" in the Annual Information Form.

Past exploration on the Property defined two adjacent but unconnected copper, gold and silver deposits separated by approximately two miles. The two deposits are referred to separately as the "Underground Mine" and the "Open Pit Project" (collectively, the "Project").

The Company has obtained all material permits and approvals for the development and operation of both the Underground Mine and the Open Pit Project that are required at this time. Certain of those permits and approvals may need to be renewed as a result of the passage of time and certain of those permits and approvals may need to be modified in order to accommodate design changes and other optimizations. See "Risk Factors" in the Annual Information Form.

The Company has completed construction and commissioning of the processing plant for the Underground Mine. Completion of the ramp-up of the Underground Mine is continuing during 2022 with the hoisting rate of a combination of stope ore and development material expected to increase to approximately 3,000 tpd by Q2 2022 and then further to 4,500 to 5,000 tpd during Q3 2022.

MANAGEMENT AND BOARD CHANGES

On March 2, 2021, Ricardo De Armas resigned as a director of the Company in order to devote his attention to other professional commitments.

Effective July 31, 2021, Dale Ekmark retired as Chief Operating Officer of the Company

On August 14, 2021, Mike Brown assumed the role of President and Chief Executive Officer of the Company on an interim basis following the resignation of Mike Ciricillo.

Effective September 30, 2021, Justin Cochrane resigned from the Company's board of directors in order to focus on the other businesses he is involved with and to reduce the number of boards on which he sits.

On October 6, 2021, Randy Buffington joined Nevada Copper as President and Chief Executive Officer, and Mr. Brown concurrently resigned as interim President and Chief Executive Officer. Mr. Buffington has extensive experience in underground and open pit mining operations, both in Nevada and internationally.

On December 16, 2021, Steven Newman joined the Company as the Vice President of Technical Services. Mr. Newman has over thirty years of experience, with significant operating and project development experience.

FINANCIAL RESULTS

(Expressed in thousands of USD, except per share amounts which are USD)	**Quarter Ended December 31**		**Year ended December 31,**		
Expenses	**Q4 2021**	Q4 2020	**2021**	2020	2019
Consulting and remuneration	**207**	52	**579**	1,413	617
Public company expenses	**191**	381	**1,336**	1,954	1,981
Administration expenses	**60**	119	**435**	380	272
Professional fees	**1,289**	411	**2,904**	4,195	2,919
Loss on forward sales contract	**-**	-	**3,075**	-	-
Depreciation	**-**	11	**-**	42	41
Stock-based compensation	**(219)**	157	**(341)**	1,002	1,705
	1,528	1,131	**7,988**	8,986	7,535
Interest income	**15**	4	**56**	9	853
Interest and finance expenses	**(12)**	(2)	**-**	(841)	(26)
Derivative fair value (loss) gain	**(5,025)**	(3,114)	**11,573**	(7,872)	127
Other income	**-**	(54)	**-**	8	23
Debt extinguishment (loss) gain	**(2,764)**	1,074	**(2,764)**	(3,041)	1,294
Debt modification (loss) gain	**3**	-	**3**	-	-
Convertible Loan Derivative fair value change	**-**		**-**	6,763	-
Loss on extinguishment of Convertible Loan	**-**	-	**-**	(6,383)	-
Foreign exchange loss	**(2)**	(90)	**(41)**	(1)	(116)
	(7,785)	(2,182)	**8,827**	(11,358)	2,155
Income/(Loss) and Comprehensive Income/(Loss)	**(9,313)**	(3,313)	**839**	(20,344)	(5,380)
Loss per Common Share					
Basic and diluted	**(0.04)**	(0.00)	**0.00**	(0.19)	(0.10)

For the year ended December 31, 2021, the Company reported net income of $0.84 million (or $0.00 basic and diluted earnings per common share, compared to a net loss of $20.3 million for 2020 (or $0.02 basic and diluted loss per common share). The $21.1 million decrease in net loss is primarily due to the following:

- A non-cash mark to market fair value gain of $11.6 million was recorded in 2021 (2020: loss of $7.9 million), related to the derivative liability of the Company's warrants. The decrease in the fair market value of the warrants at December 31, 2021 driven by the decrease in the Company's share price as at December 31, 2021 resulted in the decrease in the warrant liability and the corresponding recognition of the mark to market fair value gain;
- A $0.8 million decrease in consulting remuneration and a $0.6 million decrease in public company expenses due to the Company's cost cutting initiatives; and
- A decrease in professional fees related to accounting and legal expenses of $1.3 million due to litigation costs incurred in 2020 with the Company's contractors, and the Company's cost cutting initiatives in 2021.

The above were partially offset by a $0.03 million debt modification loss incurred as a result of the amended and restated 2021 Credit Facility and the KfW Amendment Agreement, a $2.8M loss on the extinguishment of the Promissory Notes (as defined below) and a loss of $3.1 million resulting from the loss on forward sales contracts.

For the three months ended December 31, 2021, the Company reported a net loss of $9.3 million (or $0.04 basic and diluted loss per common share), compared to a net loss of $3.3 million in 2020 (or $0.00 basic and diluted loss per common share). The $6.0 million increase in net loss is primarily due to the following:

- A mark to market fair value loss of $5.03 million was related to the derivative liability of the Company's warrants. The increase in the fair market value of the warrants from September 30, 2021 to December 31, 2021, driven by the increase in the Company's share price from September 30, 2021 to December 31, 2021, resulted in the increase in the warrant liability and the corresponding recognition of the mark to market fair value loss;
- $2.8 million loss recognized on the extinguishment of the Promissory Notes; and
- An increase in professional fees of $0.9 million incurred during the quarter.

Pumpkin Hollow Project Expenditures

Project costs capitalised for the period ended December 31, 2021, on the Project consisted of the following (expressed in $'000):

	December 31, 2021	**2021 Additions**	**December 31, 2020**	**2020 Additions**	**December 31, 2019**
Property payments	$1,961	$-	$1,961	-	$1,961
Advance royalty payments	6,426	600	5,826	600	5,226
Water rights	2,955	188	2,767	188	2,579
Drilling	42,302	-	42,302	-	42,302
Geological consulting, exploration & related	8,459	-	8,459	-	8,459
Feasibility, engineering & related studies	27,605	-	27,605	368	27,237
Permits/environmental	14,245	516	13,729	620	13,109
Underground access, hoist, head frame, power & related	367,302	90,369	276,933	77,683	199,250
Processing plant – engineering procurement	151,566	14,297	137,269	10,172	127,098
Surface infrastructure	31,844	2,127	29,717	9,160	20,557
Site costs	71,223	27,067	44,156	13,772	30,384
	725,888	**135,164**	**590,724**	**112,563**	**478,162**
Depreciation	18,169	7,768	10,401	6,751	3,650
Asset retirement obligation	5,057	(248)	5,305	321	4,984
Capitalised interest	99,339	16,101	83,238	16,072	67,166
Stock-based compensation	5,762	(309)	6,071	(2,305)	8,376
Stream accretion	31,274	11,085	20,189	9,211	10,978
Pre-production sales	(16,706)	(9,673)	(7,033)	(7,033)	-
Total	**$868,783**	**$159,888**	**$708,895**	**135,580**	**$573,316**

For the year ended December 31, 2021, the Company incurred $159.9 million of Project-related expenditures compared to $135.6 million in 2020. The focus during the year was further advancement of the underground development and shaft infrastructure, and the advancement of surface infrastructure.

Site costs for the year ended December 31, 2021, were higher compared to 2020 due to the partial suspension of activities at the site in 2020 due to COVID-19 measures.

During 2021, the Company continued with the purchase of ventilation fans for installation in 2022, construction of underground infrastructure and advanced lateral development. During 2021 the Company had pre-production concentrate sales totalling $9.7 million (2020: $7.0 million), which was credited to the construction cost of the Property as pre-production sales.

LIQUIDITY, CASH FLOW AND FINANCIAL RESOURCES

Liquidity

Working capital deficit

(Expressed in thousands of US dollars, except per share amounts)	**December 31, 2021**	December 31, 2020
Current assets		
Cash and cash equivalents	**$51,616**	$21,839
Accounts receivable	**72**	88
Prepaid expenses	**58**	88
Material and supply inventory	**3,713**	-
Total Current Assets	**55,459**	22,015
Current liabilities		
Accounts payable and accrued liabilities	**$45,650**	$45,211
Related party payable	**38**	2,837
Share-based compensation liabilities – current portion	**1,817**	581
Warrant derivative	**23,374**	12,477
Current portion of stream and royalty deferral	**6,138**	15,487
Working capital facility	**20,095**	32,880
Current portion of long-term debt	**8,307**	31,745
Total Current Liabilities	**105,419**	140,218
Working capital deficit	**$(49,960)**	$(118,203)

As at December 31, 2021, the Company had cash and cash equivalents of $51.6 million. The Company's working capital (current assets less current liabilities) as at December 31, 2021 was negative $49.96 million compared to negative $118.2 million as at December 31, 2020. The working capital deficit reduced from December 31, 2020 primarily due to the proceeds received from the November Offering and the repayment of the Promissory Notes (as defined below).

The negative working capital at December 31, 2021 includes $45.6 million of accounts payable and accruals, $0.04 million in related party payables, $1.8 million of stock-based compensation, $23.4 million of non-cash warrant derivative liability, and $6.1 million of deferred consideration related to estimated stream deliveries in the next 12 months, which are conditional on concentrate deliveries.

As at December 31, 2021, capital commitments due in the next twelve months are $1.96 million.

The Company's liquidity during 2021 was impacted by several factors, including:

- Delays in the mine development of the Underground Mine;
- Significantly reduced concentrate production and sales (compared to expectations) as a result of the above delays; and
- Requirement to repay draws under the working capital facility (the "Working Capital Facility") with Concord Resources Limited ("Concord") primarily in cash rather than in concentrate deliveries.

The above factors were offset by the changes to the KfW IPEX-Bank Facility as a result of the KfW Amendment Agreement, the proceeds received from the November Offering, the repayment of the Promissory Notes and the entering into of the amended and restated 2021 Credit Facility.

During 2021, the Company delivered 7,344 tons of concentrate at an average grade of 22% copper under the Working Capital Facility and made cash repayments of $82 million in lieu of concentrate deliveries. The Company made drawdowns of $80.4 million under the Working Capital Facility based on expected future deliveries during 2021. On April 1, 2021, the availability of funds under the Working Capital Facility was increased from $35 million to $40 million. Drawdowns under the Working Capital Facility in excess of $35 million prior to commencement of commercial production at the Underground Mine will bear interest at LIBOR plus 8.5%.

While the Company has achieved significant acceleration of the Underground Mine ramp up, a number of events have occurred since December 2021, which have prevented the Company from achieving its intended growth in levels of development progress and concentrate production. These include lower than planned productivity from its mining contractor, lower than expected equipment availability, including due to the loss of a remote loader (which has now been resolved), an unexpected delay with the completion of the second dike crossing, and additional COVID-19 related labour constraints and supplier delivery issues. The loss of the remote loader both reduced expected revenue in January 2021 and constrained productivity during Q1 2022, and resulted in additional maintenance and rental costs. Due to the cumulative impact of these factors, management is assessing the financing alternatives that may be available to the Company in order to complete the ramp up of the Underground Mine, with an emphasis on alternatives that do not include the issuance of new equity, such as utilizing the $15 million accordion under the 2021 Credit Facility (subject to the lender’s consent) and potential concentrate sale prepay arrangements. The Company is currently working to complete further mine planning analysis, taking into account the factors referred to above, which is expected to provide an indication of the amount and timing of the required funding.

The ability of the Company to complete the ramp-up is dependent on, among other things, results from operations, the ability to complete the ramp-up process in accordance with the Company’s timing and cost expectations, an increase in concentrate production and sales, favourable copper market conditions and the ability to obtain additional required financing. There can be no assurance that these requirements will be achieved. In addition, there can be no assurance that the actual costs to complete the ramp-up will not be greater than expected by the Company or that further significant ramp-up delays will not occur. If the above requirements are not achieved or other material adverse events or delays occur then, in the absence of sufficient financing being arranged, the Company may not be able to continue operations. This may result in, among other things, its secured lenders becoming able to enforce on their security over the Company’s assets.

Cash Flows

During the year ended December 31, 2021, cash used in operations was $7.9 million compared to $5.6 million during 2020.

Cash outflow from investing activities during the year ended December 31, 2021, was $127.3 million compared to an outflow of $60.1 million in 2020. The Company incurred $144.3 million in Underground Mine development costs during 2021, offset by $9.6 million of pre-production sales. This compares to the $91.7 million of Underground Mine development costs in 2020. The increase is the result of no shutdowns and the limited impact COVID-19 had on the construction and ramp-up of the Underground Mine compared to 2020.

Financing activities resulted in cash inflows of $164.8 million during the year ended December 31, 2021, compared to an inflow of $86.6 million in 2020. The financing activities during 2021 are described in more detail below:

- The Company received net proceeds of $27.3 million from the January Offering (as defined below).
- The Company received net proceeds of $92.6 million from the November Offering and the November Private Placement.
- Funds advanced under the 2021 Credit Facility were $30 million.
- The Company drew $80.4 million under the Working Capital Facility and repaid $93.1 million of the balance.
- The Company received $80.5 million in connection with the Promissory Notes.
- The above were offset by $42.1 million in Promissory Note repayments**,** $8.7 million in lease obligation payments and $5.1 million in interest payments.

Positive cash flows from operations are not expected until the Company has significantly advanced the ramp-up in production rates. The Company anticipates that it will have negative cash flow from operating activities until completion of the ramp-up to a sufficient level at the Underground Mine and the generation of the associated revenues from concentrate sales.

<u>Financial Transactions and Financial Resources</u>

November Offering and November Private Placement

On November 29, 2021, the Company closed the November Offering for aggregate gross proceeds of approximately C$125.4 million. Under the November Offering, a total of 162,644,300 units and 2,000,000 warrants of the Company were issued, including 14,544,300 units and 2,000,000 warrants pursuant to the partial exercise of the over-allotment option by the underwriters, at a price of C$0.77 per unit and C$0.08 per warrant. Each unit issued in the November Offering consisted of one common share and one-half of one common share purchase warrant of the Company. Each warrant issued as part of the November Offering is exercisable for one common share at a price of C$1.00 per Common Share until May 29, 2023.

The net proceeds of the November Offering were sufficient to satisfy the KfW Condition to the effectiveness of the KfW Amendment Agreement. The net proceeds of the November Offering were used to repay all amounts owing under the Amended October Promissory Note, including all principal and accrued and unpaid interest outstanding thereunder, in the total amount of approximately $27 million. The remaining net proceeds will be used for the development and ramp-up of the Underground Mine, Open Pit Project exploration and expansion studies and general corporate purposes (including working capital).

Concurrently with the closing of the November Offering, the Company completed the November Private Placement. Under the November Private Placement, 98,104,584 units were issued to Pala in the aggregate amount of approximately C$75.5 million ($59.2 million). The units issued to Pala under the November Private Placement had the same terms as the units issued under the November Offering. The consideration for the November Private Placement was the repayment of substantially all principal and accrued and unpaid interest outstanding under the Amended June Promissory Note, in the amount of approximately $59 million, the balance of which was added to the principal amount under the amended and restated 2021 Credit Facility.

KfW IPEX-Bank Facility Amendments

On October 11, 2021, the Company, NCI and KfW entered into the KfW Amendment Agreement in respect of the KfW IPEX-Bank Facility providing for a long-term extension of the Project Completion Longstop Date until June 2023 and significant payment deferrals. Pursuant to the KfW Amendment Agreement, with respect to the US$115 million Tranche A of the KfW IPEX-Bank Facility, the first debt repayment has been deferred for two years to July 31, 2025 (with the debt service reserve account to be funded six months prior), the final amortization has been deferred to July 31, 2029, commencement of the project cash sweep has been deferred by two years to January 31, 2024, and a one-time extraordinary cash sweep of excess cash has been deferred by two years to July 31, 2025. With respect to the US$15 million Tranche B of the KfW IPEX-Bank Facility, the first debt repayment has been deferred by two years to July 31, 2024 (with no debt service reserve account) and the final amortization has been deferred by two years to July 31, 2025. The interest margin on the Tranche A loan increased by 0.5% to 2.1% and on the Tranche B loan by 0.5% to 5.4%, reflective of the extended loan tenors. In addition, an amendment fee of $0.325 million (0.25% of the total principal amount under the KfW IPEX-Bank Facility) was payable within 90 days of closing of the KfW Amendment Agreement and a further $0.975 million (0.75% of the total principal amount under the KfW IPEX-Bank Facility) will be payable within 30 days of the project completion date.

As noted above, a condition precedent to the effectiveness of the KfW Amendment Agreement was the satisfaction of the KfW Condition, being the receipt by NCI of at least $40 million in net proceeds from debt or equity financings prior to March 31, 2022. The KfW Condition was satisfied with the proceeds of the November Offering. As a result, the KfW Amendment Agreement is now effective and the liability of $123 million associated with the KfW IPEX-Bank Facility is recorded as a long-term liability on the Company's consolidated balance sheet at December 31, 2021.

2021 Credit Facility & Amendments

On February 3, 2021, the Company and Pala entered into the 2021 Credit Facility providing for $30 million (inclusive of a $15 million accordion feature thereunder) to be drawn by the Company in advances prior to June 30, 2021 (the "Availability Period"), subject to certain conditions, including that, in Pala's opinion, the Company's financial resources plus any amounts drawable under the 2021 Credit Facility would be sufficient to complete the ramp-up and achieve commercial production and positive cash flows before the end of 2021 and Pala's acceptance of the proposed use of proceeds of each drawdown with reference to the Company's budget and projected cash flow forecast (the "Cashflow Condition"). The Company drew the full $30 million under the 2021 Credit Facility in the first half of 2021. The 2021 Credit Facility bears interest at LIBOR plus 9% per annum on outstanding amounts and included a 3% arrangement fee on the total amount of the 2021 Credit Facility and a 4% disbursement fee on amounts drawn. During the Availability Period, Pala was entitled to a 4% per annum commitment fee on amounts available to be drawn. In connection with the entry into the 2021 Credit Facility, Pala was granted the right to syndicate all or a portion of its commitment, which could result in higher interest and fees with respect to the syndicated portion. Also, the Company agreed to certain restrictions on the issuance of additional debt during the syndication period.

There are no common shares, warrants or other convertible securities of the Company issuable in connection with the 2021 Credit Facility, other than the potential for interest to be paid in common shares rather than paid in cash or capitalized. In the event the Company elects not to pay such interest in cash, Pala has the option to either: (i) receive the amount of such interest payment through the issuance of common shares based on the market price (as defined in the policies of the TSX) of the common shares at the time of such interest payment; or (ii) add the amount of such interest payment to the then outstanding principal amount of the 2021 Credit Facility.

On October 11, 2021, concurrent with entering into the KfW Amendment Agreement, the Company entered into a non-binding term sheet with Pala (the “Non-Binding Term Sheet”) providing for certain amendments to the 2021 Credit Facility, including that all outstanding loans owing under the 2021 Credit Facility and the Promissory Notes be consolidated under the 2021 Credit Facility, an extension to the term of the 2021 Credit Facility and for additional loans of up to $41 million to the Company if such funds were required to satisfy the KfW Condition. On November 10, 2021, the Company and Pala entered into a binding term sheet with Pala (the “Binding Term Sheet”) on substantially the same terms as the Non-Binding Term Sheet. On November 30, 2021, in connection with the November Offering and the November Private Placement, and pursuant to the Binding Term Sheet, the Company and Pala amended and restated the 2021 Credit Facility, on substantially the same terms as the original 2021 Credit Facility, other than as described below. The amended and restated 2021 Credit Facility has a principal amount of $35.2 million (which includes the outstanding principal and accrued interest balance under the original 2021 Credit Facility and the remaining balance under the Amended June Promissory Note), has an extended maturity date from January 31, 2024 (the original maturity date under the 2021 Credit Facility) to January 31, 2026, and contains an accordion feature allowing the Company to draw up to an additional $15 million (the “Additional Commitment”) under the amended and restated 2021 Credit Facility, subject to the agreement of Pala and the prior acceptance by the TSX. In addition, the amended and restated 2021 Credit Facility removed the Cashflow Condition. As the KfW Condition was satisfied with the proceeds of the November Offering, the additional $40 million of loans provided for under the Binding Term Sheet was not required by the Company and such amendment was not incorporated in the amended and restated 2021 Credit Facility. In connection with the amendment and restatement of the 2021 Credit Facility, the Company paid Pala an extension fee of approximately $1.3 million (4% of the principal amount under the amended and restated 2021 Credit Facility), which fee was capitalized and added to the principal amount under the amended and restated 2021 Credit Facility on the date that it was entered into. Further, pursuant to the terms of the amended and restated 2021 Credit Facility, on the date of making any advance to the Company under the Additional Commitment, the Company must pay to Pala a disbursement fee equal to 4% of the principal amount of such advance, which fee will be added to the principal amount under the amended and restated 2021 Credit Facility on the date of such advance.

The amendment and restatement of the 2021 Credit Facility did not result in any change to the interest rate under the 2021 Credit Facility or other material terms and conditions of the original 2021 Credit Facility except as described herein. Any common shares issued under the 2021 Credit Facility will be issued at the market price of the common shares at the time of the issuance. Voluntary prepayments by the Company under the 2021 Credit Facility are subject to a prepayment premium, which also applies in the case of a change of control in respect of the Company. This prepayment fee is equal to (i) 17.5% for any prepayment made between February 4, 2022, and February 3, 2023; and (ii) 10% for any prepayment made thereafter. If the Company completes any equity or loan financings during the term of the 2021 Credit Facility, unless otherwise agreed with the Company, Pala will be entitled, at its sole discretion, to elect for any portion of the net proceeds from such financings (subject to the restriction in the KfW IPEX-Bank Facility regarding using funds received from any capital raise to repay loans to any related party shareholder) to be utilized and applied to prepay the outstanding amounts owing to Pala under the 2021 Credit Facility. If Pala makes such election, any prepayment will not be subject to the voluntary prepayment premium described above.

The 2021 Credit Facility is a direct obligation of the Company and is not guaranteed or secured by any of the Company's subsidiaries. Additional details on the 2021 Credit Facility and the amendment and restatement thereof are contained in the Annual Information Form.

Credit Facility Warrants

In connection with entering into the amended and restated 2021 Credit Facility and as required by the Binding Term Sheet, the Company issued the Credit Facility Warrants to Pala, with each Credit Facility Warrant entitling Pala to purchase, on or before January 31, 2026, one common share at an exercise price of C$0.8553, which represented a 25% premium to the 5-day volume weighted average price of the common shares on the TSX ending on November 29, 2021, the trading day immediately prior to the date of entry into the amended and restated 2021 Credit Facility. Pursuant to the requirements of the TSX, the Company obtained disinterested shareholder approval of an ordinary resolution authorizing the exercise of the Credit Facility Warrants at the 2022 Special Meeting held on January 25, 2022.

Pala Promissory Notes

The Company received a loan of $15 million under a promissory note with Pala in June 2021 (the "June Promissory Note") providing additional liquidity for the ramp-up of the Underground Mine. The June Promissory Note had a maturity date of June 30, 2022 and bore interest at 8% per annum on amounts drawn. From July through September, 2021, Pala provided the Company with additional loans of $40 million in the aggregate pursuant to a series of amendments and restatements of the June Promissory Note (the "Amended June Promissory Note") on the same terms and conditions as the original June Promissory Note, except that the Amended June Promissory Note provided for an arrangement fee of 6% on the full commitment amount of $55 million, which was capitalized.

On October 1, 2021, Pala provided the Company with a loan of up to $12 million pursuant to a new promissory note entered into between Pala and the Company, which was subsequently amended and restated on November 1, 2021 to provide the Company with an additional loan of $15 million (the "Amended October Promissory Note", and together with the Amended June Promissory Note, the "Promissory Notes"). The purpose of the Amended October Promissory Note was to allow the Company to progress the ramp-up of the Underground Mine. The Amended October Promissory Note had substantially the same terms as the Amended June Promissory Note, however, no arrangement fee was payable to Pala under the Amended October Promissory Note.

The principal and accrued interest balance of approximately $27 million outstanding under the Amended October Promissory Note was fully repaid with the proceeds of the November Offering and the principal and accrued interest balance of approximately $59 million under the Amended June Promissory Note was almost entirely repaid through the issuance of units to Pala pursuant to the November Private Placement.

The remaining balance of approximately $0.1 million owing under the Amended June Promissory Note after the completion of the November Private Placement was added to the principal amount under the amended and restated 2021 Credit Facility. As such, the Company did not have an outstanding balance on the Promissory Notes at December 31, 2021. Refer to Note 5d in the Financial Statements for further information.

PPP Loan Forgiveness

On August 6, 2021, the Company received confirmation for the approval of the forgiveness of the PPP Loan in the amount of $2.4 million. The loan was received in 2020 as part of the United States government COVID-19 pandemic program to assist companies to retain their employees.

January Offering & Concurrent Private Placement

On January 29, 2021, the Company completed a public offering of units (the "January Offering"), whereby 23,000,000 units were issued at a price of C$1.65 per unit (the "January Offering Price"). Each unit consisted of one common share and five common share purchase warrants of the Company. 10 warrants entitle the holder thereof to purchase one common share at a price of C$2.20 per common share until July 29, 2022. The underwriters of the January Offering exercised their over-allotment option in full, which resulted in 3,000,000 additional units being issued at the January Offering Price. Including the over-allotment option, an aggregate of 23,000,000 units were issued in the January Offering for total aggregate net proceeds of approximately $27.3 million.

The table below shows the amounts settled as a result of the January Offering:

Description	**$'000**
Net cash proceeds received from the January 2021 Offering	$ 27,348
Extinguishment of November 2020 Pala Promissory Note	(15,747)
Transfer to Cost Overrun Facility	(5,000)
Net Proceeds available to the Company	$ 6,601

Concurrently with the closing of the January Offering, the Company completed a private placement to Pala for aggregate gross proceeds of approximately C$13.1 million (the "January Private Placement"). The units issued to Pala under the January Private Placement had the same terms as the units issued in the January Offering. The table below shows the amounts settled as a result of the January Private Placement:

Description	**$'000**
Extinguishment of October 2020 Pala Promissory Note	$ 8,194
Repayments relating to the Collateral Agreement re: Working Capital Facility	1,801
Settlement expenses	278
Repayment of indemnity fees	910
Concurrent Private Placement	$ 11,183

2020 Cost Overrun Facility

In connection with the amendments to the KfW IPEX-Bank Facility, the Company was required to fund a cost overrun facility ("COF") to NCI of $5 million on substantially the same terms as the cost overrun facility that was provided by the Company to NCI in May 2019 when the original credit agreement with KfW was entered into. The COF was funded from the proceeds of the January Offering. In April 2021, NCI utilized the full $5 million available under the COF.

Loss on Forward Sales Contract

Under the Working Capital Facility, the Company has the ability to fix the price of payable copper for monthly volumes to be delivered to Concord under its offtake arrangements with Concord on a rolling basis, allowing the Company to fix the price of copper to be delivered for an agreed period of time. Under these arrangements, the Company is required to provide cash collateral to Concord in the event that during the course of such arrangements, as tested on a weekly basis, the variation margin exposure to Concord is over an agreed threshold amount, currently fixed at $3.5 million. The Company fixed the pricing of 325 metric tonnes of payable copper delivered per month totalling 1,950 metric tonnes for the first nine months of 2021 with prices ranging between $6,394 and $6,402 per metric tonne of payable copper. During the first half of the year, the Company delivered 945 metric tonnes of copper under this forward sale arrangement and recognized a loss of $3.1 million due to the delivery shortfall. At December 31, 2021 and to the date of this MD&A, the Company has no forward sales positions outstanding.

SUMMARY OF QUARTERLY RESULTS

The following table sets forth selected unaudited quarterly financial information for each of the eight most recently completed quarters (Expressed in thousands of United States dollars, except per share amounts):

	2021				2020			
	Dec-31	**Sep-30**	**Jun-30**	**Mar-31**	**Dec-31**	**Sep-30**	**Jun-30**	**Mar-31**
Working Capital (Deficiency)	(49,960)	(260,271)	(255,706)	(109,399)	(117,203)	(103,162)	(101,317)	(81,431)
Total Assets	948,338	858,458	831,393	796,175	767,849	721,326	686,557	661,244
Development Property (Project expenditure)	892,500	828,562	789,844	747,020	708,895	683,129	647,159	617,317
Total noncurrent liabilities	294,649	172,856	174,909	274,403	256,838	239,050	270,760	262,258
Shareholders' Equity	548,270	421,368	391,112	402,482	370,793	377,154	311,406	306,928
Net Income (Loss)	(9,313)	28,102	(14,054)	(3,896)	$(3,313)	$(2,582)	$(2,457)	(11,989)
Net Income (Loss) per share	(0.04)	0.15	(0.08)	(0.02)	(0.00)	(0.02)	(0.03)	(0.16)
Net Income (Loss) per share (diluted basis)	(0.04)	0.15	(0.08)	(0.02)	(0.00)	(0.02)	(0.03)	(0.16)

Financial results of the previous seven quarters prior to Q4 2021 saw an increase in the Company's working capital deficiency as a result of the decrease in cash, increase in accounts payable and accrued liabilities as the construction of the Underground Mine progressed and the increase in the current portion of long-term debt, stream obligation and the warrant derivative liability. However, following the financing activities discussed above and the KfW-IPEX Bank Facility being categorized as a long-term liability, the Company's working capital deficiency decreased in Q4 2021.

The Company's total assets increased throughout these quarters as development property expenditures were incurred. The Company's noncurrent liabilities and shareholder's equity increased as a result of debt and equity financings undertaken during the last eight quarters.

RELATED PARTY TRANSACTIONS

Pala is a related party to the Company because of its approximate 37% (2020 – 40%) shareholding in Nevada Copper as of December 31, 2021. Additionally, three of the seven directors of the Company are Pala executives.

During the year ended December 31, 2021, the Company entered into numerous transactions with Pala to provide liquidity to allow the Company to continue to ramp-up the Underground Mine. The following transactions were entered into during the year ended December 31, 2021 (see also the Subsequent Events section of this MD&A):

- The 2021 Credit Facility;
- The amendment and restatement of the 2021 Credit Facility;
- The issuance of 15,000,000 Credit Facility Warrants to Pala in connection with entering into the amended and restated 2021 Credit Facility
- The issuance of 98,104,584 units to Pala pursuant to the November Private Placement in consideration for the settlement of the outstanding balance of the Amended June Promissory Note;
- The repayment of the outstanding balance of the Amended October Promissory Note with the proceeds of the November Offering;
- The Amended June Promissory Note;
- The Amended October Promissory Note;
- The issuance of 7,969,697 units to Pala pursuant to the January Private Placement in consideration for the settlement of certain outstanding indebtedness owing to Pala by the Company (including all amounts under a promissory note issued in October 2020);
- The Repayment of amounts owing to Pala under a promissory note issued in November 2020 with the proceeds of the January Offering; and
- Technical and other services fees of $0.1 million (2020 - $0.4 million).

As at December 31, 2021, the Company owed Pala $0.04 million for accrued fees for technical and other services (2020 - $2.8 million) relating to fees accrued in connection with the Indemnity Agreements, the guarantee provided by Pala in connection with the KfW IPEX-Bank Facility (the "KfW Guarantee"), and accrued fees for technical and other services. 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

As at December 31, 2021, capital commitments due in the next twelve months are $2.0 million.

As at December 31, 2021, the Company had the following consolidated contractual obligations (Expressed in thousands of United States dollars):

	Payments due by period				
Contractual obligations	**Total**	**1 year**	**2-3 years**	**4-5 years**	**5 years+**
Accounts payable, accrued liabilities and related party payables	$45,688	$45,688	-	-	-
Construction contractual obligations	$1,960	$1,960	-	-	-
Working Capital Facility	$20,095	$20,095	-	-	-
KfW IPEX-Bank Facility	$150,896	$3,471	$12,807	$54,356	$80,262
Equipment leases	$24,214	$8,262	$14,099	$1,853	$-
2021 Credit Facility	$47,582	$3,284	$6,558	$38,740	$-
Asset retirement obligation	$5,971	-	-	-	$5,971
Total obligations	**$297,406**	**$82,760**	**$33,464**	**$94,949**	**$86,233**

Pumpkin Hollow Copper Development Property

The Company has a 100% interest in the Property situated near Yerington, Nevada. The Property is comprised of private land owned directly by the Company and leased patented claims. The Company entered into the Lease Agreement (the “Lease”) for the leased patented claims with RGGS Land & Minerals Ltd. (“RGGS”) in May 2006. The Lease had an initial term of ten years, has been renewed for a further ten-year term, and is renewable for up to two more additional ten-year terms for a total of 40 years.

Under the terms of the Lease, the Company is required to pay advance royalty payments of $600,000 annually until the second expiry date of the Lease in May 2026. Following the completion of the second ten-year term the Lease can be extended for two further ten-year terms if it has made $10,000,000 in production royalties and minimum royalty payments to RGGS in the previous term or if it pays to RGGS the difference between $10,000,000 and what was actually paid during the previous ten-year term.

The Company must also pay RGGS a net production royalty on copper obtained from leased patented claims. The royalty rate is 4% on copper when the copper price is less than $1.00 per pound, 5% when the copper price is between $1.00 per pound and $2.00 per pound, and 6% when the price of copper is greater than $2.00 per pound. On all other minerals, such as gold and silver, except iron, the royalty rate is 5%. These royalties will be offset by earlier advance royalty payments subject to the annual minimums (“accrued minimum royalty balance”). There is also a smaller royalty payable to RGGS on copper, gold, silver and taconite (iron) on any production derived from a defined Area of Interest (“AOI”) surrounding, and extending approximately 1 mile from the boundary of, the leased patented claims. The royalty rate on production from within the AOI is 2% for non-ferrous metals and the royalty rate for ferrous metals is $0.20 per ton.

During a future month within which the accrued minimum recoverable royalty balance is reduced to a value that is between 100-130% of the sum of the next three months of projected production royalty, the Company shall provide RGGS with a standing irrevocable letter of credit in favour of RGGS in an amount generally equivalent to the sum of three months projected production royalty to be received by RGGS.

The Company is current with all required Lease payments and advance royalty payments. Cumulative advance royalty payments made total $6,426,000 to December 31, 2021.

LEGAL

During Q1 2021, NCI entered into a settlement agreement with its former contractor, Cementation USA Inc. (“Cementation”), to resolve the litigation relating to the mining development contract for the Underground Mine. As part of the settlement, NCI paid Cementation $1 million upon release of the related bond and agreed to pay Cementation $9 million in installments beginning in September 2021, of which $9 million was guaranteed by Pala. The Company paid Cementation $2,250,000 on both September 1, 2021 and December 1, 2021. The parties agreed on amended settlement terms in December 2021, pursuant to which NCI agreed to pay $2,250,000 to Cementation on October 15, 2022 and $2,450,000 to Cementation on December 15, 2022, which payments are guaranteed by Pala. Under a fee agreement between Pala and the Company, a 5% fee on the original guaranteed amount of $9,000,000, being $450,000, was payable by the Company to Pala, which was satisfied by the Company through the issuance of 356,002 common shares to Pala in February 2021 (the “Guarantee Shares”), representing a price per Guarantee Share of C$1.62, being the current market price of the common shares when the fee agreement was entered into.

The court has dismissed all claims and the $3.4 million bond issued in connection with the dispute has been released. Based on the settlement, a reduction to the accrued amounts of $3.5 million has been recorded as the settlement amount of $10 million is less than the $13.5 million amount that had been accrued by the Company. This was an adjustment event for accounting purposes as it is the settlement of a lawsuit and was recorded in Q4 2020.

In Q1 2021, NCI entered into a settlement agreement (the “Settlement Agreement”) with Sedgman USA Inc. (“Sedgman”), the primary contractor for construction and commissioning of the processing plant at the Underground Mine, in order to resolve the litigation related to the parties’ contractual obligations. As part of the settlement, the Company issued 1,599,251 common shares to Sedgman at C$1.60 per common share, the market price of the common shares at the time that the settlement agreement was entered into, totalling $2 million.

In Q3 2021, upon Sedgman meeting certain performance thresholds under the Settlement Agreement, the Company issued 437,481 common shares to Sedgman at a price of C$2.27 per common share, the market price of the common shares at the time the performance thresholds were met, totalling $0.8 million. In Q4 2021, upon Sedgman meeting certain additional performance thresholds under the Settlement Agreement, the Company issued an additional 2,238,819 common shares to Sedgman at a price of C$0.68 per common share, the market price of the common shares at the time the performance thresholds were met, totalling $1.2 million.

NCI paid $1 million to Sedgman on December 31, 2021 in connection with the Settlement Agreement. Further, NCI must pay Sedgman $1 million in cash before June 30, 2022, an additional $1 million in cash before September 30, 2022, and an additional $2 million in cash before December 31, 2022.

The court has dismissed all claims in connection with the dispute.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

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

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

The CEO and CFO evaluated the effectiveness of the Company’s DCP and ICFR as required by NI 52-109 issued by the Canadian Securities Administrators. They concluded that as of December 31, 2021, the Company’s design and operation of its DCP and ICFR were effective. The CEO and CFO also concluded that no material weaknesses existed in the design of the ICFR.

The Company continually reviews and enhances its systems of controls and procedures. However, because of the inherent limitation in all control systems, management cautions that ICFR will not prevent or detect all misstatements due to error or fraud.

OFF-BALANCE SHEET ARRANGEMENTS

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

NEW ACCOUNTING PRONOUNCEMENTS

Certain recent accounting pronouncements have been included under Note 2 in the Company’s audited consolidated financial statements for the year ended December 31, 2021, which are discussed below.

Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16): Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16): The amendments prohibit an entity from deducting from the cost of an item of property, plant, and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. This amendment is effective for the Company's annual reporting period beginning January 1, 2022. The Company is in the process of assessing the impact of the adoption of this amendment. None of the remaining standards and amendments to standards and interpretations which have been issued but are not yet effective are expected to have a significant effect on the consolidated financial statements of the Company.

Interest Rate Benchmark Reform: The Company adopted Interest Rate Benchmark Reform - Phase 2: Amendments to IFRS 9, IAS 39, IFRS 4 and IFRS 16 (the "Phase 2 Amendments") effective on January 1, 2021. Interest rate benchmark reform (the "Reform") refers to a global reform of interest rate benchmarks, which includes the replacement of some interbank offered rates with alternative benchmark rates.

The Phase 2 Amendments provide a practical expedient requiring the effective interest rate to be adjusted when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities that relate directly to the Reform rather than applying modification accounting which might have resulted in a gain or loss. In addition, the Phase 2 Amendments require disclosures to assist users in understanding the effect of the Reform on the Company's financial instruments and risk management strategy. The 2021 Credit Facility and the KfW IPEX-Bank Facility as defined in Note 5 (a and b) in the Financial Statements are indexed to London interbank offered rates that have not yet transitioned to alternative benchmark rates at the end of the current reporting period.

CRITICAL ACCOUNTING ESTIMATES

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates, assumptions, and judgements that affect the application of accounting policies and the reported amounts of assets and liabilities and disclosure of contingencies at the date of the consolidated financial statements, along with reported amounts of revenues and expenses during the period. Actual results may differ from these estimates, and as such, estimates and underlying assumptions are reviewed on an ongoing basis. Changes in estimates are recognised in the period in which the estimates are revised and in any future periods affected.

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

i) Mineral reserve and resource estimates

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

ii) 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) Recoverable amount of mineral properties, plant and equipment

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

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

ii) Going concern

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

iii) Achievement of Commercial Production

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 reach this level. Management considers several factors including, completion of a reasonable period of commissioning and whether consistent operating results are being achieved at a predetermined level of design capacity. During the year ending December 31, 2021, commercial production was not achieved in relation to the Underground Mine.

RISKS AND UNCERTAINTIES

The Company and its future business, operations and financial condition are subject to various risks and uncertainties, including due to the nature of its business and the present stage of development of its mineral properties. Risks and uncertainties are described in this MD&A and under the heading "Risk Factors" in the Company's Annual Information Form, which is available on SEDAR at www.sedar.com.

COVID-19

COVID-19 has caused severe disruptions in regional economies and the world economy and financial and commodity markets in general. The transmission of COVID-19 and efforts to contain its spread resulted in international, national and local border closings, travel restrictions, significant disruptions to business operations, supply chains and customer activity and demand, service cancellations, workforce reductions and other changes, significant challenges in healthcare service provision and delivery, mandated closures and quarantines, as well as considerable general concern and uncertainty, all of which have negatively affected the Company's operations and the economic environment in general and may in the future have further impacts.

The circumstances relating to the virus are dynamic and its impacts on the Company's business operations, including the timing, duration and extent of the impact on the Company's mine development and ramp-up process at the Underground Mine and future production, cannot be reasonably estimated at this time. The future impacts of COVID-19 may adversely affect the Company's ability to complete the ramp-up and operation of the Underground Mine and to comply with its covenants under its contracts, including under the KfW IPEX-Bank Facility, the Working Capital Facility, the 2021 Credit Facility and other credit facilities/financing arrangements.

The Company has had localized workplace COVID-19 incidents at the Underground Mine affecting its employees and its contractors. While those incidents have been addressed pursuant to the Company's policies, the continued spread of the virus and further infections of COVID-19 may lead to work-stoppages and/or additional protocols and work restrictions at the Underground Mine, which could potentially delay the Company's ramp-up process and lead to suspensions of operations, depending on the nature of any future outbreaks. The Company has also been experiencing labour availability constraints and supply chain issues as a result of the pandemic.

Ramp-up of operations at the Underground Mine

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

The Company has to date experienced negative cash flow from operating activities and has a significant working capital deficiency. Positive operating cash flows are not expected to be achieved until the Company has advanced its ramp-up to a sufficient level at the Underground Mine. The inability to successfully ramp-up production at the Underground Mine on time and within budget expectations is likely to have a material adverse effect on the Company.

The Company has been working to complete multiple crossings of a water-bearing dike structure. While the first crossing has been completed, two other planned crossings have not yet been successfully completed due to challenging and highly variable ground conditions. The Company is performing additional work, including drilling, to improve the understanding of the geological structure and ground conditions in order to successfully complete these crossings. This has delayed the progress of development towards the East North stoping area, which is currently proceeding through the first dike crossing. The delay in and additional work required to complete the dike crossings has resulted in increased costs and delayed development progress.

As previously disclosed, the timetable and costs for the development of the Underground Mine have been significantly adversely impacted by a series of geotechnical and operational issues. Since the beginning of December 2021, the Company experienced reduced productivity as result of lower than planned productivity from its mining contractor, lower than expected equipment availability, including due to the loss of the scoop (which has now been resolved), further unexpected challenges with the second dike crossing, and additional COVID-19 related labour constraints and supplier delivery issues. In addition to the loss of productivity, the loss of the scoop resulted in additional maintenance and rental costs and a greater cash repayment on the Working Capital Facility than expected. Due to the cumulative impact of these factors, management is assessing the financing alternatives that may be available to the Company by mid-year 2022 in order to complete the ramp of the Underground Mine, with an emphasis on alternatives that do not include the issuance of new equity, such as utilizing the $15 million accordion feature under the 2021 Credit Facility (subject to the lender’s consent) and potential concentrate sale prepay arrangements. The Company is currently working to complete further mine planning analysis, taking into account the factors referred to above, which is expected to provide an indication of the amount and timing of the required funding.

The ability of the Company to complete the ramp-up is dependent on, among other things, results from operations, progress in accordance with the Company’s timing and cost expectations, an increase in concentrate production and sales, favourable copper market conditions and the ability to obtain additional required financing. There can be no assurance that these requirements will be achieved. In addition, there can be no assurance that the actual costs to complete the ramp-up will not be greater than expected by the Company or that further significant ramp-up delays will not occur. If the above requirements are not achieved or other material adverse events or delays occur then, in the absence of sufficient financing being arranged, the Company may not be able to continue operations. This may result in, among other things, its secured lenders becoming able to enforce on their security over the Company's assets.

Mine Planning

As previously disclosed, through the geotechnical analysis that the Company has completed at the Underground Mine, it elected to reduce the size of certain early stopes in a localized area where initial ramp-up ore is planned. This reduction in early stopes resulted in an increase to the cost estimates required to complete the ramp-up at the Underground Mine and delayed the ramp-up process. In addition, delays in completing the necessary dike crossing and associated geotechnical conditions indicate that re-sequencing stope extraction near the dike will be required which may require changes to the mine plan and impact ore delivery. The Company also believes that there will not be mineralized material in the dike structure, contrary to previous expectations. The Company is in the process of reviewing and revising the mine plan to most efficiently address these issues and those identified in the section above. Further significant delays in completing the necessary dike crossings may further delay planned mining sequences and may necessitate further mine plan changes.

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

OUTSTANDING SHARE DATA

As of March 30, 2022, there were 446,073,813 common shares of the Company issued and outstanding, 5,731,489 stock options outstanding, 3,568,518 deferred share units outstanding, and warrants outstanding as per the table below:

Warrant Tranche	**Number outstanding**
November Offering Warrants[1]	132,644,300
Credit Facility Warrants[1]	15,000,000
January Offering Warrants[2]	154,848,475
Triple Flag Warrants[2]	15,000,000

As previously noted, on September 17, 2021, the Company completed the Share Consolidation on the basis of one (1) post-consolidation common share for every ten (10) pre-consolidation common shares. The common shares began trading on the TSX on a post-consolidation basis on September 21, 2021. The common shares, units, per share and per unit amounts have been restated in this MD&A (other than as noted herein) to reflect the Share Consolidation for comparative purposes.

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

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

FORWARD-LOOKING STATEMENTS

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

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

Such risks and uncertainties include, without limitation, those relating to: the ability of the Company to complete the ramp-up of the Underground Mine within the expected cost estimates and timeframe; requirements for additional capital and no assurance can be given regarding the availability thereof; the impact of the COVID-19 pandemic on the business and operations of the Company; the state of financial markets; history of losses; dilution; adverse events relating to milling operations, construction, development and 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 rates increase; global economy; limited history of production; future metals price fluctuations; speculative nature of exploration activities; periodic interruptions to exploration, development and mining activities; environmental hazards and liability; industrial accidents; failure of processing and mining equipment to perform as expected; labour disputes; supply problems; uncertainty of production and cost estimates; the interpretation of drill results and the estimation of mineral resources and reserves; changes in project parameters as plans continue to be refined; possible variations in ore reserves, grade of mineralization or recovery rates from management's expectations and the difference may be material; legal and regulatory proceedings and community actions; accidents; title matters; regulatory approvals and restrictions; increased costs and physical risks relating to climate change, including extreme weather events, and new or revised regulations relating to climate change; permitting and licensing; dependence on management information systems and cyber security risks; volatility of the market price of the Company's securities; insurance; competition; hedging activities; currency fluctuations; loss of key employees; other risks of the mining industry, as well as those risks discussed in the Company's Annual Information Form and in the section "Risk Factors" of this MD&A. The forward-looking statements and information contained herein are based upon assumptions management believes to be reasonable, including, without limitation: no adverse development 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; impacts of COVID-19 going forward; no material adverse change to the price of copper from current levels; and the absence of any other factors that could cause actions, events or results to differ from those anticipated, estimated or intended. The forward-looking information and statements are stated as of the date hereof (or as otherwise indicated). The Company disclaims any intent or obligation to update forward-looking statements or information except as required by law. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking information and statements, there may be other factors that could cause actions, events or results not to be as anticipated, estimated or intended. Specific reference is made to "Risk Factors" herein, and "Risk Factors" in the Company's Annual Information Form for a discussion of factors that may affect forward-looking statements and information. Should one or more of these risks or uncertainties materialize, should other risks or uncertainties materialize or should underlying assumptions prove incorrect, actual results and events may vary materially from those described in forward-looking statements and information. For more information on the Company and the risks and challenges of its business, investors should review the Company's filings that are available at www.sedar.com. The Company provides no assurance that forward-looking statements and information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements or information. Accordingly, readers should not place undue reliance on forward-looking statements or information.