

# Nevada Copper Announces \$378 Million Transformational Business Recapitalization and Project Financing for Pumpkin Hollow

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VANCOUVER, British Columbia, Dec. 22, 2017 (GLOBE NEWSWIRE) -- [Nevada Copper Corp.](#) (TSX:NCU) ("Nevada Copper" or the "Company") is pleased to announce that it has entered into arrangements for a \$378 million construction financing and recapitalization package. This is designed to provide Nevada Copper with a comprehensive funding solution and clear pathway towards first production in 2019 from its 100%-owned Pumpkin Hollow Copper Property ("Pumpkin Hollow").

Nevada Copper is now poised to transition to producer status from its strategic mineral assets in Pumpkin Hollow, which is the only fully-permitted copper project of scale in the United States, comprising two proposed copper mines:

- A near-production, high-grade underground mine with an existing production-size shaft and infrastructure (the "Underground Project"); and
- A large-scale open pit project with resource upside and optionality to pursue a staged-development plan (the "Open Pit Project").

The financing package is designed to provide a comprehensive funding solution for:

- The restart of construction of the Underground Project and to position Nevada Copper for anticipated first production in 2019; and
- Open Pit Project extension drilling and optimization works to commence in Q1 2018.

All dollar amounts in this announcement are presented in U.S. dollars unless otherwise noted.

## Financing Package Highlights

The \$378 million construction financing and recapitalization package (collectively, the "Restructuring") is to be provided by Triple Flag Mining Finance Bermuda Ltd. ("Triple Flag"), Pala Investments Ltd. ("Pala"), Red Kite Mine Finance ("Red Kite"), Concord Resources Ltd. ("Concord") as well as several institutional equity investors including JP Morgan Asset Management UK, and comprises the following:

- \$70 million precious metals stream (relating only to precious metal production from the Underground Project) from Triple Flag;
- \$80 million senior secured loan from Red Kite;
- \$53 million debt to equity conversion by Red Kite and Pala;
- \$25 million working capital facility which Concord has been mandated to arrange for the Company;
- \$90 million equity commitment from various equity investors including Pala; and
- \$60 million equity backstop from Pala which can be utilized at Nevada Copper's option for subsequent equity offerings.

The completion of these funding commitments is subject to various conditions and expected closing timing as described below.

## Benefits for Nevada Copper

The financing package provides Nevada Copper with:

• A strengthened and flexible balance sheet: Total company debt reduced by 55% to \$80 million of flexible senior debt:

- \$40 million tranche with a seven-year term, two-year principal and cash interest holiday, and a sculpted amortization schedule from years three to seven;
- \$40 million tranche with nine-year term, no obligatory cash payment of interest or principal until maturity; and
- All senior debt can be prepaid at any time without penalty.

• Comprehensive project funding solution: Additional funds from the underground precious metals stream and equity commitments are designed to provide a comprehensive funding solution to cover the \$182 million pre-production capital for the Underground Project.

• Attractive blended cost of financing: The multi-tranche financing provides Nevada Copper with a flexible source of funding at a low-blended cost of capital:

- Attractive precious metals stream applies only to Underground Project production, and substantially reduces equity dilution. Nevada Copper also has the right to buy down the stream to 55% from 90% at its option on March 31, 2020, providing substantial optionality to retain underground resource upside;
- Flexible senior debt and ability to refinance without penalty;
- Low-cost working capital facility being sought with the assistance of Concord, a global commodities merchant;
- Participation of several new institutional equity investors; and
- Significant equity backstopped amounts available at Nevada Copper's option.

Evgenij Iorich, Chairman of Nevada Copper commented:

*"This financing is a pivotal moment for Nevada Copper. Having previously announced the appointment of a new COO, the pre-feasibility study for an optimized high-grade Underground Project, and the optimization plan for the large-scale Open Pit Project, this construction financing package positions the company to move forward with those plans with the aim of realizing first production from Pumpkin Hollow in 2019 and the optimization of the Open Pit in 2018.*

*I would like to thank Giulio Bonifacio, Phil Day and the full Nevada Copper executive team and our board of directors for their efforts in pulling together this highly-attractive multi-tranche financing package. I would also like to thank Nevada Copper's financing partners, including Triple Flag, Red Kite and Concord Resources.*

*I now look forward to seeing Nevada Copper make swift progress with project development, including the near-term appointment of EPC and mining contractors, securing of long-lead items for the Underground Project, resource extension drilling for the Open Pit Project, and realizing the full value of this strategic asset."*

#### Further Details of the Financing Package

##### Triple Flag Investment

Nevada Copper, its subsidiary, Nevada Copper, Inc. ("NCI"), and Triple Flag have entered into a metals purchase and sale agreement (the "Stream Agreement") whereby Triple Flag has committed to fund a deposit of \$70 million (the "Deposit") against future sale and delivery by NCI of 90% of the gold and silver production from the Underground Project, calculated based on a fixed ratio of 162.5 ounces of gold for each 1 million pounds of copper in concentrate produced and 3,131 ounces of silver for each 1 million pounds of copper in concentrate produced. NCI will receive an ongoing payment of 10% of the spot price for each ounce of gold and silver delivered to Triple Flag. NCI has a one-time option on

March 31, 2020 to reduce the amount of gold and silver to be delivered under the Stream Agreement to 55% of the gold and silver production from the Underground Project (based on the fixed ratios noted above) by making a payment of \$36 million, subject to certain adjustments. Nevada Copper and its subsidiaries have provided security for the performance of the obligations under the Stream Agreement over all of their respective assets.

In addition, Triple Flag will provide \$10 million of equity funding under the Current Equity Offering (as defined below), subject to certain conditions, including the Current Equity Offering raising proceeds of not less than \$90 million (net of applicable fees and expenses), inclusive of the \$10 million subscription by Triple Flag, and concurrent closing of the Red Kite Loan Agreement (as defined below).

Funding of the Deposit is conditional on, among other things, a decision to proceed with construction of the Underground Project on a fully funded basis (excluding working capital) and completion of the Current Equity Offering and Subsequent Equity Offering (as defined below), such that the aggregate proceeds to the Company will be not less than \$150 million (net of applicable fees and expenses).

#### Nevada Copper Current Equity Offering

The Company plans to complete prior to the end of January 2018 an equity offering to raise proceeds of at least \$90 million (net of applicable fees and expenses) (the "Current Equity Offering"). Nevada Copper has engaged Scotia Capital Inc., National Bank Financial Inc. and Arlington Group Asset Management Limited as agents in relation to a brokered component of the Current Equity Offering.

The Current Equity Offering will consist of the issuance, on a private placement basis, of up to a maximum of 256,410,256 special warrants (the "Special Warrants") at a price of C\$0.50 per Special Warrant for gross proceeds of up to C\$128,205,128. Each Special Warrant will be automatically exercised into one common share of the Company (a "Common Share") on the date (the "Automatic Exercise Date") that is the earlier of: (i) the date that is three (3) business days following the date on which the Company obtains a receipt from the applicable Canadian securities regulatory authorities for a (final) short form prospectus qualifying the distribution of the Common Shares issuable upon exercise of the Special Warrants (the "Qualifying Prospectus"), and (ii) the date that is four months and one day after the issuance of the Special Warrants.

In connection with the Current Equity Offering, Nevada Copper has entered into binding subscription agreements with Pala in respect of a \$40 million subscription and certain other investors in respect of an aggregate of approximately \$22 million of subscriptions. In addition, Pala has agreed to backstop, subject to certain standard conditions, \$30 million of additional Special Warrants in respect of the Current Equity Offering on the same terms as the Current Equity Offering. The proceeds of the backstop, when combined with the existing aggregate \$62 million of executed subscription agreements, would be sufficient to meet the foregoing requirement. Based on initial indications of investor interest in the Current Equity Offering, the Company does not currently anticipate that it will have to rely on the backstop arrangement with Pala. Pala shall be paid a commitment fee of 2% of their commitment amount in cash in respect of this equity backstop arrangement. This provides the opportunity for other new and existing accredited investors to take part in the Current Equity Offering. Closing of the foregoing subscriptions is expected to close concurrently by the end of January 2018 and are subject to a number of conditions precedent, including approval of the Toronto Stock Exchange (the "TSX"), closing of the Red Kite Loan Agreement and that the aggregate proceeds of the Current Equity Offering shall be at least \$90 million (net of applicable fees and expenses).

#### Nevada Copper Subsequent Equity Offering

Following closing of the Current Equity Offering, as Nevada Copper advances a number of its development plans for the Underground Project and the Open Pit Project as previously announced on November 20, 2017 and November 28, 2017, the Company intends to complete a further offering of Common Shares (or securities convertible into Common Shares) for aggregate net proceeds together with the Current Equity Offering of at least \$150 million on terms to be determined in the context of the market, in compliance with the policies of the TSX (the "Subsequent Equity Offering"). Scotia Capital Inc. and National Bank Financial Inc. have rights to be retained as joint bookrunners on the Subsequent Equity Offering.

#### Equity Backstop Funding Available at Nevada Copper's Option

To ensure that the Company will be well-positioned to successfully implement the Subsequent Equity Offering at the time of its choosing and to take advantage of favourable market conditions, the Company has entered into certain equity backstop agreements to purchase Common shares (or securities convertible into Commons Shares) for an aggregate amount of \$60 million, which may be called by the Company at its option, to mitigate funding risks for the Company as it advances the Underground Project into construction.

In this respect, the Company has entered into a backstop agreement (the "Equity Backstop") with Pala and Triple Flag whereby Pala has agreed to backstop an amount equal to \$125 million less the amount raised in the Current Equity Offering prior to June 30, 2019. In addition, the Company has also entered into an additional backstop agreement (the "Additional Equity Backstop") with Pala where Pala has agreed to backstop an additional amount of \$25 million. Should the Company exercise its option under the aforesaid equity backstop arrangements, the Common Shares (or securities convertible into Common Shares) that may be issued thereunder will be at a price that is to be agreed among the Company and Pala, provided such price shall not be less than the applicable market price at the time of such subscription less the maximum permitted discount under the policies of the TSX. Pala shall be paid 2% of their commitment amount in cash in respect of the equity backstop arrangements. The Equity Backstop and Additional Equity Backstop is subject to certain conditions, including confirmation that funding of the Deposit will occur concurrently and closing of the Red Kite Loan Agreement.

The equity backstop arrangements provide Nevada Copper with significant flexibility to raise the remaining equity amount to complete construction of the Underground Project. The Company intends to raise the remaining funds from subsequent equity offerings prior to the commencement of construction of the Underground Project to take advantage of favourable market conditions.

#### Red Kite Debt Restructuring

The Company has entered into an amended and restated loan and security agreement (the "Red Kite Loan Agreement") with its senior lender Red Kite Mine Finance, through its affiliate EXP T1 Ltd. The Company's outstanding indebtedness to Red Kite will be approximately \$136 million, inclusive of principal and estimated interest as of December 31, 2017. As part of the Restructuring, the Company's outstanding indebtedness to Red Kite will be reduced to \$80 million by way of a prepayment of approximately \$42 million from the Current Equity Offering proceeds (assuming closing of the Current Equity Offering on January 31, 2018) and, subject to completion of the Subsequent Equity Offering and compliance with TSX policies, conversion of another \$15 million of outstanding indebtedness into Common Shares, at a conversion price per Common Share equal to the average price per Common Share of the last \$50 million of the first \$150 million raised pursuant to the Current Equity Offering and Subsequent Equity Offering, provided that the conversion price shall not be more than a 10% premium to the applicable 20 day volume-weighted average trading price of the Company's Common Shares prior to such conversion.

The \$80 million of remaining indebtedness will consist of two tranches of \$40 million each. Tranche 1 will have a 7 year term, interest at LIBOR +8%, a 2 year grace period on cash interest and 20 quarterly sculpted repayments. Tranche 2 will have a 9 year term, interest at LIBOR +8.5% and a single repayment of principal and interest at maturity. Closing is subject to certain conditions, including completion of a minimum Current Equity Offering of \$90 million (net of applicable fees and expenses) and conversion of the Pala Convertible Loan (as defined below).

#### Pala Debt Conversion and Investor Rights Agreement

The approximately \$38.2 million of outstanding indebtedness under the Pala Convertible Loan (assuming closing of the Current Equity Offering on January 31, 2018) will be converted into Common Shares. The Pala Convertible Loan shall be converted at C\$0.50 per Common Share, being the same issuance price as the Special Warrants issued in the Current Equity Offering. Pala has provided a notice of exercise for all amounts outstanding under the Pala Convertible Loan, subject to the completion of the Current Equity Offering and closing under the Red Kite Loan Agreement. Assuming a closing date of January 31, 2018 and an exchange rate on the closing date of C\$1.29 per U.S. dollar, upon the conversion of the Pala Convertible Loan, an aggregate of 98,628,413 Common Shares will be issued to Pala, and Pala will subscribe for Special Warrants in the Current Equity Offering that are convertible into 102,800,000 Common Shares. As a result thereof, Pala would hold an aggregate of 245,429,675 Common Shares, representing approximately

54.8% of then-outstanding Common Shares. Based on the foregoing assumptions, if Pala were required to discharge its backstop obligations under the Current Equity Offering, it would subscribe for an additional 77,400,000 Common Shares, bringing its total interest to 322,829,675 Common Shares, representing approximately 72.0% of then-outstanding Common Shares. An aggregate of 355,038,669 Common Shares (381.0% of the number of currently outstanding Common Shares) are issuable pursuant to the Current Equity Offering and the conversion of the Pala Convertible Loan. An aggregate of 278,828,413 Common Shares (299.2% of the number of currently outstanding Common Shares) are issuable to Pala pursuant to the conversion of the Pala Convertible Loan, Pala's subscription under the Current Equity Offering, and full discharge of the backstop obligation if exercised by the Company.

In connection with the conversion of the Pala Convertible Loan, the Company and Pala have entered into an investor rights agreement, pursuant to which Pala has been granted the continuation of certain rights it held pursuant to the Pala Convertible Loan, including the right to nominate up to three members of the board of directors of the Company (the "Board"), subject to Pala maintaining certain share ownership thresholds, and the right, so long as it holds at least 15% of the outstanding common shares of the Company, to participate in future equity offerings of the Company on a *pro rata* basis.

#### Working Capital Facility

The Company has entered into a marketing services agreement with Concord, whereby Concord will act as the Company's marketing agent to support Nevada Copper in maximizing the value of offtakes, advising on logistics and freight, and exploring product swaps with strategic offtakers to support further financing efforts.

Additionally, Nevada Copper has mandated Concord to source a working capital revolving facility (the "Working Capital Facility"), the intended key terms of which include a principal amount of available indebtedness of \$25 million, 3 year term that is mutually extendable, interest rate of LIBOR + 3% and subordinated security to both the Red Kite Loan Agreement and the Stream Agreement. The entering into of such Working Capital Facility is subject to receiving acceptable offers from potential lenders and finalizing definitive documentation. There is no certainty such Working Capital Facility will be entered into or entered into on the terms set forth above.

#### Corporate Governance

On October 23, 2017, the Board formed a special committee of independent board members (the "Special Committee"), consisting of members of the Board who are independent of Pala and management, and who have no direct or indirect interest in any of the transactions contemplated by the Restructuring, to consider the planned Restructuring. The Special Committee met on numerous occasions and oversaw the negotiations in respect of the Restructuring.

The Special Committee retained PricewaterhouseCoopers LLP ("PwC"), to provide independent financial advice and opinions to the Special Committee with respect to the fairness, from a financial point of view, of certain aspects of the Restructuring to shareholders of the Company other than those participating in the Restructuring transactions. Effective December 20, 2017, PwC provided the Special Committee with their opinion that: (i) the price in respect of the Current Equity Offering, (ii) the conversion price in respect of the Pala Convertible Loan, and (iii) the equity backstop arrangements as described above are fair, from a financial point of view, to the shareholders of the Company other than those participating in the Restructuring (the "Fairness Opinion").

After considering the terms of the Restructuring and having regard to the limited alternatives available to the Company, the financial position of the Company, as well as certain advice, reports and opinions it received from the Company's management and professional advisors, including the Fairness Opinion received from PwC, which is subject to the assumptions, limitations and qualifications set forth therein, the Special Committee concluded that the Restructuring is fair to shareholders and in the best interests of the Company and unanimously recommended that the Board approve the Restructuring. After receipt of the recommendation by the Special Committee, the Board determined that the Restructuring is in the Company's best interests, and approved the Restructuring. Each of Michael Brown, Stephen Gill and Evgenij Iorich, Pala's nominees on the Board, abstained on voting on the resolutions approving the Restructuring.

#### Financial Hardship

The Current Equity Offering and the amendment of the conversion price of the Pala Convertible Loan (the "Conversion Price Amendment") will involve, among other things: (i) the issuance of more than 25% of the number of currently outstanding Common Shares at below market price, (ii) the issuance to Pala, an insider of Nevada Copper, of more than 10% of the currently outstanding number of Common Shares; and (iii) the issuance of Common Shares at a 37% discount to the market price at time of announcement, which is greater than the maximum discount permitted by the TSX without shareholder approval. Nevada Copper would ordinarily be required to obtain shareholder approval pursuant to Sections 607(g)(i), 607(g)(ii), 607(e) and 610(a) of the TSX Company Manual (the "Manual"). However, Nevada Copper has applied to the TSX, pursuant to the provisions of Section 604(e) of the Manual, for a "financial hardship" exemption from the requirements to obtain shareholder approval of the Current Equity Offering and the Conversion Price Amendment, on the basis that absent the Current Equity Offering and the Conversion Price Amendment the Company is in serious financial difficulty due to the lack of available cash and funding resources, which would likely have led to a default under the Company's senior credit facility. The Current Equity Offering and the Conversion Price Amendment are designed to improve the Company's financial situation. The application was made upon the recommendation of the Special Committee which is comprised of all of the Company's independent directors, and was based on their determination that the transactions are reasonable for Nevada Copper in the circumstances.

Nevada Copper expects that, as a consequence of its financial hardship application, the TSX will place Nevada Copper under remedial delisting review, which is normal practice when a listed issuer seeks to rely on this exemption. Although Nevada Copper believes that it will be in compliance with all continued listing requirements of the TSX upon the closing of the Current Equity Offering and the Red Kite Loan Agreement, no assurance can be provided as to the outcome of such review or continued qualification for listing on the TSX. There can be no assurance that the TSX will accept the application for the use of the financial hardship exemption from the requirement to obtain shareholder approval described above.

Pursuant to Multilateral Instrument 61-101 - *Protection of Minority Security Holders in Special Transactions* ("MI 61-101"), Pala's participation in the Current Equity Offering, the Conversion Price Amendment, and the equity backstop arrangements described above will constitute related party transactions, and therefore certain shareholder approval and valuation requirements would apply to such transactions pursuant to MI 61-101, unless an exemption is available therefrom under the terms of MI 61-101. Nevada Copper intends to rely on the exemptions from the formal valuation and minority approval requirements in Sections 5.5(g) and 5.7(1)(e) of MI 61-101 in respect of such insider participation on the basis of financial hardship.

#### Advisors

Torys LLP and Axiom Law Corporation acted as legal counsel to the Company. Blake, Cassels & Graydon LLP acted as legal counsel to Triple Flag. Norton Rose Fulbright Canada LLP and Kirkland & Ellis LLP acted as legal counsel to Red Kite. Stikeman Elliott LLP acted as legal counsel to Pala. PwC acted as financial advisor to the Special Committee. Pala acted as technical advisor to the Company.

This news release does not constitute an offer to sell or a solicitation of an offer to buy any of the securities in the United States. The securities have not been and will not be registered under the *United States Securities Act of 1933*, as amended, (the "U.S. Securities Act") or any state securities laws and may not be offered or sold within the United States or to U.S. Persons unless registered under the U.S. Securities Act and applicable state securities laws or an exemption from such registration is available.

NEVADA COPPER CORP.

Giulio T. Bonifacio, President & CEO

#### About Triple Flag

Triple Flag Mining Finance Bermuda Ltd. and Triple Flag Mining Finance Ltd. together constitute Triple Flag. Triple Flag is one of the largest global private investment firms dedicated to the mining industry, with a primary focus on precious metal streaming and royalty investments. For more information, visit

<http://www.tripleflagmining.com>.

#### About RK Mine Finance

RK Mine Finance provides bespoke financing solutions to base and precious metals focused mining companies including bridge finance, construction finance, expansion funding, working capital and acquisition facilities. For more information, visit <http://www.rkminefinance.com>.

#### About Pala Investments

Pala is a multi-strategy investment company focused on the mining and metals value chain with a strong record of successful investments and value creation. Pala's team has extensive experience within the sector and seeks to assist companies in which it has long term shareholdings by providing strategic advice and innovative solutions in development, production, expansion and turnaround situations. Pala has been Nevada Copper's long-term cornerstone shareholder since 2010. For more information, visit <http://www.pala.com>

#### About Concord Resources

Concord is a global resources merchant focused on the supply chain and risk management of nonferrous metals and their associated raw materials. It is headquartered in London with offices in New York and Hong Kong. For more information, visit <http://www.concordltd.com>.

We seek safe harbour

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