

Nevada Copper Announces Restart Plan and Significant Proposed Financing Package

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YERINGTON, Aug. 25, 2022 - Nevada Copper (TSX: NCU) (OTC: NEVDF) (FSE: ZYTA) ("Nevada Copper" or the "Company") is pleased to announce that it has agreed to non-binding terms with its key financing partners to provide up to US\$93 million of liquidity to the Company in order to support the restart and ramp-up of the Company's Pumpkin Hollow copper mine (the "Underground Mine") located in Yerington, Nevada. The Company also announced the key components of its newly developed restart plan for the Underground Mine.

Randy Buffington, Chief Executive Officer, stated: "I am very pleased with the substantial ongoing support of all our key stakeholders. The significant contribution by each of them is a testament to the conviction in the quality of the Pumpkin Hollow project and its intrinsic value. The current pause of production allows the Company to make meaningful changes to address challenges that were impeding the final stages of the Underground Mine ramp-up. This is intended to de-risk the business plan and build a more profitable long-term business from the Underground Mine. We also continue to advance the open pit project at Pumpkin Hollow through the ongoing pre-feasibility study update process. I would also like to thank our team and key suppliers for the commitment and support through the recent challenges and I look forward to working towards a resumption of full operations."

Restart Mine Plan

The Company has advanced planning for the restart of operations at its Underground Mine. The restart plan is intended to de-risk the path to full-scale production by focusing on de-bottlenecking and completion of critical capital projects, in addition to the build-up of significant stope ore inventory, to facilitate a more efficient ramp-up upon mill restart and to reduce cash burn during the ramp-up period.

Provided that the funding package described below is completed on the expected timeline, the key components of the restart plan will be as follows: (i) changes to the underground mining contractor arrangements in order to improve performance of ramp-up activities with an ultimate goal of transitioning certain underground mining activities to be Company-performed, (ii) the second dike crossing scheduled to be completed during the third quarter of 2022 and the final dike crossing scheduled to be completed by the end of 2022, (iii) stoping in the higher grade East North mining zone scheduled to commence in the second quarter of 2023, and (iv) the mill restart scheduled to commence in the third quarter of 2023.

If the restart plan is executed as planned and on schedule, management anticipates that underground production will ramp-up to hoisting rates of approximately 3,000 tons per day ("tpd") in the third quarter of 2023 and then further increase to 5,000 tpd in the fourth quarter of 2023.

This revised operating plan is designed to mitigate operating risks and enhance flexibility of the underground operations.

Board Strengthening

In conjunction with the restart financing package, the board of directors of the Company (the "Board") will be strengthened in a number of areas, including:

- Chief Executive Officer Randy Buffington will join the Board as a director; and
- Both Triple Flag and Mercuria will each have the right to nominate a director and to have a representative on the Technical Committee of the Board.

Financing Package Highlights

Non-binding terms have been agreed with the Company's senior lender, KfW IPEX-Bank ("KfW"), its working capital provider, Concord Resources Limited ("Concord"), its largest shareholder, Pala Investments Limited ("Pala"), another significant shareholder, Mercuria Energy ("Mercuria"), and its stream and royalty partner, [Triple Flag Precious Metals Corp.](#) ("Triple Flag") for a restart funding package of up to US\$93 million.

The proceeds of the restart financing package are to be used primarily to fund the restart and ramp-up of the Underground Mine. The highlights of the non-binding package are as follows:

- *Equity Investments (US\$40 million):* Pala and Mercuria each to provide US\$20 million in exchange for common shares of the Company. Pala has already provided an early disbursement of US\$7.5 million from its US\$20 million commitment.
- *Stream and Royalty Financing (US\$30 million):* Triple Flag to increase its existing net smelter returns royalty on the Company's open pit project (the "Open Pit") from 0.7% to 2% for a purchase price of US\$26.2 million, subject to a full buyback of the increased royalty percentage. In addition, Triple Flag to accelerate the US\$3.8 million remaining to be funded under the Company's existing metals purchase and sale agreement with Triple Flag (the "Underground Mine Stream Agreement").
- *KfW Facility Extension (US\$15 million committed):* The Company's senior credit facility with KfW (the "KfW Facility") to be amended to provide for a new tranche of up to US\$25 million, of which Pala, Triple Flag and Mercuria would commit the first US\$15 million as a backstop.
- *Deferrals under Senior Project Facility and Working Capital Facility (expected to be at least US\$8 million):* KfW to defer three interest payments under the KfW Facility. Concord to defer interest and principal payments under the Company's working capital facility (the "Working Capital Facility").

Further Details of Restart Financing Package

Extension and Deferrals under KfW Facility

A new tranche under the KfW Facility would provide for new funding of up to US\$25 million (the "Extension Tranche"), with such loans being eligible to be funded by any of the parties that are part of the funding package, or any other lenders approved by such parties. Pala, Triple Flag and Mercuria have agreed to each backstop US\$5 million under the Extension Tranche. The Extension Tranche would be available to be drawn until December 31, 2023, after (i) the above stream, royalty and equity funds have been fully expended by the Company, and (ii) the Company has less than US\$10 million cash available for operating expenses.

The Extension Tranche would be available on substantially the same terms as the tranche A loan under the KfW Facility and would mature on the same date as tranche A, July 31, 2029. The interest rate on the Extension Tranche funds would be the SOFR + 5% and such loans would be secured by first lien security that ranks pari passu with KfW's existing security under the KfW Facility.

In addition, KfW would defer three interest payments under the tranche A and tranche B loans of the KfW Facility, being the interest payments due in July 2022 (which was previously deferred), January 2023 and July 2023. The deferred interest payments would be capitalized and added to the outstanding principal amount owing under the KfW Facility.

Working Capital Facility Deferrals

Concord to defer the repayment of the current principal balance under the Working Capital Facility until the earlier of (i) the restart of copper deliveries from the Underground Mine and the resumption of deliveries of concentrate to Concord pursuant to the offtake arrangements between Concord and the Company and (ii) a restart long-stop date to be determined. Concord would also defer interest payments owing under the Working Capital Facility until the restart of copper deliveries, after which interest would be paid on the repayment date for each tranche owing under the Working Capital Facility. New draws under the Working Capital Facility would become available upon the resumption of deliveries and satisfaction of certain other conditions.

These changes would be effected through amendments to, and waivers under, the Working Capital Facility.

Equity Investments

Pala and Mercuria to provide a US\$40 million equity investment to the Company, with Pala and Mercuria to each provide US\$20 million. Mercuria will fund its equity investment in two tranches, with US\$10 million being funded at the closing of the funding package and the remaining US\$10 million to be put in escrow on closing and funded upon the satisfaction or waiver of certain conditions. Pala's subscription and the first tranche of Mercuria's subscription will be at a subscription price equal to a 15% discount to the five-day volume weighted average price (the "VWAP") of the Company's common shares on the Toronto Stock Exchange (the "TSX") as of the trading day prior to the closing of the funding package (the "Equity Subscription Price"). The second tranche of Mercuria's investment will be at a subscription price equal to a 15% discount to the five-day VWAP of the Company's common shares on the TSX as of the trading day prior to the draw-down of such tranche by the Company.

In connection with Mercuria's investment, Mercuria would be granted the right to nominate one director to the Board and it would also be granted the right to nominate one individual to the Company's technical committee.

Pala's investment contribution would be satisfied, in part, through the cancellation of the short-term debt advanced to the Company by Pala as interim financing. Pala has indicated that it intends to provide additional short-term financing for the next few weeks to allow the Company time to close the financing package.

The Company is in discussions with other potential capital providers and may also pursue public and private capital markets opportunities to raise additional funds to complete the ramp-up process.

Stream and Royalty Financing

Triple Flag to provide an aggregate of US\$30 million through (i) an acceleration of the payment of its US\$3.8 million unfunded deposit under the Underground Mine Stream Agreement and (ii) an increase in its existing net smelter returns royalty on the Open Pit from 0.7% to 2% for a purchase price of US\$26.2 million:

- As part of the restart funding package, Triple Flag would accelerate the remaining payment of the increased deposit in the amount of US\$3.8 million to be disbursed under the existing Underground Mine Stream Agreement.
- In addition, the Company and Triple Flag would amend the Open Pit royalty agreement that was entered into in March 2020 to increase the total royalty payable to 2% in exchange for a US\$26.2 million purchase price. The Company will have the option to buy back 100% of the increased Open Pit royalty (being the 1.3% increased royalty amount) for US\$33 million until the earlier of (i) 24 months from the date that the amended and restated Open Pit royalty agreement is entered into; or (ii) a change of control of the Company.
- Triple Flag would fund its investment in two tranches, with US\$20 million being funded at the closing of the funding package and the remaining US\$10 million to be put in escrow on closing and funded upon the satisfaction or waiver of certain conditions.

In connection with Triple Flag's investment, Triple Flag would be granted the right to nominate one director to the Board (which it may opt to exercise at any time through a nominee to the Company's advisory board instead of the Board) and it would also be granted the right to nominate one individual to the Company's technical committee.

Debt Consolidation

The Company and Pala to consolidate all of the indebtedness currently owing to Pala by the Company into an amended and restated credit facility (the "Amended Credit Facility"), which would amend the existing credit agreement entered into by Pala and the Company in November 2021 (the "Pala Facility"). The loans outstanding to be consolidated into the Amended Credit Facility would include (i) the total of US\$53 million outstanding under the Pala Facility, and (ii) US\$20 million that was recently advanced to the Company under a promissory note in June and July 2022. Amounts owing under the Amended Credit Facility would be convertible into common shares of the Company, at Pala's option, at a conversion price equal to a 20%

premium to the Equity Subscription Price. (In addition, Mercuria would be granted warrants to allow it to acquire common shares pro rata with Pala's conversion of its convertible debt to preserve its equity position at the same exercise price as the Pala convertible debt conversion price.) Pala would be granted fourth-lien security to secure amounts owing under the Amended Credit Facility (after KfW, Triple Flag and Concord) and the Company's wholly owned subsidiary, Nevada Copper, Inc. ("NCI"), would become a guarantor of all amounts outstanding under the Amended Credit Facility (NCI is the principal obligor under the KfW Facility, the Underground Mine Stream Agreement and the Working Capital Facility). The remaining commercial terms in the Amended Credit Facility will remain substantially the same as the terms under the Pala Facility. In addition, certain other amounts owing to Pala by the Company would be satisfied through the issuance of additional common shares to Pala at the Equity Subscription Price.

In connection with the entering into of the Amended Credit Facility, Pala and KfW would agree to amend Pala's existing guarantee of the US\$15 million tranche B loan outstanding under the KfW Facility to permit Pala to purchase the loan in certain circumstances.

Definitive Documentation, Regulatory and Other Matters

The closing of the funding package described above is subject to, among other things, finalization of the specific terms thereof, negotiation and execution of definitive documentation and the satisfaction of various regulatory requirements. The Company and its key financing partners intend to enter into definitive documents in respect of the funding package by mid-September. The completion of the financing package will be subject to the approval of the TSX and, given the urgency of the Company's liquidity situation, the Company intends to rely on certain exemptions from the shareholder approval requirement that might otherwise apply under TSX rules and applicable securities laws.

There can be no assurance that binding agreements will be entered into or completed (or the required regulatory approvals obtained) on terms satisfactory to the Company and within the required timeframe, or at all. In addition, there can be no assurance that the Company will be able to raise the further funding to supplement the financing package described above that will be required to complete the restart and ramp-up process. If the restart funding package is not completed, absent other financing, the Company will not be able to continue carrying on business in the ordinary course and may need to pursue proceedings for creditor protection. The Company's creditors may also seek to commence enforcement action, including realizing on their security over the Company's assets.

Effective August 26, 2022, Matt Anderson will replace Kris Sims as the interim chief financial officer of the Company. Mr. Anderson is a Certified Public Accountant and previously served as the Director, Corporate Finance at [Argonaut Gold Inc.](#) The Company thanks Mr. Sims for his valuable contributions over his term as interim chief financial officer and wishes him the best in his next endeavors.

Qualified Person

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

About Nevada Copper

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

Randy Buffington
President & CEO

For additional information, please see the Company's website at www.nevadacopper.com, or contact:

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Cautionary Language on Forward Looking Statements

This news release contains "forward-looking information" and "forward-looking statements" within the meaning of applicable Canadian securities laws. All statements in this news release, other than statements of historical facts, are forward-looking statements. Such forward-looking information and forward-looking statements specifically include, but are not limited to, statements that relate to the completion of the funding package described above, including the terms and timing thereof, the plans and requirement for supplementary financing, regulatory requirements, creditor protection proceedings, and mine planning and expected development schedule.

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

Such risks and uncertainties include, without limitation, those relating to: requirements for additional capital and no assurance can be given regarding the availability thereof; the outcome of discussions with creditors and vendors; potential creditor protection proceedings; the ability of the Company to complete the ramp-up of the Underground Mine within the expected cost estimates and timeframe; the impact of COVID-19 on the business and operations of the Company; the state of financial markets; history of losses; dilution; adverse events relating to milling operations, construction, development and ramp-up, including the ability of the Company to address underground development and process plant issues; ground conditions; cost overruns relating to development, construction and ramp-up of the Underground Mine; loss of material properties; interest 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 Management's Discussion and Analysis in respect of the year ended December 31, 2021 and the quarter ended March 31, 2022 and in the section entitled "Risk Factors" in the Company's Annual Information Form dated March 31, 2022. The forward-looking statements and information contained in this press release are based upon assumptions management believes to be reasonable, including, without limitation: no adverse developments in respect of the property or operations at the project; no material changes to applicable laws; the ramp-up of operations at the Underground Mine in accordance with management's plans and expectations; no worsening of the current COVID-19 related work restrictions; reduced impacts of COVID-19 going forward; the Company will be able to obtain sufficient additional funding to complete the ramp-up, no material adverse change to the price of copper from current levels; and the absence of any other factors that could cause actions, events or results to differ from those anticipated, estimated or intended.

The forward-looking information and statements are stated as of the date hereof. The Company disclaims any intent or obligation to update forward-looking statements or information except as required by law. Although the Company has attempted to identify important factors that could cause actual actions, events, or results to differ materially from those described in forward-looking information and statements, there may be other factors that could cause actions, events or results not to be as anticipated, estimated or intended. Specific reference is made to "Risk Factors" in the Company's Management's Discussion and Analysis in respect of the year ended December 31, 2021 and the quarter ended March 31, 2022 and "Risk Factors" in

the Company's Annual Information Form dated March 31, 2022, for a discussion of factors that may affect forward-looking statements and information. Should one or more of these risks or uncertainties materialize, should other risks or uncertainties materialize or should underlying assumptions prove incorrect, actual results and events may vary materially from those described in forward-looking statements and information. For more information on the Company and the risks and challenges of its business, investors should review the Company's filings that are available at www.sedar.com.

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.

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