

# Nevada Copper Provides Update on the Proposed Restart Financing Package

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YERINGTON, Oct. 25, 2022 - Nevada Copper (TSX: NCU) (OTC: NEVDF) (FSE: ZYTA) ("Nevada Copper" or the "Company") is pleased to provide an update with respect to the proposed financing package (the "Restart Financing Package") that was previously announced in the Company's news releases dated August 25, 2022, September 26, 2022 and October 6, 2022 (the "Prior Announcements") and additional details in furtherance of its application pursuant to Section 604(e) of the TSX Company Manual for a "financial hardship" exemption.

The Company and its key financing partners intend to enter into definitive documents in respect of and close the Restart Financing Package concurrently on October 28, 2022 (the "Closing Date").

The Restart Financing Package is expected to provide up to US\$123 million of liquidity to the Company in order to support the restart and ramp-up of the Pumpkin Hollow underground copper mine (the "Underground Mine"). The closing of the Restart Financing Package will be subject to the approval of the Toronto Stock Exchange (the "TSX"). The change of control proposal received from the third-party strategic investor referred to in the October 6, 2022 Prior Announcement is not expected to proceed.

## *Restart Financing Package Update and Comparison to Previous Package*

The significant changes to the dilutionary components of the Restart Financing Package as compared to the key components disclosed in the September 26, 2022 Prior Announcement (the "Previous Package") are as follows:

- **Equity Investments (US\$40 million):** Pala Investments Limited ("Pala") is expected to fund its equity investment by the cancellation of US\$20 million in short-term debt as opposed to US\$13.5 million in short-term debt and US\$6.5 million in cash. Dilution is expected to increase as a result of the lower current market price of the common shares in the capital of the Company ("Shares"). Pala and Mercuria Energy ("Mercuria") have agreed to accept Shares in settlement of their respective reimbursable expenses.
- **Stream and Royalty Financing (US\$30 million):** [Triple Flag Precious Metals Corp.](#) ("Triple Flag") has agreed to accept Shares in settlement of its reimbursable expenses.
- **Pala Debt Consolidation and Pala Warrants:** The principal amount of indebtedness under the Pala amended debt instrument (the "Pala Debt Instrument") will be approximately US\$76.5 million as opposed to US\$73 million. Pala will receive 100% warrant coverage on the Pala Debt Instrument and the Pala Debt Instrument will no longer be convertible into Shares. Dilution is expected to increase as a result of the lower current market price of the Shares.
- **Additional Backstop Support from Pala (US\$25 million):** Pala is expected to provide the Company with backstop funding of up to US\$25 million in exchange for issuances of Shares, convertible and/or non-convertible debt of the Company (the "Backstop"). The Backstop was not contemplated in the Previous Package.

A summary of the key components of the Restart Financing Package and the expected dilution resulting from the Restart Financing Package compared to the expected dilution from the Previous Package as follows (note: the Illustrative Equity Subscription Price and Illustrative Exercise Price (each as defined below) are US\$0.1510 and US\$0.1810, respectively, as per the calculation assumptions set out below (previously US\$0.1665 and US\$0.2000, respectively, in the Previous Package):

- **Equity Investments (US\$40 million):** Pala, the Company's largest shareholder, and Mercuria, a significant shareholder of the Company, are each expected to provide US\$20 million in exchange for Shares. Pala has already advanced US\$20 million of such funding to the Company.

132,407,767 Shares pursuant to Pala's US\$20 million equity investment (*previously 120,088,496*  
10,089,723 Shares in satisfaction of Pala's guarantee and other fees (*previously 9,999,655 Shares*  
5,627,330 Shares in satisfaction of Pala's reimbursable expenses (*previously nil*).  
Expected Dilution Up to 132,407,767 Shares pursuant to Mercuria's US\$20 million equity investment (*previously 120,088,496*  
(Previous Package): Shares).  
1,655,097 Shares in satisfaction of Mercuria's estimated reimbursable expenses (*previously nil*).  
Up to 138,887,000 Shares on exercise of Mercuria Warrants (defined below) (*previously 119,205,000*  
Shares).  
Total: Up to 421,074,684 Shares (*previously up to 369,382,298 Shares*).

- **Stream and Royalty Financing (US\$30 million):** Triple Flag is expected to increase its existing net smelter returns royalty on the Company's open pit project from 0.7% to 2% for a purchase price of approximately US\$26.2 million, subject to a full buyback of the increased royalty percentage. In addition, Triple Flag is expected to accelerate the approximately US\$3.8 million remaining to be funded under the Company's existing metals purchase and sale agreement with Triple Flag.

Expected Dilution 1,655,097 Shares in satisfaction of Triple Flag's estimated reimbursable expenses (*previously nil*  
(Previous Package): Total: Up to 1,655,097 Shares (*previously nil*).

- **KfW Facility Extension (US\$15 million committed):** The Company's senior credit facility (the "KfW Facility") with KfW IPEX-Bank GmbH ("KfW") is expected to be amended to provide for a new tranche of up to US\$25 million, of which Pala, Triple Flag and Mercuria would commit the first US\$15 million as a backstop.

Expected Dilution None (*previously none*).  
(Previous Package):

- **Deferrals under Senior Project Facility and Working Capital Facility (expected to be approximately US\$13 million):** KfW is expected to defer three interest payments under the KfW Facility. Concord Resources Limited is expected to defer interest and principal payments under the Company's working capital facility.

Expected Dilution None (*previously none*).  
(Previous Package):

- **Pala Debt Consolidation and Pala Warrants:** Pala will consolidate approximately US\$76.5 million of the indebtedness currently owing to Pala by the Company into the Pala Debt Instrument.

Expected Dilution Up to 422,638,440 Shares on exercise of Pala Warrants (defined below) (*previously 374,402,808*  
(Previous Package): Additional warrants (with an exercise price equal to the then current market price of the Shares) if the Company does not pay interest in cash.  
Total: Up to 422,638,440 Shares (plus such additional warrants in the event the Company elects interest in cash) (*previously 374,402,808 Shares (plus such additional warrants in the event the Company elects not to pay interest in cash)*).

- **Additional Backstop Support from Pala (US\$25 million):** Pala is expected to provide the Company with the Backstop. The amount available pursuant to the Backstop will be reduced, from time to time, by amounts raised by the Company pursuant to alternative financings after the Closing Date. The Company may exercise the Backstop if, subject to other conditions, an aggregate of US\$65 million of the committed funding (excluding Pala's equity contribution, which has already been funded) under the Restart Financing Package has been made available to the Company. The issuance of any Shares and/or convertible debt of the Company upon the exercise, from time to time, of the Backstop will be subject to the approval of the TSX and the pricing of any equity component will be based on a 20% discount to the then current market price. The Backstop will expire 12 months from the Closing Date.

Expected Dilution Up to US\$25 million of Shares, convertible and/or non-convertible debt of the Company pursuant to the Backstop (*previously n/a*).  
(Previous Package Dilution): 6,620,388 Shares pursuant to a 4% (US\$1 million) commitment fee in respect of the Backstop.  
Total: 6,620,388 Shares (plus such number of Shares, convertible and/or non-convertible debt of the Company, if any, to Pala upon valid exercise of the Backstop) (*previously n/a*).

Please see the Prior Announcements and below for additional details regarding the Restart Financing

## Package.

Nevada Copper reminds shareholders that the terms of the Restart Financing Package are currently non-binding and closing is subject to, among other things, finalization of the specific terms thereof, negotiation and execution of definitive documentation and the satisfaction of various regulatory requirements.

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

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

The Company intends to use the available new cash proceeds from the Restart Financing Package of approximately US\$87.5 million (representing the US\$123 million of liquidity less US\$20 million already advanced by Pala, US\$2.5 million of interim funding to be repaid to Pala on or about the Closing Date and less US\$13 million in deferrals under the KfW Facility and the Company's working capital facility) to fund ramp-up costs (approximately US\$15.9 million to fund capital expenditures and approximately US\$35.9 million to fund operating costs), vendor payments (approximately US\$24.5 million) and for general corporate purposes, such as overhead (approximately US\$4 million).

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

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

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

Pala is expected to fund its equity investment of US\$20 million, by the cancellation of US\$20 million in short-term debt advanced to the Company by Pala as interim financing. The Pala Equity Investment will be at a subscription price equal to a 15% discount to the five-day volume weighted average price (the "VWAP") of the Shares on the TSX as of the trading day prior to the Closing Date (the "Equity Subscription Price"). By way of illustration, if the closing of the Pala Equity Investment occurred today, 132,407,767 Shares would be issued to Pala using a subscription price of US\$0.1510, representing a 15% discount to the five-day VWAP of C\$0.2420 and then converting such VWAP into U.S. dollars using the Bank of Canada exchange rate on October 25, 2022 of C\$1.00=US\$0.7332 (the "Illustrative Equity Subscription Price"). In addition, approximately US\$1.5 million of guarantee and other fees will be satisfied by the issuance of Shares to Pala at the Equity Subscription Price. Based on the Illustrative Equity Subscription Price, this will result in an additional 10,089,723 Shares being issued to Pala. The transactions described in this paragraph together with the warrants associated with the Pala Debt Instrument are referred to as the "Pala Equity Investment" herein.

Mercuria is expected to fund its equity investment of US\$20 million in two tranches. The first tranche of US\$10 million will be paid on the Closing Date. The second tranche of US\$10 million will be deposited into escrow on the Closing Date and will be released upon the satisfaction or waiver of certain conditions. These conditions include the completion of certain steps in the ramp-up process that the Company expects to achieve before the end of 2022. The first tranche of the Mercuria Equity Investment will be at a subscription price equal to the Equity Subscription Price. The second tranche of the Mercuria Equity Investment will be at a subscription price equal to a 15% discount to the five-day VWAP of the Shares on the TSX as of the

trading day prior to the applicable date of closing. By way of illustration, if the closing of both tranches of the Mercuria Equity Investment occurred today, 132,407,767 Shares would be issued to Mercuria using the Illustrative Equity Subscription Price.

In connection with the Mercuria Equity Investment, Mercuria is expected to receive Share purchase warrants of the Company (the "Mercuria Warrants"). Each Mercuria Warrant will entitle Mercuria to, subject to satisfying certain vesting conditions, acquire one Share at an exercise price equal to a 20% premium to the Equity Subscription Price (the "Exercise Price"). The Mercuria Warrants will vest, from time to time, in conjunction with the exercise of the Pala Warrants (defined below), thereby providing Mercuria with an ability to maintain its pro rata shareholding. The vesting of 50% of the Mercuria Warrants will also be subject to the condition that the second tranche of the Mercuria Equity Investment has closed. The Mercuria Warrants will expire on January 31, 2026 (the maturity date of the Pala Debt Instrument) subject to acceleration in the event that all amounts under the Pala Debt Instrument are repaid at an earlier time. By way of illustration, if all Mercuria Warrants vested and were exercised today, 138,887,000 Shares would be issued to Mercuria assuming the exercise in full of the Pala Warrants. The transactions described in the foregoing two paragraphs are referred to as the "Mercuria Equity Investment" herein (the Mercuria Equity Investment together with the Pala Equity Investment are referred to herein as the "Equity Investments").

Pala is expected to consolidate approximately US\$76.5 million of the indebtedness currently owing to Pala by the Company into the Pala Debt Instrument. The Pala Debt Instrument will not be convertible into Shares. The loans outstanding to be consolidated into the Pala Debt Instrument would include (i) the total of approximately US\$52.7 million outstanding under the existing credit agreement entered into by Pala and the Company in November 2021 plus accrued interest; and (ii) US\$20 million that was advanced to the Company under a promissory note in June and July 2022 plus accrued interest. In connection with the entering of the Pala Debt Instrument, a 4% fee on the US\$20 million amount referred to above plus accrued interest will be payable to Pala and capitalized as additional principal under the Pala Debt Instrument.

In connection with the Pala Debt Instrument, Pala is expected to receive Share purchase warrants of the Company ("Pala Warrants"). Each Pala Warrant will entitle Pala to acquire one Share at an exercise price equal to the Exercise Price. The Pala Warrants will expire on January 31, 2026 (the maturity date of the Pala Debt Instrument) subject to acceleration in the event that all amounts under the Pala Debt Instrument are repaid at an earlier time. By way of illustration, if the Pala Warrants were exercised today, 422,638,440 Shares would be issued to Pala.

In connection with the Backstop, Pala is expected to receive Shares, at a deemed subscription price equal to the Equity Subscription Price, in satisfaction of a 4% commitment fee (US\$1 million). Additionally, all expenses and costs incurred by Mercuria, Pala and Triple Flag in connection the Restart Financing Package are reimbursable by the Company and are expected to be paid by the Company by the issuance of Shares to Mercuria, Pala and Triple Flag, respectively, at a deemed subscription price equal to the Equity Subscription Price.

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

	Total Number of Shares currently held ( <i>Number in Previous Package</i> )	Total Number of Shares that will be held after the Equity Investments Warrants and the Pala Warrants <sup>(1)</sup> ( <i>Number in Previous Package</i> )
Pala	167,759,110 (167,759,110)	322,504,318 (297,847,261)
Mercuria	48,700,000 (48,700,000)	182,762,864 (168,788,496)

(1) Includes the issuance of 6,620,388 Shares in satisfaction of the 4% commitment fee owing to Pala (the "Commitment Fee Shares") and up to an aggregate of 8,937,524 Shares (1,655,097 Shares to each of Mercuria and Triple Flag and 5,627,330 Shares to Pala) in satisfaction of the Company's estimated expense reimbursement obligations ("Expense Shares").

The total number of Shares to be issued pursuant to the Equity Investments (excluding exercise of the

Mercuria Warrants and the Pala Warrants but including the Commitment Fee Shares and the Expense Shares) is 290,463,170 (250,176,647 disclosed in Previous Package), which represents approximately 64.77% relative to the number of Shares currently issued and outstanding (56% disclosed in Previous Package). The total number of Shares to be issued pursuant to the Equity Investments (including exercise of the Mercuria Warrants and the Pala Warrants and the Commitment Fee Share and the Expense Shares) is 851,988,610 (743,785,105 disclosed in Previous Package), which represents approximately 189.98% relative to the number of Shares currently issued and outstanding (166% disclosed in Previous Package).

#### *TSX Financial Hardship Exemption*

Nevada Copper has applied to the TSX, pursuant to the provisions of Section 604(e) of the TSX Company Manual, for a "financial hardship" exemption from the requirements to obtain shareholder approval of components of the Restart Financing Package.

The board of directors of the Company (the "Board") has formed a special committee (the "Special Committee") consisting of members of the Board who are independent of Pala, Mercuria and management of the Company, to consider and oversee the negotiation of the proposed terms of the Restart Financing Package, including the terms of the Equity Investments, the Pala Debt Instrument, the Backstop and all other related transactions involving Pala and Mercuria. The Special Committee has met continuously throughout the negotiation of the proposed terms of the Restart Financing Package. Please see the September 26, 2022 Prior Announcement for additional details regarding the Company's "financial hardship" application.

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

#### *About Nevada Copper*

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

Randy Buffington  
President & CEO

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

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

This news release contains "forward-looking information" and "forward-looking statements" within the meaning of applicable Canadian securities laws. All statements in this news release, other than statements of historical facts, are forward-looking statements. Such forward-looking information and forward-looking statements specifically include, but are not limited to, statements that relate to the completion of the funding package described above, including the terms and timing thereof, the plans and requirement for supplementary financing and the expected amounts thereof, regulatory requirements, the Company's "financial hardship" exemption application, and the use of proceeds from the Restart Financing Package. There can be no assurance that the Restart Financing Package will close or that the cost estimates or allocation thereof will be accurate.

Forward-looking statements and information include statements regarding the expectations and beliefs of

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

Such risks and uncertainties include, without limitation, those relating to: requirements for additional capital and no assurance can be given regarding the availability thereof; the outcome of discussions with creditors and vendors; potential creditor protection proceedings; the ability of the Company to complete the ramp-up of the Underground Mine within the expected cost estimates and timeframe; the impact of COVID-19 on the business and operations of the Company; the state of financial markets; history of losses; dilution; adverse events relating to milling operations, construction, development and ramp-up, including the ability of the Company to address underground development and process plant issues; ground conditions; cost overruns relating to development, construction and ramp-up of the Underground Mine; loss of material properties; interest rate increases; global economy; limited history of production; future metals price fluctuations; speculative nature of exploration activities; periodic interruptions to exploration, development and mining activities; environmental hazards and liability; industrial accidents; failure of processing and mining equipment to perform as expected; labour disputes; supply problems; uncertainty of production and cost estimates; the interpretation of drill results and the estimation of mineral resources and reserves; changes in project parameters as plans continue to be refined; possible variations in ore reserves, grade of mineralization or recovery rates from management's expectations and the difference may be material; legal and regulatory proceedings and community actions; accidents; title matters; regulatory approvals and restrictions; increased costs and physical risks relating to climate change, including extreme weather events, and new or revised regulations relating to climate change; permitting and licensing; dependence on management information systems and cyber security risks; volatility of the market price of the Company's securities; insurance; competition; hedging activities; currency fluctuations; loss of key employees; other risks of the mining industry as well as those risks discussed in the Company's Management's Discussion and Analysis in respect of the year ended December 31, 2021 and the quarter ended March 31, 2022 and in the section entitled "Risk Factors" in the Company's Annual Information Form dated March 31, 2022. The forward-looking statements and information contained in this news release are based upon assumptions management believes to be reasonable, including, without limitation: no adverse developments in respect of the property or operations at the project; no material changes to applicable laws; the ramp-up of operations at the Underground Mine in accordance with management's plans and expectations; no worsening of the current COVID-19 related work restrictions; reduced impacts of COVID-19 going forward; the Company will be able to obtain sufficient additional funding to complete the ramp-up, no material adverse change to the price of copper from current levels; and the absence of any other factors that could cause actions, events or results to differ from those anticipated, estimated or intended.

The forward-looking information and statements are stated as of the date hereof. The Company disclaims any intent or obligation to update forward-looking statements or information except as required by law. Although the Company has attempted to identify important factors that could cause actual actions, events, or results to differ materially from those described in forward-looking information and statements, there may be other factors that could cause actions, events or results not to be as anticipated, estimated or intended. Specific reference is made to "Risk Factors" in the Company's Management's Discussion and Analysis in respect of the year ended December 31, 2021 and the quarter ended March 31, 2022 and "Risk Factors" in the Company's Annual Information Form dated March 31, 2022, for a discussion of factors that may affect forward-looking statements and information. Should one or more of these risks or uncertainties materialize, should other risks or uncertainties materialize or should underlying assumptions prove incorrect, actual results and events may vary materially from those described in forward-looking statements and information. For more information on the Company and the risks and challenges of its business, investors should review the Company's filings that are available at [www.sedar.com](http://www.sedar.com).

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

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